Guaranty Trust Bank Plc and Subsidiary Companies

Group Financial Statements
Together with Directors' and Auditor's Reports

December 2014

Introduction

Guaranty Trust Bank's Consolidated Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding Annual Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the year ended 31 December 2014. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior year figures have been presented in line with current year figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Corporate Governance

Introduction

At Guaranty Trust Bank Plc ("the Bank"), we believe that a fundamental purpose of a great company is the creation and delivery of long-term sustainable value in a manner consistent with its principles. The Bank is committed to the highest standards of corporate governance which is a vital facilitator to the creation of value for all our stakeholders. For the Bank corporate governance is not an end in itself but an essential enabler for value creation whilst propagating a values-led culture, high behavioural standards and robust procedures as fundamental tools in the entrenchment of a strong corporate governance framework.

In building our corporate governance mantra the Bank's "Orange rules" of Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation signify the Bank's guiding ideologies upon which it was established and remain the foundation upon which we have built and developed our exemplary corporate governance practices. The Bank's Orange rules are fundamental to our culture and are part of the everyday conduct of the Bank's business.

As a company publicly quoted on the Nigerian Stock Exchange with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, we remain dedicated to our duties and pledge to safeguard and increase investor value through transparent corporate governance practices. The Bank ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission ("the SEC Code"), the revised Code of Corporate Governance for Banks and Discount Houses in Nigeria issued by the Central Bank of Nigeria ("the CBN Code") in May 2014, as well as disclosure requirements under the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), United Kingdom, which are applicable to non-United Kingdom companies with Global Depositary Receipts (GDRs) listed on the London Stock Exchange.

The Bank's Code of Corporate Governance is continuously reviewed to align with additional legal and regulatory requirements and global best practices, in order to remain a pace setter in the area of good corporate governance practices. In addition to its Code of corporate governance the Bank aggressively promotes the Bank's core values to its employees through its Code of Professional Conduct and an Ethics Policy which regulate employee relations with internal and external parties. This is a strong indicator of the Bank's determination to ensure that its employees remain professional at all times in their business practices.

The Bank complies with the requirements of the Central Bank of Nigeria (CBN), for the internal review of its compliance status with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN and the Nigeria Deposit Insurance Corporation. An annual Board Appraisal is also conducted by an Independent Consultant appointed by the Bank whose report is submitted to the CBN and presented to Shareholders at the Annual General Meeting of the Bank in compliance with the provisions of the CBN Code of Corporate Governance.

The Bank has an entrenched culture of openness in which healthy discourse is encouraged and employees are mandated to report improper activities. The Bank continues to serve customers, clients and communities and create returns for stakeholders, we are led by our belief that success is only worth celebrating when achieved the right way through a process supported and sustained with the right values. Our commitment to this principle is the key to keeping public trust and confidence in our Bank and the key to our continued long-term success.

In the Bank's bid to continue to evolve best-in-class corporate governance practices and refresh the Board appraisal process, the Board appointed new Independent Consultant, KPMG Professional Services in the course of the year, to carry out the annual Board and Directors appraisal for the 2014 financial year. KPMG Professional Services took over from JK Randle Professional services who had served the Bank meritoriously for six (6) years.

Governance Structure

The Board

The Board of Directors is responsible for the governance of the Bank and is accountable to shareholders for creating and delivering sustainable value through the management of the Bank's business. The Bank has adopted its own corporate governance code to provide a robust framework for the governance of the Board and the Bank which is in addition to the corporate governance codes of applicable regulatory agencies which the Bank is obliged to adopt.

Having the right people with an appropriate balance of skills, knowledge and experience is an important aspect of corporate governance in order to continue to have an effective Board and an executive management team to steer the affairs of the Bank in an ever challenging environment. The Bank's rigorous and robust appointment and effective succession planning framework is one way of ensuring that we continue to have the right people to drive the business in the desired direction.

In addition to the Board's direct oversight, the Board exercises its oversight responsibilities through six (6) Committees, namely, Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations Committee, Board Remuneration Committee, Board Information Technology Strategy Committee and the Board Audit Committee which was established in July 2014. The establishment of the Board Audit Committee is in compliance with Section 2.5.1 of the revised CBN Code which stipulates that the Board should set up a committee responsible for the oversight of audit functions. This is without prejudice to the Statutory Audit Committee established in compliance with Companies and Allied Matters Act (2004). The Statutory Audit Committee of the Bank, which comprises equal numbers of representatives of the Board and Shareholders, also performs its statutory role as stipulated by the Companies and Allied Matters Act (2004).

The Board plays a central role in conjunction with Management in ensuring that the Bank is financially strong, well governed and risks are identified and well mitigated. The synergy between the Board and Management further fosters interactive dialogue in setting broad policy guidelines in the management and direction of the Bank to enhance optimal performance and ensure that associated risks are properly managed.

The Bank's Board is made up of seasoned professionals, who have excelled in their various professions including banking, accounting, pharmacy, engineering, oil and gas as well as law. The Bank's Directors possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

The Board comprises fourteen members, eight (8) of whom are Non-Executive Directors (including the Chairman of the Board), while six (6) are Executive Directors.

All the Bank's Directors bring independent judgment to bear on deliberations and decisions of the Board (without prejudice to Directors' right to earn Directors' fees and hold interest in shares). They have a good understanding of the Bank's businesses and affairs to enable them properly evaluate information and responses provided by Management and provide objective challenge to Management. Directors are prepared to challenge others' assumptions, beliefs or viewpoints as necessary for the good of the Bank and question intelligently, debate constructively and make decisions dispassionately.

Two (2) of the Non-Executive Directors are "Independent Directors", appointed based on criteria laid down by the CBN for the appointment of Independent Directors and the core values enshrined in the Bank's Code of Corporate Governance. Both Independent Directors do not have any significant shareholding interest or any special business relationship with the Bank.

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met four times during the financial year ended December 31, 2014.

Responsibilities of the Board

The Board determines the strategic objectives and policies of the Bank to deliver long-term value by providing overall strategic direction within a framework of rewards, incentives and controls. The Board also ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

Powers reserved for the Board include the approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices; approval of major changes to the Bank's corporate structure and changes relating to the Bank's capital structure or its status as a public limited company; the determination and approval of the strategic objectives and policies of the Bank to deliver long-term value; approval of the Bank's strategy, medium and short term plan and its annual operating and capital expenditure budget; appointment or removal of Company Secretary; recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors; approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.

Other powers reserved for the Board are the determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership; approval of mergers and acquisitions, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Managing Director and other Board members, appointment of the Managing Director and other Directors of subsidiaries nominated by the Bank; approval of the Board performance evaluation process, corporate governance framework and review of the performance of the Managing Director; approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Credit, Corporate governance and Anti – Money laundering, and approval of all matters of importance to the Bank as a whole because of their strategic, financial, risk or reputational implications or consequences.

Roles of Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Bank. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Bank to the Managing Director/Chief Executive Officer, who is supported by Executive Management, comprising the Deputy Managing Director and other Executive Directors. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

Director Nomination Process

The Board Human Resources and Nominations Committee is charged with the responsibility of leading the process for Board appointments and for identifying and nominating suitable candidates for the approval of the Board.

The balance and mix of appropriate skills and experience of Non-Executive Directors is taken into account when considering a proposed appointment. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors.

The following core values are considered critical in nominating a new Director;

(i) Integrity
(ii) Professionalism
(iii) Career Success
(iv) Recognition
(v) Ability to add value to the Bank.

Shareholding in the Bank is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of the shareholders and the Central Bank of Nigeria.

Induction and Continuous Training

On appointment to the Board and to Board Committees, all Directors receive an induction tailored to meet their individual requirements.

The induction, which is arranged by the Company Secretary, may include meetings with senior management staff and key external advisors, to assist Directors in building a detailed understanding of the Bank’s operations, its strategic plan, its business environment, the key issues the Bank faces, and to introduce Directors to their fiduciary duties and responsibilities.

Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the Bank’s business and operating environment. The Bank attaches great premium to training its Directors; the Bank’s eight (8) Non-Executive Directors attended foreign and/or local courses during the course of the 2014 financial year.

Changes on the Board

During the year under review, Dr. (Mrs.) S. C. Okoli retired from the Board upon attaining the age of seventy (70) years in July, 2014. She joined the Board of the Bank in June 2010 and became the Chairman of the Board Risk Management Committee in 2013, a position she held until her retirement. She was also a member of the Board Human Resources and Nominations Committee.

The Board appointed Mr. Hezekiah Adesola Oyinlola as a Non-Executive Director to fill the vacancy created on the Board by Dr. (Mrs.) Okoli's retirement. The appointment of Mr. Oyinlola has been approved by the Central Bank of Nigeria and will be presented for shareholders' approval at the 25th Annual General Meeting of the Bank.

Profile of Mr. Oyinlola

Mr. Oyinlola holds a B.Sc Accounting (First Class Hons.) degree in Accounting (1979) from the University of Ghana, Legon and an MBA from the Stanford University, Graduate School of Business, Stanford, U.S.A. He is a seasoned professional with over thirty (30) years' work experience in the Oil and Gas industry, having worked with Schlumberger Group from 1984 till date. He has at various times served in management capacity, including being the first Nigerian Managing Director of Schlumberger Group in Nigeria and rose through the ranks to become the Chairman Africa, Schlumberger Group, a position he has held from 2011 till date.

He is a member of the Advisory Board, Sustainability Accounting Standards Board; the Executive Committee, African Diaspora Health Initiative; the Board of Trustees, Nigerian American Multicultural Center; Development Board, Pan African University – Lagos Business School, Lagos; Board of Trustees, UNDP Human Development Fund. He is also a Fellow of the Institute of Petroleum Studies, University of Port Harcourt, Nigeria.

Mr. Oyinlola is an alumnus of several local and international training programs on Infrastructure and Energy Finance, Reservoir Engineering, Petroleum Fiscal Systems & Economics, Project Finance, International Tax Management, Crisis Management and Management, Banking, Finance, Trade and Investment at institutions such as the Oxford University Institute for Energy Studies, Institute for Management Development, (IMD), Switzerland.

Mr. Oyinlola's appointment will be presented for shareholders' at the 25th Annual General Meeting.

Retirement by Rotation

In compliance with the provisions of Article 84(b) of the Articles of Association of the Bank which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Olabode Mubasheer Agusto and Mr. Kadri Adebayo Adeola will retire at this Annual General Meeting and both being eligible offer themselves for re-election.

Both Directors attended all Board and Board Committee Meetings and therefore qualify for re-election in line with Section 2.6.2 of the revised CBN Code which stipulates that Directors seeking re-election must have appointed at least two-third of all Board and Board Committee Meetings. A record of their attendance at Meetings is available on page 12 of this Report.

Profile of retiring Directors

1. **Mr Olabode Mubasheer Agusto (Non-Executive Director)**

Mr Olabode Mubasheer Agusto holds a Bachelor's degree in Accounting from the University of Lagos (1977). Mr Agusto became an Associate of the Institute of Chartered Accountants of Nigeria in 1981 and was the recipient of a fellowship from the same association in 1991. He has over 30 years' experience in various organisations including UTC Motors Limited, PricewaterhouseCoopers and Nigeria International Bank Limited (now Citibank Nigeria Limited). He is the founder of Agusto & Co. Limited, which is the first credit rating agency registered by the SEC in Nigeria. He also held various public positions including Director, National Pension Commission (2005 to 2007), Member, Central Bank of Nigeria Monetary Policy Committee (2006 to 2007) and Director–General, Budget Office of the Federation (2003 to 2007). He serves as a non-executive director on the board of Agusto & Co. Limited and is a Shell Nigeria Closed Pension Fund Administrator. Mr Agusto is a recipient of the national honour of Member of the Order of the Federal Republic.

Mr Agusto joined the Board of Guaranty Trust Bank plc in April 2010 and became member of the Board Remuneration Committee in April 2012 and its chairman in January 2014 till date. He is a member of the Board Credit Committee (July 2010 till date), member of the Board Audit Committee (October 2014 till date) and member and Board representative on the Statutory Audit Committee of the Bank (July 2010 till date)

2. Mr Kadri Adebayo Adeola (Non-Executive Director)

Mr Kadri Adebayo Adeola holds a Bachelor's degree in Civil Engineering (1975) from the University of Lagos and a Master of Science degree in Civil Engineering Hydraulics (1978) from the Imperial College, London, England. He has over three decades work experience in Engineering and Project Management. He is the founder and pioneer Managing Director of Comprehensive Project Management Services Limited, a firm of project managers. A philanthropist, Mr. Adeola also sits on the board of Fate Foundation, a non-governmental organisation.

Mr Adeola joined the Board of Guaranty Trust Bank plc in April 2010 and became member and chairman of the Board Information Technology Strategy Committee (April 2012 till date), member of the Board Credit Committee (July 2010 till date) and member of the Board Remuneration Committee (April 2012 till date).

Non-Executive Directors Remuneration

The Bank's policy on remuneration of Non-Executive Directors is guided by the provisions of the CBN Code which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees and reimbursable travel and hotel expenses.

Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 48 of this Annual Report.

Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has six (6) Standing Committees in addition to the Audit Committee of the Bank, namely; Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations

Committee, Board Remuneration Committee, Board Information Strategy Committee and Board Audit Committee which was established in July 2014.

Through these Committees, the Board is able to more effectively deal with complex issues, and to fully utilize its expertise to formulate strategies for the Bank. The Committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board, with well-defined terms of reference contained in the Charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated hereunder:

Board Risk Management Committee

This Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time.

The Terms of Reference of the Board Risk Management Committee include:

- To review and recommend for the approval of the Board, the Bank's Risk Management Policies including the risk profile and limits;
- To determine the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls;
- To evaluate the Group's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the activities and risk profile of the Bank and its subsidiaries ;
- To oversee Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection and reporting mechanisms;
- To review and recommend to the Board for approval, the contingency plan for specific risks;
- To review the Bank's compliance level with applicable laws and regulatory requirements which may impact on the Bank's risk profile;
- To conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile;
- To handle any other issue referred to the Committee from time to time by the Board.

The Chief Risk Officer of the Bank presents regular briefings to the Committee at its meetings.

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times in the financial year ended December 31, 2014.

The Board Risk Management Committee comprised the following members during the year under review:

S/No	Name	Status	Designation
1	Dr. (Mrs.) S. C. Okoli*	Non-Executive Director	Chairman
2	Mrs. O. A. Demuren**	Non-Executive Director	Chairman
3	Mr. J. K. O. Agbaje	Managing Director	Member
4	Mr. A. F. Alli	Non-Executive (Independent) Director	Member
5	Mr. H.A Oyinlola***	Non-Executive Director	Member
6	Mr. A. A. Odeyemi	Executive Director	Member

* Dr. (Mrs.) Okoli retired from the Board on July 24, 2014.
** Mrs. Demuren was subsequently appointed as Chairman of the Committee following Dr. (Mrs.) Okoli's retirement;
***.Mr. H. A. Oyinlola was appointed as a member of the Committee on October 22, 2014

Board Credit Committee

This Committee is responsible for approval of credit facilities in the Bank. The Terms of Reference of the Board Credit Committee include:

- To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time
- To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;
- To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;
- To notify all Director related loans to the Board;
- To monitor and notify the top debtors to the attention of the Board
- To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;
- To review the Asset and Liability Management of the Bank;
- To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;
- To handle any other issue referred to the Committee from time to time by the Board.

In view of the volume of transactions that require Board Credit Committee approvals, there are instances where the need arises for credits to be approved by members expeditiously between Board Credit Committee Meetings. Such urgent credits are circulated amongst the members for consideration and approval in line with a defined procedure that ensures that all members of the Committee are furnished with full information on such credits. All credits considered as "Large Exposures" as defined by the Board of Directors from time to time are considered and approved by the

Board Credit Committee at a special meeting convened for that purpose.

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the financial year ended December 31, 2014.

The Board Credit Committee is made up of the following members:

S/No	Name	Status	Designation
1	Mr. A. O. Akintoye	Non-Executive (Independent) Director	Chairman
2	Mrs. C. N. Echeozo	Deputy Managing Director	Member
3	Mr. K. A. Adeola	Non-Executive Director	Member
4	Mr. O. M. Agusto	Non-Executive Director	Member
5	Mr. I. Hassan	Non-Executive Director	Member
6	Mr. O. Ohiwerei	Executive Director	Member
7	Mr. A. A. Oyedeji	Executive Director	Member

Board Human Resources and Nominations Committee

This Committee is responsible for the approval of the human resources matters, identification and nomination of candidates for appointment to the Board and board governance issues such as annual evaluation of the performance of the Managing Director and the Board, induction and continuous education, approval of promotion of top management staff, corporate governance, succession planning, conflict of Interest situations and compliance with legal and regulatory provisions.

The Committee is also responsible for the oversight of strategic people issues, including employee retention, equality and diversity as well as other significant employee relations matters.

The membership of the Committee is as follows:

S/No	Name	Status	Designation
1	Mr. A. F. Alli	Non-Executive (Independent) Director	Chairman
2	Mr. J.K.O. Agbaje	Managing Director	Member
3	Mr. A. O. Akintoye	Non-Executive (Independent) Director	Member
4	Mr. I. Hassan	Non-Executive Director	Member
5	Dr. (Mrs) S. C. Okoli*	Non-Executive Director	Member
6	Mr. H.A Oyinlola**	Non-Executive Director	Member
7	Mrs. O. O. Omotola	Executive Director	Member

* Ceased to be a member of the Committee on July 24, 2014 following her retirement from the Board.
** Appointed as a member of the Committee on October 22, 2014.

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met three times during the year ended December 31, 2014.

Board Remuneration Committee

The Board Remuneration Committee has the responsibility of setting the principles and parameters of Remuneration Policy across the Bank, determining the policy of the Bank on the remuneration of the

Managing Director and other Executive Directors and the specific remuneration packages and to approve the policy relating to all remuneration schemes and long term incentives for employees of the Bank.

The Board Remuneration Committee comprised the following members during the year ended 31 December, 2014:

S/No	Name	Status	Designation
1	Mr. O. M. Agusto	Non-Executive Director	Chairman
2	Mr. K.A Adeola	Non-Executive Director	Member
3	Mrs. O. A. Demuren	Non-Executive Director	Member
4	Mr. A. O. Akintoye*	Non-Executive Director	Member

* Appointed as a member on October 22, 2014

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met once during the 2014 financial year.

Board Information Technology Strategy Committee

The Board Information Technology Strategy Committee is responsible for the provision of strategic guidance to Management on Information Technology issues and monitoring the effectiveness and efficiency of Information Technology within the Bank and the adequacy of controls.

The Terms of Reference of the Board Risk Management Committee include:

1. To provide advice on the strategic direction of Information Technology issues in the Bank;

2. To inform and advise the Board on important Information Technology issues in the Bank;

3. To monitor overall Information Technology performance and practices in the Bank.

The Board Information Technology Strategy Committee comprised the following members during the year under review:

S/No	Name	Designation	Designation
1	Mr K. A. Adeola	Chairman	Chairman
2	Mr J. K. O. Agbaje	Managing Director	Member
3	Mrs. O. A. Demuren*	Non-Executive Director	Member
4	Mr A. A. Odeyemi	Executive Director	Member
5	Mr O. Ohiwerei	Executive Director	Member

* Appointed as a member on October 22, 2014

The Committee is required to hold its Meetings bi-annually or at such other frequency as may be required. The Committee met twice during the year ended December 31, 2014.

Board Audit Committee

The Board established the Board Audit Committee in July 2014, in compliance with Section 2.5.1 of the revised new CBN Code of Corporate Governance for Banks and Discount Houses which provides that the Board shall establish a committee responsible for oversight of audit functions, without prejudice to the statutory Audit Committee established in compliance with CAMA which is not considered a board committee.

As stipulated by the Code, the responsibility of the Committee is to review the integrity of the Bank's financial reporting and oversee the independence of the external auditors. The Committee shall also receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit of the Bank.

The Board Audit Committee comprised the following members who were appointed by the Board on July 24, 2014:

S/No	Name	Status	Designation
1	Mr. A. F. Alli	Non-Executive Director	Chairman
2	Mr. O. M. Agusto	Non-Executive Director	Member
3	Mr. I. Hassan	Non-Executive Director	Member

In view of the fact that the Board Audit Committee was newly established during the period under review, The Committee is required to hold its Meetings once every quarter.

Statutory Audit Committee of the Bank

This Committee is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors. Its major functions include the approval of the annual audit plan of the internal auditors, review and approval of the audit scope and plan of the external auditors, review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examinations and to ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices.

The Committee also reviews the Bank's annual and interim financial statements, particularly the effectiveness of the Bank's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the Bank's results. The Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders of the Bank appointed at Annual General Meetings, while the Chief Inspector of the Bank serves as the secretary to the Committee. The membership of the Committee at the Board level is based on relevant experience of the Board members, while one of the shareholders serves as the Chairman of the Committee.

The internal and external auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the meetings upon invitation. The Committee is required to meet quarterly or at such other frequency as may be required.

The Statutory Audit Committee of the Bank met four (4) times during the 2014 financial year.

The following members served on the Committee during the year ended December 31, 2014:

S/No	Name	Status	Designation	Attendance
1	Mr. A. B. Akisanmi	Shareholders' Representative	Chairman	4
2	Alhaji M. O. Usman	Shareholders' Representative	Member	4
3	Mrs. S. O. J. Mbagwu-Fagbemi	Shareholders' Representative	Member	3
4	Mr. A. F Alli	Non-Executive Director	Member	4
5	Mr. I. Hassan	Non-Executive Director	Member	4
6	Mr. O. M. Agusto	Non-Executive Director	Member	

Attendance of Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the financial year ended December 31, 2014.

S/N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I. T. STRATEGY	TOTAL
	DATE OF MEETINGS	29- Jan-2014 16-Apr- 2014 23-Jul- 2014 22-Oct- 2014	28-Jan-2014 15-Apr-2014 7-Jul- 2014 23-Jul- 2014 21-Oct- 2014	28-Jan-2014 15-Apr-2014 23-Jul- 2014 21-Oct- 2014	28-Jan-2014 15-Apr-2014 21-Oct- 2014	29-Jan-2014	27-Jan-2014 20-Oct-2014	
	NUMBER OF MEETINGS	4	5	4	3	1	2	19
1	Mr. E. U. Imomoh	4	N/A	N/A	N/A	N/A	N/A	4
2	Mr. J. K. O Agbaje	4	N/A	4	3	N/A	1	12
3	Mrs. C. N. Echeozo	4	5	N/A	N/A	N/A	N/A	9
4	Mr. A O. Akintoye	4	4	N/A	3	0***	N/A	11
5	Mr. A. F. Alli	4	N/A	4	3	N/A	N/A	11
6	Dr (Mrs.) S. C. Okoli**	3	N/A	2	2	N/A	N/A	7
7	Mr. O. M. Agusto	4	5	N/A	N/A	1	N/A	10
8	Mr. K. A. Adeola	4	5	N/A	N/A	1	1	11
9	Mr. I. Hassan	4	5	N/A	2	N/A	N/A	11
10	Mrs. O. A. Demuren	4	N/A	4	N/A	1	0***	9
11	Mr. H. A. Oyinlola*	2***	N/A	0***	0***	N/A	N/A	2
12	Mr. A. A. Odeyemi	4	N/A	4	N/A	N/A	1	9
13	Mr. O. Ohiwerei	4	5	N/A	N/A	N/A	1	10
14	Mrs. O. O. Omotola	4	N/A	4	2	N/A	N/A	10
15	Mr. A. Oyedeji	4	5	N/A	N/A	N/A	N/A	9

* Appointed to the Board on April 16, 2014
** Retired on July 24, 2014
*** Appointed to the Committee on October 22, 2014
N/A -Not Applicable

Tenure of Directors

In order to ensure both continuity and injection of fresh ideas, the tenure for Non-Executive Directors is limited to a maximum of three (3) terms of four (4) years each, i.e. twelve (12) years whilst the maximum tenure for Independent Non-Executive Directors is limited to a maximum of two (2) terms of four (4) years each, i.e. eight (8) years.
This is in compliance with the directives of the CBN Code.

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, KPMG Professional Services, to carry out the annual Board and Directors appraisal for the 2014 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

The Annual Board and Director Review/Appraisal Report for the 2014 financial year would be presented at this Meeting and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

The General Meeting of the Bank is the highest decision making body of the Bank. The Bank's General Meetings are conducted in a transparent and fair manner. Shareholders have the opportunity to express their opinions on the Bank's financial results and other issues affecting the Bank. The Annual General Meetings are attended by representatives of regulators such as the Central Bank of Nigeria, the Securities and Exchange Commission, The Nigerian Stock Exchange, Corporate Affairs Commission as well as representatives of Shareholders' Associations.

The Bank has an Investors Relations Unit, which deals directly with enquiries from shareholders and ensures that shareholders' views are escalated to Management and the Board. In addition, quarterly, half-yearly and annual financial results are published in widely read national newspapers.

The Bank ensures that institutional investors and international holders of the Global Depositary Receipts get frequent updates on the Bank's progress via interactive conference calls, local and international investor presentations and meetings. These conference calls and investor meetings provide our investors with direct access to senior and executive Management.

Protection of Shareholders Rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication Policy

The Board and Management of the Bank ensure that communication and dissemination of information regarding the operations and management of the Bank to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Bank's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Bank's website, http://www.gtbank.com. The website is constantly updated with information as events occur.

The website also has an Investors Relations portal where the Bank's financial Reports and other relevant information about the Bank is published and made accessible to its shareholders, stakeholders and the general public.

The main objective of the Bank's Communication Policy is to support the Bank in achieving the overall goals described in the Bank's core values which strengthens the Bank's culture of transparency in pursuit of best corporate governance practices.

In order to reach its overall goal on information dissemination, the Bank is guided by the following principles:

(i) *Compliance with Rules and Regulations*: The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by the Central Bank of Nigeria as well as the Securities and Exchange Commission, the United Kingdom Listing Authority ("UKLA") (by virtue of the listing of Global Depositary Receipts by the Bank on The London Stock Exchange in July 2007);

(ii) *Efficiency*: The Bank uses modern communication technologies in a timely manner to convey its messages to its target groups. Synergies are sought when it comes to using different communication channels. The Bank replies without unnecessary delay to information requests by the media and the public;

(iii) *Transparency*: As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Bank and its customers, and bank secrecy. This contributes to maintaining a high level of accountability;

(iv) *Pro-activity*: The Bank proactively develops contacts with its target groups and identifies topics of possible mutual interest;

(v) *Clarity*: The Bank aims at clarity, i.e. to send uniform and clear messages on key issues;

(vi) *Cultural awareness*: As an international financial institution, the Bank operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;

(vii) *Feedback*: The Bank actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine-tune communication activities.

Information Flows

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Bank's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities.

The Company Secretary

The Company Secretary provides a point of reference and support for all Directors. The Company Secretary also consults regularly with Directors to ensure that they receive required information promptly. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.

The Company Secretary is also responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the Bank, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors; assisting the Chairman and Managing Director to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organizing Board meetings and ensuring that the minutes of Board meetings clearly and properly capture Board discussions and decisions.

Independent Advice

Independent professional advice is available, on request, to all Directors at the Bank's expense when such advice is required to enable a Member of the Board effectively perform certain responsibilities.

The Bank meets the costs of independent professional advice obtained jointly or severally by a Director or Directors where such advice is necessary to enable the obligations imposed on an individual, through membership of the Board, to be properly fulfilled.

Insider Trading and price sensitive information

Directors, insiders and their related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the Bank where such would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Bank for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Bank from time to time.

In addition to the above, the Bank makes necessary disclosure as required under Rule 111 of the Securities and Exchange Commission Rules and Regulations which stipulates that Directors and top Management employees and other insiders of public companies shall notify the SEC of any sale or purchase of shares in the company, not later than forty-eight (48) hours after such activity,

Management Committees

These are Committees comprising senior management staff of the Bank. The Committees are risk driven as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as necessary to immediately take action and decisions within the confines of their powers.

The Standing Management Committees in the Bank are:

- Management Risk Committee;
- Management Credit Committee;
- Criticized Assets Committee;

- Assets and Liability Management Committee;
- Information Technology (IT) Steering Committee;
- Information Technology (IT) Risk Management Committee.

Management Risk Committee

This Committee is responsible for regular analysis and consideration of risks in the Bank. The Committee meets from time to time and at least quarterly. However, additional meetings may be held if required. The Committee reviews and analyses environmental issues and policies impacting either directly or remotely on the Bank, brainstorms on such issues and recommends steps to be taken by the Bank. The Committee's approach is risk based.

The Committee provides inputs for the Board Risk Management Committee and also ensures that the decisions and policies emanating from the Committee's meetings are implemented.

The mandate of the Committee includes:

- Reviews the effectiveness of GTBank's overall risk management strategy at the enterprise level.
- Follow-up on management action plans based on the status of implementation compiled by the Management Risk Committee
- Identify and evaluate new strategic risks including corporate matters involving regulatory, business development issues, etc., and agree on suitable mitigants.
- Review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

Management Credit Committee

This is the Committee responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding an aggregate sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval limit of the Managing Director as determined by the Board. The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of credits is carried out. The Committee meets weekly depending on the number of credit applications to be considered.

The secretary of the Committee is the Head of the Credit Administration Unit of the Bank.

Criticized Assets Committee

This Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework, and directs appropriate actions in respect of delinquent assets. The Committee ensures that adequate provisions are taken in line with the regulatory guidelines.

Assets and Liability Management Committee

This Committee is responsible for the management of a variety of risks arising from the Bank's business including, market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies. The members of the Committee include the Managing Director, Executive Directors, the Treasurer, the Head of the Financial Control Group, the Chief Risk Officer as well as a representative of the Assets and Liability Management Unit.

Information Technology (IT) Steering Committee

The Committee is responsible for assisting Management with the implementation of IT strategy approved by the Board. The roles and responsibilities of the Committee include:

1. **Planning, Budgeting and Monitoring**

- Review and approve the Bank's IT plan and budget (short and long term).
- Review IT performance against plans and budgets, and recommend changes, as required.
- Review, prioritize and approve IT investment initiatives.
- Establish a balance in overall IT investment portfolio in terms of risk, return and strategy.

2. **Ensuring Operational Excellence**

- Provide recommendations to Management on strategies for new technology and systems.
- Review and approve changes to IT structure, key accountabilities, and practices.
- Ensure project priorities and success measures are clearly defined, and effectively monitored.
- Conduct a review of exceptions and projects on selected basis.
- Perform service catalogue reviews for continued strategic relevance.
- Review and approve current and future technology architecture for the Bank.
- Monitor service levels, improvements and IT service delivery.
- Assess and improve the Bank's overall IT competitiveness.

3. **IT Risk Assurance**

- Review and approve governance, risk and control framework.
- Monitor compliance with defined standards and agreed performance metrics.
- Ensure that vulnerability assessments of new technology are performed.
- Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
- Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
- Reviewing key IT risk and security issues relevant to the Bank's IT processes / systems.
- Ensuring the Bank's compliance with relevant laws and regulations.

Information Technology (IT) Risk Management Committee

The Information Technology Risk Management Committee is responsible for establishing standardised IT risk management practices and ensuring compliance, for institutionalising IT risk management in the Bank's operations at all levels; and identifying and implementing cost effective solutions for IT risk mitigation. The Committee is also responsible for the continuous development of IT risk management expertise and ensuring that a proactive risk management approach is adopted throughout the Bank to drive competitive advantage.

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the Bank.

The Chief Compliance Officer together with the Chief Executive of the Bank certify each year to the Central Bank of Nigeria that they are not aware of any other violation of the Corporate Governance Code, other than as disclosed to the CBN during the course of the year.

The Company Secretary and the Chief Compliance Officer forward monthly returns to the Central Bank of Nigeria on all whistle-blowing reports and corporate governance breaches.

Whistle Blowing procedures

In line with the Bank's commitment to instill the best corporate governance practices, the Bank has established a whistle blowing procedure that ensures anonymity. The Bank has two (2) hotlines and a dedicated e-mail address for whistle-blowing procedures. The hotline numbers are 01-4480905 and 01-4480906, and the email address is hotline@gtbank.com

Internally, the Bank has a direct link on its Intranet (internal web page) for dissemination of information, to enable members of staff report all identified breaches of the Bank's Code of Corporate Governance.

Code of Professional Conduct for Employees

The Bank has an internal Code of Professional Conduct which all members of staff are expected to subscribe to upon assumption of duties. Staff are also required to reaffirm their commitment to the Bank's Code annually.

All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, policies and procedures of the Bank relating to employee values.

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 33 of this Annual Report.

Employee Share-ownership Scheme

The Bank has in place an employee share ownership scheme called the Staff Investment Trust (SIT) scheme. Under the Bank's Articles of Association, the Scheme is authorized to hold up to a specified percentage of ordinary shares of the Bank for the benefit of eligible employees of the Bank.

The scheme was established for the benefit of the Bank's staff as an incentive mechanism, by enabling eligible staff invest in ordinary shares of the Bank at a discount (the prevailing Net Assets Value (NAV)), and buying-back their shares at the market price, subject to attaining a determined length of service at the point of disengagement from the Bank and proper conduct at disengagement.

Internal Management Structure

The Bank operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility.

Subsidiary Governance

Subsidiary governance is an integral part of a company's risk management framework. This includes regular internal audits, assessment of corporate governance, understanding of the legal and regulatory environment in which an entity operates and ensuring appropriate controls are in place in the subsidiaries.

GTBank's downstream governance strategy is implemented through the establishment of systems and processes which will assure the Board that the subsidiaries reflect the same values, ethics, control and processes as that of the parent. The actions of the subsidiaries require the approval of the parent, especially on matters related to investment and expenditure and on significant accounting issues, where judgment is involved.

GTBank Plc exercises control over its subsidiaries in the undermentioned ways:

Oversight function
GTBank Plc has saddled the Executive Director of International Banking with the responsibility of overseeing the management of subsidiaries and aligning the subsidiaries' strategy with that of parent. The International Banking division actively monitors the activities of subsidiaries and gives requisite feedback to management.

Subsidiary Board Representation
GTBank Plc has controlling representation on the Board of each subsidiary in form of Executive directors who are senior management staff of the parent. The Board representatives are seasoned professionals with high level of integrity and who have proven records in the financial services industry in Nigeria. Crucial decisions concerning the operations and management of subsidiaries are taken at the board level.

Management of Subsidiaries
GTBank has a policy of seconding the Managing Directors of subsidiaries from the parent company. In addition, other management staff are seconded to act as backup to the Managing Director and head the Support and Operations Divisions. The objective is to ensure adequate communication of policies and procedures; and that a high level of uniformity is achieved across all entities within the Group.

Business Performance Review Session
Managing Directors of GTBank Subsidiaries attend the Group's Business Performance Review (BPR) to make presentations on the subsidiaries' business activities during the quarter to evaluate its financial performance against budget and pledge for the next quarter. At the session, the profitability and other performances of the subsidiary is carefully monitored and reviewed; recommendations are made on business activities to be carried out in order to ensure profitability and stability.

Risk Management Audit
A periodic audit is carried out by the System and Control Group of GTBank Plc to review all operational areas of the bank and its subsidiaries. The annual audit focuses on operating activities in all the various units of the subsidiaries. The audit report is circulated to all Board members and relevant stakeholders for necessary action and subject to review at the Board Meeting immediately following the audit exercise.

External Auditors' Report
GTBank Plc obtains management report from the auditors of GTBank Subsidiaries at the conclusion of each audit to review, follow up and to address all the issues that may have been raised in the report. The

subsidiaries also carry out half year audit (internal audit) to further help in ensuring that they are on track and that they fully complied with the Board approved processes and procedures.

Flexible Consistency

GTBank Plc allows subsidiaries to operate as entities on their own with appropriate level of responsibility and authority delegated. This ensures that there is consistency across entities and the parent is also able to monitor compliance with local legal and regulatory requirements of the individual countries without stifling operational activities.

Sustainability Report

As a first-class financial services provider with an internal obligation to comply with international best practices, Guaranty Trust Bank continued to ensure that its operations comply with international performance standards and applicable national environmental and social regulations. In 2014, the Bank remained at the forefront of using its banking activities in influencing the environmental and social practices of its stakeholders – customers, suppliers, workers and communities where it operates. The bank's leadership position entrusts it with the responsibility of creating awareness amongst its stakeholders on the importance and benefits of ensuring a sustainable society and the consequences of not doing so.

Guaranty Trust Bank continued to abide by the Nigerian Sustainable Banking Principles by integrating environmental and social considerations in its business and credit practices. Consequently, throughout the 2014 financial year, the bank was not involved in nor financed any operation that had negative impact on the environment. During the year, the bank conducted environmental and social risk assessments of some of its clients and monitored recommended action plans, in line with agreed timelines.

Guaranty Trust Bank attaches strong importance to women economic empowerment and continuously ensured that women play prominent roles in the affairs of the bank. As at 31st December 2014, 45% of the Bank's staff and 31% of Senior Management Staff were female. This is a clear testimony to the Bank's commitment to gender equality and women empowerment.

During the year under review, the bank commissioned a staff gymnasium to further encourage a healthy work culture and also complement various health and safety trainings conducted for staff. The Bank also continued to operate its onsite crèche for the benefit of nursing mothers.

The bank launched its i-Refer scheme in November 2014, a referral scheme that rewards existing customers for introducing new prospects to the bank. The scheme aims to reach the un-banked and under-banked of the community by leveraging on the excellent customer experience of existing customers who in turn invite their friends, families and colleagues to open and maintain GTBank accounts. The bank's branches for Agent banking has also continued to grow. Agent banking was launched to serve as a veritable tool in reaching the un-banked and under-banked members of the community. The first branch was opened in 2013.

As a Pan-African Bank with a global outlook that imbibes best practices, a healthy work culture, an ethical value system and a social conscience at the heart of its operation, Guaranty Trust Bank will continue to expand its Corporate Social Responsibility footprint by growing its beneficiary base and implementing meaningful CSR schemes that impact the lives of the less privileged within its host communities.

Treating Customer Fairly (TCF)

At Guaranty Trust Bank plc ("the Bank"), we consider treating customers fairly a pivotal part of our business strategy and are appreciative of the fact that our customers are key stakeholders to our business.

In accordance with the Bank's vision to deliver the utmost in customer service, we have formulated the following guiding principles:

- The essence of Treating Customers Fairly;
- Being attentive to customers' needs and ensuring that appropriate feedback is given where required;
- The implementation and maintenance of a Complaints management process.

Complaints and Feedback Channels

The Bank has various channels for customers to liaise with us. These include but are not limited to:

- The Complaints portal on the Bank's website;
- An SMS platform;
- GT Connect (a 24 hours self-service interactive call center);
- Social Media feedback platform;
- The Whistle Blowing portal on the Bank's website.

In addition to the above, customers can also visit any of the Bank's branches to provide their feedback.

Customers' opinion on products, services and processes

The Bank constantly strives to improve its services to customers. To this end the Bank periodically evaluates public/customers' opinion about our services, products and policies. The evaluation is conducted in various ways, including:

- One-on-one focus meetings with customers;
- Interviews with randomly picked customers;
- Opinion cards placed in banking halls;
- Questionnaires administered to customers.

Resolution Structure

The Bank's complaints and feedback structure ensures the prompt resolution of customers' complaints. The Bank has a dedicated Complaints Unit which is responsible for receiving; prompt investigation and resolution of customers' complaints. The Complaints Unit serves as the liaison between the Bank and its customers as well as regulatory authorities in ensuring that complaints are satisfactorily resolved.

Complaints are stream-lined into various categories to ensure proper monitoring and efficient management.

The process flow for customer complaints received and its resolution is as follows:

- All complaints received are acknowledged;
- The complaint is reviewed to determine if it could be resolved at the point of receipt;
- Where a complaint can be resolved at the point of receipt, a resolution is provided to the customer;
- If a complaint cannot be resolved at the point of receipt, the complaint is referred to the appropriate unit in the Bank to handle;
- Upon resolution, the customer is contacted and the resolution provided to the customer;
- The complaint is closed and marked as resolved.

Utilization of Feedback

The Bank is appreciative of the fact that our customers are our key stakeholders. As such, lessons learnt from customer complaints are taken very seriously and used to ensure that a reoccurrence does not exist.

Feedback on customers' complaints to the Bank

Feedback on customers' complaints is provided to the Management, relevant units and groups in the Bank to ensure that complaints and issues raised by customers do not reoccur. This serves as a learning point for the various units within the Bank on the Bank's products and services.

The feedback gathered ensures that:

- The Bank retains its customers as such customers feel appreciated and respected;
- The quality of service delivery set by the Bank is maintained and made uniform across board;
- A reliable source of identifying improvement opportunities is presented to management;
- A reliable source of data on customers' complaints and expectations is collated;
- The feedback is circulated through the Bank's internal information channels for the general information of all staff.

Reports to the Central Bank of Nigeria

The Bank provides daily and monthly reports to the Central Bank of Nigeria (CBN) in line with the CBN's guidelines on resolution of customers' complaints.

Below is a breakdown of Complaints received and resolved by the Bank between January and December 2014 pursuant to CBN circular dated August 16, 2011.

	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
		2014	2013	2014	2013	2014	2013
1	Pending Complaints brought forward from prior period	97	64	515,671	264,294	-	-
2	Received Complaints	5,772	4,136	8,531,677	10,574,004	-	-
3	Resolved Complaints	5,740	4,103	5,552,958	10,322,626	94,282	5,159,112
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward	129	97	2,976,536	515,671		

*Some of the outstanding complaints also include complaints on excess charges, complaints on loan and facilities availed by the Bank.
** Majority of outstanding complaints as at December 31, 2014 also constitute international dispense errors or international card unauthorized transactions that are yet to be resolved by international card operators. International dispense errors require a minimum of 45 days for resolution. The outstanding also include feedback where the Bank is currently liaising with the customers.

The tables below show the Complaints received and resolved by the Bank in other currencies during the 2013 and 2014 Financial Years

RECEIVED COMPLAINTS (Per Currency)

	CURRENCY	Amount Claimed	
		2014	2013
1	United States Dollars	$78,688,778	$5,833,663
2	Great Britain Pounds	£75,991	£102,741
3	Euros	$32,306	€224,633
4	Canadian Dollars	-	-

RESOLVED COMPLAINTS (Per Currency)

	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		2014	2013	2014	2013
1	United States Dollars	$78,668,354	$5,810,218	$288,221	$426,951
2	Great Britain Pounds	£35,986	£102,741	£32,391	£39,165
3	Euros	£32,306	£224,633	£13,106.25	£31,500
4	Canadian Dollars	-	-	-	-

UNRESOLVED COMPLAINTS (Per Currency)

	Description	Amount Claimed	
		2014	2013
1	United States Dollars	$20,424	$23,445
2	Great Britain Pounds	£1,500	-
3	Euros	-	-
4	Canadian Dollars	-	-

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework

At Guaranty Trust Bank plc ("the Bank"), we have put in place a framework for Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and the prevention of the financing and proliferation of weapons of mass destruction, which assures adherence to the AML/CFT legislation and regulations in Nigeria as well as leading best practices including but not limited to the Financial Action Task Force (FATF) Recommendations. Where there is a difference the Bank applies the stricter of the two.

Structure of the framework

The policies and procedural guidelines that make up the structure are reviewed/revised on a periodic basis to ensure that they remain in line with regulatory requirements and leading practices. The Bank has moved away from a "one size fits all" approach to combating financial risk to a risk based approach. Thus the Bank identifies and assesses the risks from a proactive stance and allocates the requisite resources which would include systems and controls to manage these risks.

Scope of the framework

The scope of the Bank's AML/CFT framework covers the following:

(i) Board and Management responsibilities:

The Board of Directors of the Bank has oversight responsibilities for the AML/CFT framework and ensures that the Bank is in strict compliance with all regulatory and internal procedures relating to AML/CFT. The tone is set from the top and the Bank maintains a zero tolerance to regulatory infraction.

(ii) Reports to Senior Management and the Board:

Monthly and quarterly reports are provided respectively which provides them with information to enable them assess how the Bank is complying with its regulatory responsibilities as well as make them aware of current trends and compliance developments.

(iii) Know your customer (KYC) procedures:

The completion of an account opening form and the collection of identification documents is the foundation/bedrock for account opening. Customer Due Diligence (CDD) is conducted prior to entering into any relationship. This includes at a minimum identity and address verification as well as ascertaining the source of income and wealth of the customer. Enhanced Due Diligence is conducted on High Risk customers e.g. politically exposed persons and senior management approval is therefore required prior to opening the account.

The Bank takes requisite and regulatory measures when embarking on relationships with designated non-financial institutions due to the risks inherent with these customers and in compliance with regulatory requirements.

The Bank as part of its KYC and CDD procedures, requests and obtains identification information to confirm who the beneficial owners of a business are as well as the organization's control and structure. The Bank in the financial year under review commenced the CBN driven additional KYC measures of obtaining biometric data from customers with the issuance of Bank Verification Number (BVN) and the use of the industry wide uniform account opening forms.

(iv) Transaction Monitoring:

A compliance culture is embedded within the Bank and thus all members of staff understand that compliance is everybody's responsibility. Transaction monitoring occurs on a manual and automated basis. The former by all members of staff and the latter within the Compliance Unit. All members of staff are aware of the fact that suspicious activities should be immediately referred to the Compliance Unit.

(v) Transaction Reporting:

Regulatory and statutory requirements stipulate that certain reports and returns are made to regulatory bodies. In Nigeria, the Nigerian Financial Intelligence Unit (NFIU) is the regulatory agency responsible for receipt of the following core transaction based reports:

- Currency Transaction Report (CTR)
- Foreign Currency Transaction Report (FTR)
- Suspicious Transaction Report (STR)

The Bank renders reports to the NFIU in accordance with the provisions of sections 2, 6 and 10 of the Money Laundering (Prohibition) Act of 2011 as amended ("the Act").

Section 2 of the Act provides that financial institutions must submit a report on all international transfer of funds and securities of a sum exceeding ten thousand dollars ($10,000) or its equivalent in other foreign currencies.

Section 6 of the Act provides that a financial institution must submit a report on all unusual and suspicious transactions.

Section 10 of the Act provides that any lodgment or transfer of funds in excess of N5 million and above for individuals and N10 million and above for corporate customers must be reported.

(vi) Relationship with Regulators and Law Enforcement Agencies:

The Bank has an appreciation of the fact that it has a responsibility to work with law enforcement agencies in the fight against financial crime and to this end we maintain a cordial and supportive relationship with all agencies. The Bank will promptly comply with all requests made, pursuant to the law, and provide information to regulators including the NFIU, the CBN and other relevant agencies.

(vii) Sanctions Compliance Management:

All employees, as applicable to their functions, are required to screen names of individuals and organizations which have or plan to enter a business relationship or carry out a transaction with/through the Bank against the watch list. Employees are mandated, as part of the Bank's policy, to stop any relationship and/or transaction which yield a true or positive match and follow the escalation procedure. Screening of names at account opening and on a real time basis for all SWIFT transactions occurs against the various sanctioned persons list.

(viii) Politically Exposed Persons (PEPs)

PEPs are individuals who are or have been entrusted with prominent public functions and people or entities associated with them. Enhanced measures of due diligence are applied to PEPs, as with other high risk customers. This is to ensure that the Bank is not unknowingly supporting fraudulent activities such as money laundering and/or the financing of terrorism.

In line with FATF's recommendation, the Bank employs the use of appropriate discretionary risk based systems in identifying and monitoring PEPs transactions. This is achieved through the thorough review of information provided by the customer and transaction trends.

Establishment of new accounts for PEPs as well as continuity of such accounts (for those already existing in the system) is subject to the approval of an Executive Director.

(ix) AML/CFT principles for Correspondent Banking:

The Bank only enters into and maintains correspondent banking relations with financial institutions that have implemented AML/CFT policies and procedures. The Bank does not deal with shell banks nor maintain any payable through accounts.

(x) Training:

The Bank places a high value on the training of its employees. Trainings are carried out to ensure employees are familiar with the AML/CFT laws, KYC principles and other AML/CFT related information. Annual Compliance training is mandatory for all members of staff, including Senior Management and Directors. Training is by way of e-learning or face to face. Ad hoc training also takes place by way of the dissemination of topical national and international findings.

(xi) AML/CFT Audits:

Internal audit of the AML/CFT function is conducted on a quarterly basis. The purpose of the audit is to test for, and ensure the effectiveness of the AML/CFT measures put in place by the Bank.

The report and findings of the audit is circulated to various levels of senior management. Follow-up to the audits take place to ensure that the relevant issues are closed out.

(xii) Record Retention:

Customer identification documents are retained throughout the life of the account and for five (5) years after the cessation of the banking relationship, except in cases of litigation and/or regulatory investigations. In the case of the latter, the records will be kept for as long as they are required.

Subsidiaries

The Bank ensures that its foreign subsidiaries AML/CFT provisions is consistent with the Bank’s framework which is based on leading practices. These measures are applied to the extent that the respective subsidiary’s local laws and regulations permit; however, where there are discrepancies the stricter will always prevail.

Internal control and Risk Management Systems in relation to the financial reporting

Guaranty Trust Bank's internal control and risk management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. The bank's internal control framework is patterned after the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

COSO defines internal control as "a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives" in three categories--effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. The scope of internal control therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavors of all types at all levels of the bank.

The internal control and risk management systems comprise the following areas:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Control Environment

The Bank has three Board Committees (Board Risk Committee, Board Credit Committee and Board Audit Committee) that have oversight function on the Bank's Risk Management Processes. The Committees are responsible for setting risk management policies that ensure material risks inherent in the Bank's business are identified and mitigated or controlled. The Bank also has an Audit Committee which is made up of three shareholders' representatives and three Non- Executive Directors; one of the shareholders' representatives is the Chairman. The Audit Committee is therefore independent. Its oversight functions include among others, ensuring that quality accounting policies, internal controls, independent and objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The Bank's management committees are responsible for implementing risk management policies set out by the Board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. They ensure proper books of accounts are kept and accounting policies are in conformity with: International Financial Reporting Standards; Prudential Guidelines for licensed Banks; Circulars issued by the Central Bank of Nigeria; The requirements of the Banks and Other Financial Institutions Act; and The requirements of the Companies and Allied Matters Act.

Risk Assessment

The Board and Senior Management regularly assess the risks the Bank is exposed to, including risks relating to financial reporting. Management Committees meets on a regular basis to assess the credit, market, interest rates, liquidity, legal and reputational risks facing the bank. Senior Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process.

The Board also assesses the effectiveness of the bank's internal control over financial reporting on an ongoing basis and specifically at mid-year and year end. The Management letter issued by the external auditors which contains the auditors' observations on the control environment in the bank is discussed at the Audit Committee meetings.

Control Activities

Control activities are an integral part of the Bank's day to day operations. Senior Management has set up control structure to ensure control activities are defined at every business area.

Examples of the Bank's control activities include the following;

Top Management Reviews

- Internal Audit Reports eliciting control weaknesses are presented periodically to management and Board Audit Committee.
- Preparation of financial statements on a daily basis for management review.
- Monthly and quarterly profitability review, where the bank's financial performance is reviewed and compared with the set budgets. Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Bank and the mitigants deployed.

Activity Control

Control functions are embedded within each business area for self-checking of activities within the areas (for instance, transactions call over for timely detection of errors is carried out by all posting units).

Physical Controls

There are policies guiding access to the Bank's physical and financial assets, including dual custody, use of overrides etc.

Compliance with Limits

The Bank sets internal limits guiding its trading book activities, liquidity and interest rate gaps, credit concentration limits. The limits are monitored on a daily basis by an independent unit outside the business areas.

Approval and Authorisation Limits

- There are segregation of duties; no officer can start and conclude transactions
- Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Verifications and Reconciliations

All internal ledgers are regularly proofed and reconciled; exception reports are generated.

Whistle Blowing

The bank has instituted a strong whistle blowing culture among staff and also created awareness among its stakeholders. The whistle blowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the bank.

Information and Communication/ Monitoring

The Bank's management understands the need for a timely, reliable and accurate information flow within the Bank, for effective decision making and enhanced financial reporting. Every activity of the Bank is codified in the Bank's standard operating procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity. The SOP further highlights requirement for reporting, the frequency of reporting as well as those within the organization to whom the report would be directed to.

The following are some of the generic internal reports used by management for decision making and monitoring purposes:

- FINSTAT- Financial Statements Report
- BPR- Business Performance Review Report
- MPR- Monthly Profitability Report
- Liquidity Ratio Report
- OPR - Operations Performance Report
- APR- Account Profitability Report
- ECR- Expense Control Report
- CAC- Criticized Asset Committee Report
- CLR- Criticized Loans Report
- ALCO- Asset and Liability Committee Report
- Overdraft Efficiency Report

Directors' Report

For the year ended December 31, 2014

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the financial year ended December 31, 2014.

Legal form and principal activity

The Bank was incorporated as a private limited liability company on July 20, 1990. It obtained a license to operate as a commercial bank on August 1, 1990, and commenced business on February 11, 1991. It became a public limited company on April 2, 1996, and its shares were listed on the Nigerian Stock Exchange on September 9, 1996. The Bank was issued a universal banking license by the Central Bank of Nigeria on February 5, 2001.

Following the Bank's divestment from all its non-banking subsidiaries in compliance with the Central Bank of Nigeria Regulation on Scope of Banking Activities and other Ancillary Matters , the Bank applied for and was issued a Commercial Banking License with International Scope on December 20, 2012, by the Central Bank of Nigeria.

The Bank's principal activity remains the provision of commercial banking services to its customers, such as retail banking, granting of loans and advances, corporate finance, money market activities and related services, as well as foreign exchange operations.

The Bank has the following overseas subsidiaries: Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (United Kingdom) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Ivory Coast) Limited, Guaranty Trust Bank (Kenya) Limited, Guaranty Trust Bank (Rwanda) Limited and Guaranty Trust Bank (Uganda) Limited; as well as GTB Finance B.V. Netherlands, the special purpose entity used to raise funds from the international financial market.

The financial results of all the subsidiaries have been consolidated in these financial statements.

Operating results

The Group's Gross earnings increased by 15%. Highlights of the Group's operating results for the year ended 31 December, 2014 are as follows:

	Group Dec-2014 N'000	Group Dec-2013 N'000	Parent Dec-2014 N'000	Parent Dec-2013 N'000
Gross Earnings	278,520,814	242,665,011	249,007,051	221,600,284
Profit before income tax	116,385,843	107,091,256	110,367,851	100,461,729
Taxation	(17,690,924)	(17,067,279)	(16,936,247)	(14,916,219)
Profit for the period	98,694,919	90,023,977	93,431,604	85,545,510
Non-controlling interests	697,633	424,882	-	-
Profit attributable to equity holders of the Bank	97,997,286	89,599,095	93,431,604	85,545,510
Earnings Per Share (Kobo) - Basic	3.47	3.17	3.17	2.91
Earnings Per Share (Kobo) - Diluted	3.47	3.17	3.17	2.91

Dividends

During the period under review, the Directors paid final dividend in the sum of ₦1.45Kobo per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each for the financial year ended December 2014.

Withholding tax was deducted at the time of the payment of this dividend and there was no income tax consequence on the Bank as a result of the dividend pay-out, as the bank is only required to deduct this tax at source on behalf of Tax authorities in Nigeria. The tax so withheld represents advance payment of income tax by the recipient shareholders.

Directors and their interest

The Directors who held office during the period, together with their direct and indirect interests in the issued share capital (including the Global Depositary Receipts (GDRs)) of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is noted below:

	Names	Direct Holding December 14	*Indirect Holding December 14	Direct Holding December 13	*Indirect Holding December 13
			Shares of 50k each	Shares of 50k each	
1	Mr. Egbert Imomoh	1,102,972	6,243,128	1,102,972	6,243,128
2	Mr. Olusegun Agbaje	32,146,651	9,481,350	32,146,651	9,481,350
3	Mrs. Cathy Echeozo	2,505,118	2,940,300	2,505,118	2,940,300
4	Mr. Andrew Alli	1,163,975	-	1,163,975	-
5	Mr. Akindele Akintoye	13,800	-	13,800	-
6	Mr. H. A. Oyinlola**	-	-	-	-
7	Mr. Adebayo Adeola	4,869,492	-	4,869,492	-
8	Mr. Ibrahim Hassan	630,838	-	1,130,838	-
9	Mr. Olabode Agusto	200,000	-	200,000	-
10	Mrs. Olutola Omotola	452,531	234,350	452,531	234,350
11	Mr. Demola Odeyemi	7,661,601	1,688,550	7,661,601	899,200
12	Mr. Wale Oyedeji	492,787	-	492,787	-
13	Mr. Ohis Ohiwerei	2,000,000	-	2,000,000	-
14	Mrs. O. A. Demuren	356,581	-	148,427	-

*Indirect includes indirect shareholding and/or GDR (Global Depository Receipts)

** Appointed as a Non-Executive Director to replace Mrs. Stella Okoli who retired from the Board on July 24, 2014 having attained the age of seventy (70) years.

There has been no significant change to Directors' shareholdings within the period under review

Directors' Remuneration

The Bank ensures that remuneration paid to its Directors complies with the provisions of the codes of corporate governance issued by its regulators.

In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by Securities and Exchange Commission, the Bank makes disclosure of the remuneration paid to its directors as follows:

Type of package	Description	Timing
Fixed		
Basic Salary	- Part of gross salary package for Executive Directors only. - Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	- Part of gross salary package for Executive Directors only. - Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year	Paid last month of the financial year
Director fees	- Paid annually on the day of the Annual General Meeting ('AGM') to Non-Executive Directors only	Paid annually on the day of the AGM
Sitting allowances	- Allowances paid to Non-Executive Directors only for attending Board and Board Committee Meetings.	Paid after each Meeting

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004, Mr. Agusto disclosed to the Board his interest as a director Agusto & Company Limited (a credit rating company), which provided services to the Bank in the course of the year.

The selection and conduct of the companies are in conformity with rules of ethics and acceptable standards. In addition, the Bank ensures that all such contracts are conducted at arm's length at all times.

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at December 31, 2014, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	251,970	74.5815	791,921,101	2.6908
10,001	-	50,000	64,042	18.9560	1,389,169,661	4.7201
50,001	-	100,000	10,297	3.0478	723,351,761	2.4578
100,001	-	500,000	9,141	2.7057	1,858,767,380	6.3156
500,001	-	1,000,000	1,056	0.3126	734,018,292	2.4940
1,000,001	-	5,000,000	1,016	0.3007	2,039,946,641	6.9312
5,000,001	-	10,000,000	144	0.0426	969,325,491	3.2935
10,000,001	-	50,000,000	124	0.0367	2,614,159,613	8.8823
50,000,001	-	100,000,000	25	0.0074	1,815,811,404	6.1697
100,000,001	-	500,000,000	23	0.0068	5,360,171,088	18.2126
500,000,001	-	1,000,000,000	2	0.0006	1,420,581,650	4.8268
1,000,000,001	-	2,000,000,000	3	0.0009	4,341,051,711	14.7498
2,000,000,001	-	5,000,000,000	1	**0.0003**	2,211,060,894	7.5126
SUB TOTAL :-			**337,844**	**99.9997**	**26,269,336,687**	**89.2568**
GTBANK GDR UNDERLYING SHARES			1	**0.0003**	**3,161,842,537**	**10.7432**
TOTAL			**337,845**	**100.0000**	**29,431,179,224**	**100.0000**

According to the Register of Members as at December 31, 2014, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

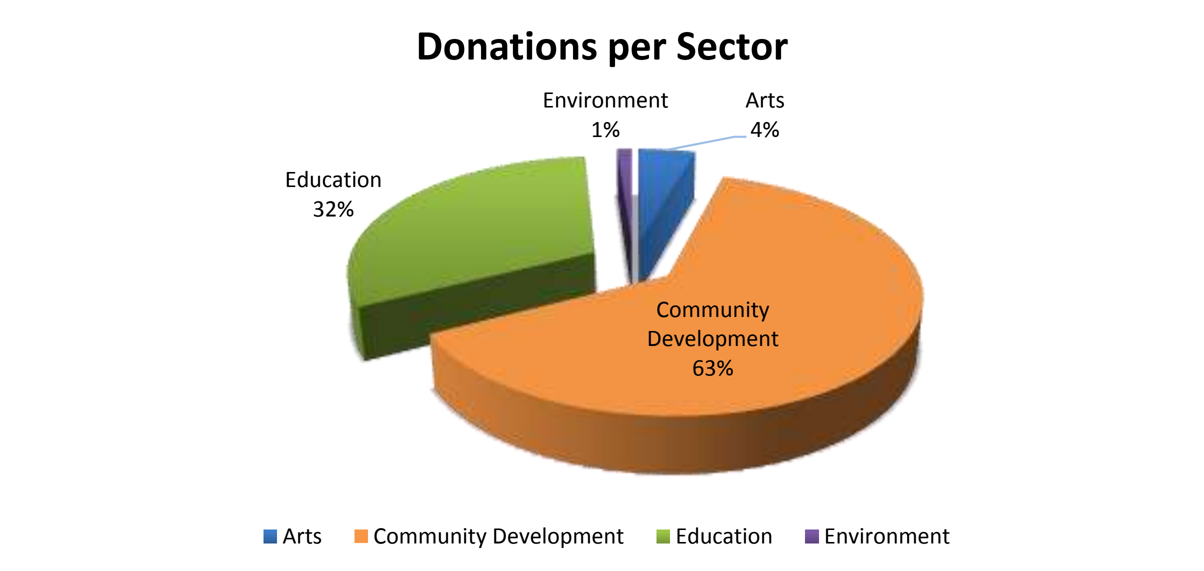
SHAREHOLDER	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
GTBank GDR (underlying shares)*	3,161,842,537	10.74%
Stanbic Nominees Nigeria Limited**	7,856,651,221	26.71%

* Citibank Nigeria Limited held the 3,161,842,537units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. Citibank does not exercise any rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.

** Stanbic Nominees Nigeria Limited held 26.71% of the Bank's shares largely in trading accounts on behalf of various investors.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of N599, 916, 416 (Dec. 2013: ₦631, 991,911) as donations and charitable contributions during the period. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others. The distribution of these donations is shown below:



A listing of the beneficiary organizations and the amounts donated to them is shown below:

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
Arts	Tate partnership	22,733,851
	Gida Uno Ile Design	2,000,000
	DRB Concert sponsorship	500,000
	Keep Calm Festival	500,000
	Tony Marinho Show	250,000
	Shekere Magazine	250,000
	Layer Cake Exhibition	100,000
	Others	5,810
Community Development	Victim of Terror Fund	250,000,000
	Orange Ribbon Initiative - Autism	34,480,465
	Lagos Motor boat Club	23,576,923
	Lagos Polo Club	20,000,000
	Agriculture and Urban Development	20,000,000
	Nigeria Interbank Settlement System	7,500,000
	Lagos State Government	3,877,259
	Nigeria Business Aviation	2,595,000
	Special Olympics National Games	2,229,000
	Nigerian Bar Assocation	2,000,000
	Genevieve Foundation	1,000,000
	Chike Okoli Foundation	1,000,000

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
	Women in Management and Business	1,000,000
	Centre for Values in Leadership	950,000
	Patrick Speech & Languages Centre	800,000
	LINDY'S gem funday	623,585
	Southern Sun	500,000
	WIE Conference	500,000
	International Swimming Competition	500,000
	We too can grow	500,000
	Nigeria Transition Conference	500,000
	Nigeria Association of Women Advancement	500,000
	Akintola William	500,000
	Child Abuse Campaign	500,000
	Nigerian Annual CSR Report	500,000
	Honey Bee Foundation	391,000
	Volunteer Nigeria Initiative	300,000
	House of Purpose Summit	200,000
	Brand Leaders Summit	200,000
	Nigeria Society for the Blind	200,000
	Massey Hospital	175,700
	Others	174,000
	Onitsha North LG	100,000
	CHIPROM	100,000
	Special Persons Association	50,000
Education	Lagos State Principals Cup	102,698,163
	Ogun State Principals Cup	26,954,168
	Day Waterman College	18,561,538
	Heritage Cup	12,543,970
	OMR form Donation to Tertiary Institutions	12,012,000
	Adopt-A-School	4,135,350
	Masters Cup	3,700,000
	African Principals Cup	1,880,000
	LSFA Training	1,768,733
	American International School	1,000,000
	Loyola Jesuit College	500,000
	St. Saviours School	500,000
	American University	500,000
	Orange Excellence	487,200
	African- Carribean Student Union	290,000
	GEMS preparatory Schools	284,500
	University of Stellenbosch	260,250
	Eva Adelaja	250,000
	Ekiti State University	250,000
	Lagos Preparatory School	250,000
	Young Achievers Scholarship	20,000
Environment	UNEP-FI	1,580,550
	Sokoto Roundabout Maintenance	1,473,150

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
	CSR Brochure	787,500
	Lekki Association	500,000
	SERA	500,000
	Richardson health and security forum	500,000
	Kano Roundabout Maintenance	390,000
	Lagos Roundabout Maintenance	315,000
	World Habitat Day	300,000
	Global Reporting	283,750
	Roundabout Maintenance	78,000
Grand Total		**599,916,416**

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December, 2014 and profit attributable to equity holders on the date other than as disclosed in the financial statements.

Research and development

The Bank - on a continuous basis - carries out research into new banking products and services.

Gender Analysis

The number and percentage of women employed during the financial year vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		**%**	
Employees	1,850	1,490	**3,340**	55%	45%

Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Board	10	4	14	73%	27%
Top Management (AGM - GM)	38	17	55	69%	31%
Total	**48**	**21**	**69**	**70%**	**30%**

Detailed Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
		Number		**%**	
Assistant General Manager	17	6	23	74%	26%
Deputy General Manager	14	4	18	78%	22%
General Manager	8	7	15	53%	47%
Executive Director & Deputy Managing Director	3	2	5	60%	40%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	6	2	8	75%	25%
Total	**49**	**21**	**70**	**70%**	**30%**

Human Resources Policy

(1) Recruitment

The Bank conforms with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to board or top management positions. All prescribed pre-employment screening for prospective employees and other requirements for regulatory confirmation of senior management appointments are duly implemented.

(2) Diversity and Inclusion

The Bank treats all employees, prospective employees and customers fairly and equally regardless of their gender, sexual orientation, family status, race, colour, nationality, ethnic or national origin, religious belief, age, physical or mental disability, or any such factor.

The Bank seeks to achieve a minimum of 30% and 40% female representation at Board and senior management levels respectively, subject to identification of candidates with appropriate skills. "Senior Management" positions for the purpose of this statement refers to Managing Director/CEO, Deputy Managing Director, Executive Director, General Manager, Deputy General Manager, Assistant General Manager, and Senior Manager grades.

(3) Employment of Disabled Persons

The Bank operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons.

In the event of any employee becoming disabled in the course of employment, where possible, the Bank is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. In the period under review, the Bank had five persons on its staff list with physical disability.

(4) Employee Involvement and Training

The Bank encourages participation of employees in arriving at decisions in respect of matters affecting their well-being through various forum like town hall meetings. Towards this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and employee interests, with a view to making inputs to decisions thereon.

The Bank places a high premium on the development of its workforce. Consequently, the Bank sponsored its employees for various training courses, both locally and overseas, in the period under review. The Bank has also gone into partnership with top-notch executive business schools in Europe and North America to deliver world-class technical and leadership training to employees in Nigeria.

In the course of the year under review, the Bank recorded a "first" by being the first bank in Nigeria to have its corporate academy formally recognised with the accreditation of the GTBank Academy Basic School by the Chartered Institute of Bankers of Nigeria (CIBN).

(5) Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense. In line with the status of the Bank as a family-friendly organization, we operate a crèche facility at Head Office and have plans to expand to other locations shortly. In 2014, a state-of-the-art gymnasium for staff was opened at Head Office. This is in addition to the registration of staff members at fitness centres (within their vicinity) and social clubs towards achieving employee wellness.

The Bank has in place a number of training programmes, workshops and enlightenment programmes/publications designed to equip staff members with basic health management tips, First Aid, fire prevention and other occupational safety skills.

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

The Bank operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance covers and Employee Compensation Act contributions for the benefits of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 (amended in 2014) as well as a terminal gratuity scheme for its employees.

During the year under review, the terms and conditions of car and mortgage loans were amended to the advantage of employees.

BY ORDER OF THE BOARD

Olutola Omotola
Company Secretary
Plot 635, Akin Adesola Street, Victoria Island, Lagos
28 January, 2015

Statement of Directors' Responsibilities in Relation to the Financial Statements for financial year ended December 31, 2014

The Directors accept responsibility for the preparation of the financial statements set out from pages 45-315 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

Going Concern:

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

Resulting from the above, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Thus, directors continued the adoption of the going concern basis of accounting in preparing the annual financial statements.

SIGNED ON BEHALF O F THE DIRECTORS BY:

CATHY ECHEOZO
28 January, 2015

SEGUN AGBAJE
28 January, 2015

Report of the Audit Committee

For the financial year ended 31 December, 2014

To the members of Guaranty Trust Bank Plc

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act 2004, the members of the Audit Committee of Guaranty Trust Bank Plc hereby report as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December, 2014 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N881,920,000 (31 December, 2013: N2,371,690,000) was outstanding as at 31 Dec, 2014. The status of performance of insider related credits is as disclosed in Note 48(d).

- We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Mr. Akinola B. Akisanmi
Chairman, Audit Committee
FRC/2014/ICAN/00000005627
26 January, 2015

Members of the Audit Committee are:

1.	Mr. Akinola B. Akinsami	-	Chairman
2.	Alhaji M.A. Usman	}	Shareholder's Representatives
3.	Mrs. Sandra Mbagwu-Fagbemi		
4.	Mr. Bode Agusto		
5.	Ibrahim Hassan		
6.	Andrew Alli		

In attendance:
Mr. Segun Fadahunsi - Secretary

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GUARANTY TRUST BANK PLC

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of Guaranty Trust Bank Plc ("the bank") and its subsidiaries (together "the group"). The financial statements comprise the statements of financial position as at 31 December 2014 and the income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

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Report on other legal requirements

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

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

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

iii) the bank's statement of financial position, income statement, statement of comprehensive income and statement of changes in equity are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 48 to the financial statements;

v) there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria except as disclosed in Note 49 to the financial statements.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA A1048451

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

19 February 2015

Engagement Partner: Daniel Asapokhai
FRC/2013/ICAN/00000000946

Statements of financial position

As at 31 December 2014

In thousands of Nigerian Naira	***Notes***	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Assets					
Cash and cash equivalents	4, 8, 23	246,939,868	307,395,676	161,778,647	228,609,551
Loans and advances to banks	4, 8, 24	5,695,592	5,596,476	30,815	16,976
Loans and advances to customers	4, 8, 25	1,275,681,135	1,002,370,638	1,182,393,874	926,967,093
Financial assets held for trading	4, 8, 26	9,415,919	17,223,667	5,675,545	13,746,682
Derivative financial assets	4, 8, 27	529,732	170,101	529,732	170,101
Investment securities:					
– Available for sale	4, 8, 28	344,701,935	374,673,147	317,749,878	364,056,362
– Held to maturity	4, 8, 28	35,160,640	84,741,890	4,511,342	46,682,498
Assets pledged as collateral	4, 8, 29	39,179,198	28,442,629	39,173,640	28,440,947
Investment in subsidiaries	30	-	-	40,130,284	40,130,284
Property and equipment	31	76,236,447	68,306,197	68,042,098	61,419,683
Intangible assets	32	12,516,219	11,214,274	2,417,700	2,256,768
Deferred tax assets	33	2,358,280	1,945,629	-	-
Restricted deposits and other assets	34	307,461,561	200,766,091	304,174,757	191,868,850
Total assets		**2,355,876,526**	**2,102,846,415**	**2,126,608,312**	**1,904,365,795**
Liabilities					
Deposits from banks	4, 8, 35	31,661,622	15,208,300	143,713	88,729
Deposits from customers	4, 8, 36	1,618,208,194	1,427,493,697	1,439,522,070	1,261,927,035
Derivative financial liabilities	4, 8, 27	253,374	3,883	253,374	3,883
Other liabilities	4, 8, 38	57,200,461	61,014,954	47,714,495	49,008,466
Current income tax liabilities	21	11,208,907	13,073,847	12,657,634	12,632,975
Deferred tax liabilities	33	4,391,668	5,065,625	3,955,805	4,784,323
Debt securities issued	4, 8, 37	167,321,207	156,498,167	-	13,233,595
Other borrowed funds	4, 8, 40	91,298,545	92,134,872	252,830,895	233,040,108
Total liabilities		**1,981,543,978**	**1,770,493,345**	**1,757,077,986**	**1,574,719,114**

Statements of financial position (Continued)
As at 31 December 2014

In thousands of Nigerian Naira	***Notes***	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Equity	41				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(3,987,575)	(2,046,714)	-	-
Retained earnings		61,043,431	55,205,142	58,442,378	55,079,117
Other components of equity		173,410,666	135,924,361	172,901,244	136,380,860
		368,653,226	**327,269,493**	**369,530,326**	**329,646,681**
Non-controlling interests in equity		5,679,322	5,083,577	-	-
Total equity		**374,332,548**	**332,353,070**	**369,530,326**	**329,646,681**
Total equity and liabilities		**2,355,876,526**	**2,102,846,415**	**2,126,608,312**	**1,904,365,795**

Approved by the Board of Directors on 28 January 2015:

Chief Financial Officer
Banji Adeniyi
FRC/2013/ICAN/00000004318

Deputy Managing Director
Cathy Echeozo
FRC/2013/ICAN/00000001319

Group Managing Director
Segun Agbaje
FRC/2013/CIBN/00000001782

The accompanying notes are an integral part of these financial statements

Income statements
For the year ended 31 December 2014

In thousands of Nigerian Naira	**Notes**	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Interest income	9	200,602,653	185,383,473	179,984,274	172,433,167
Interest expense	10	(58,210,555)	(48,444,468)	(51,285,444)	(44,575,952)
Net interest income		**142,392,098**	**136,939,005**	**128,698,830**	**127,857,215**
Loan impairment charges	11	(7,098,448)	(2,886,005)	(6,184,289)	(2,913,318)
Net interest income after loan impairment charges		**135,293,650**	**134,053,000**	**122,514,541**	**124,943,897**
Fee and commission income	12	47,969,982	46,631,901	40,944,512	40,189,316
Fee and commission expense	13	(2,114,365)	(1,824,212)	(1,747,518)	(1,718,975)
Net fee and commission income		**45,855,617**	**44,807,689**	**39,196,994**	**38,470,341**
Net gains/(losses) on financial instruments classified as held for trading	14	28,274,332	10,538,095	24,104,531	7,923,744
Other income	15	1,673,847	111,542	3,973,734	1,054,057
Net impairment charge / reversal on other financial assets	16	(273,815)	118,836	(273,815)	118,836
Personnel expenses	17	(27,442,101)	(23,761,448)	(21,036,543)	(19,625,269)
General and administrative expenses	18	(26,135,843)	(22,550,173)	(22,236,943)	(20,077,522)
Operating lease expenses		(913,085)	(837,218)	(560,710)	(623,379)
Depreciation and amortization	19	(12,151,655)	(10,115,860)	(10,590,175)	(9,273,196)
Other operating expenses	20	(27,795,104)	(25,273,207)	(24,723,763)	(22,449,780)
Profit before income tax		**116,385,843**	**107,091,256**	**110,367,851**	**100,461,729**
Income tax expense	21	(17,690,924)	(17,067,279)	(16,936,247)	(14,916,219)
Profit for the year		**98,694,919**	**90,023,977**	**93,431,604**	**85,545,510**
Profit attributable to:					
Equity holders of the parent entity		97,997,286	89,599,095	93,431,604	85,545,510
Non-controlling interests		697,633	424,882	-	-
		98,694,919	**90,023,977**	**93,431,604**	**85,545,510**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic	22	3.47	3.17	3.17	2.91
– Diluted	22	3.47	3.17	3.17	2.91
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic		-	-	-	-
– Diluted		-	-	-	-

The accompanying notes are an integral part of these financial statements

Statements of comprehensive income

For the year ended 31 December 2014

In thousands of Nigerian Naira	Notes	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Profit for the year		98,694,919	90,023,977	93,431,604	85,545,510
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent years:					
Actuarial gains and losses		(795,999)	655,769	(795,999)	655,769
Income tax relating to actuarial gains and losses		238,800	(196,731)	238,800	(196,731)
		(557,199)	459,038	(557,199)	459,038
Other comprehensive income to be reclassified to profit or loss in subsequent years:					
Foreign currency translation differences for foreign operations		(1,452,369)	(1,039,643)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	435,711	311,893	-	-
Net change in fair value of available for sale financial assets		(4,601,247)	4,080,429	(4,710,827)	3,887,157
Income tax relating to Net change in fair value of available for sale financial assets	21	1,720,197	(1,224,129)	1,753,071	(1,166,147)
		(3,897,708)	2,128,550	(2,957,756)	2,721,010
Other comprehensive income for the year, net of tax		(4,454,907)	2,587,588	(3,514,955)	3,180,048
Total comprehensive income for the year		**94,240,012**	**92,611,565**	**89,916,649**	**88,725,558**
Total comprehensive income attributable to:					
Equity holders of the parent entity		93,357,598	92,329,571	89,916,649	88,725,558
Non-controlling interests		882,414	281,994	-	-
Total comprehensive income for the year		**94,240,012**	**92,611,565**	**89,916,649**	**88,725,558**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
December 2014
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2014	**14,715,590**	**123,471,114**	**17,075,575**	**118,309,456**	**(2,046,714)**	**3,025,907**	**(2,486,577)**	**55,205,142**	**327,269,493**	**5,083,577**	**332,353,070**
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	97,997,286	97,997,286	697,633	98,694,919
									-		
Other comprehensive income, net of tax									-		
Foreign currency translation difference	-	-	-	-	-	-	(1,184,270)	-	(1,184,270)	167,612	(1,016,658)
Actuarial gains	-	-	-	-	-	-	-	(557,199)	(557,199)	-	(557,199)
Fair value adjustment	-	-	-	-	-	(2,898,219)	-	-	(2,898,219)	17,169	(2,881,050)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2,898,219)**	**(1,184,270)**	**(557,199)**	**(4,639,688)**	**184,781**	**(4,454,907)**
Total comprehensive income	-	-	-	-	-	**(2,898,219)**	**(1,184,270)**	**97,440,087**	**93,357,598**	**882,414**	**94,240,012**
Transactions with equity holders, recorded directly in equity:											
Transfers for the year	-	-	11,465,098	30,103,696	-	-	-	(41,568,794)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(1,940,861)	-	-	-	(1,940,861)	-	(1,940,861)
Dividend to equity holders	-	-	-	-	-	-	-	(50,033,004)	(50,033,004)	(286,669)	(50,319,673)
Total transactions with equity holders	**-**	**-**	**11,465,098**	**30,103,696**	**(1,940,861)**	-	-	**(91,601,798)**	**(51,973,865)**	**(286,669)**	**(52,260,534)**
Balance at 31 December 2014	**14,715,590**	**123,471,114**	**28,540,673**	**148,413,152**	**(3,987,575)**	**127,688**	**(3,670,847)**	**61,043,431**	**368,653,226**	**5,679,322**	**374,332,548**

Consolidated Statement of Changes in Equity
Dec-2013
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2013	14,715,590	123,471,114	11,312,801	95,070,970	(2,046,714)	169,607	(1,901,715)	39,766,597	280,558,250	1,268,691	281,826,941
Total comprehensive income for the period:											
Profit for the year	-	-	-	-	-	-	-	89,599,095	89,599,095	424,882	90,023,977
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(584,862)	-	(584,862)	(142,888)	(727,750)
Actuarial gains	-	-	-	-	-	-	-	459,038	459,038	-	459,038
Fair value adjustment	-	-	-	-	-	2,856,300	-	-	2,856,300	-	2,856,300
Total other comprehensive income	-	-	-	-	-	**2,856,300**	**(584,862)**	459,038	2,730,476	**(142,888)**	**2,587,588**
Total comprehensive income	-	-	-	-	-	**2,856,300**	**(584,862)**	**90,058,133**	**92,329,571**	**281,994**	**92,611,565**
Transactions with equity holders, recorded directly in equity:											
Transfers for the year	-	-	5,762,774	23,238,486	-	-	-	(29,001,260)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(45,618,328)	(45,618,328)	(131,631)	(45,749,959)
on-controlling interest of of subsidiary acquired	-	-	-	-	-	-	-	-	-	3,664,523	3,664,523
Total transactions with equity holders	**-**	**-**	**5,762,774**	**23,238,486**	**-**	-	-	**(74,619,588)**	**(45,618,328)**	**3,532,892**	**(42,085,436)**
Balance at 31 December 2013	**14,715,590**	**123,471,114**	**17,075,575**	**118,309,456**	**(2,046,714)**	**3,025,907**	**(2,486,577)**	**55,205,142**	**327,269,493**	**5,083,577**	**332,353,070**

Statement of Changes in Equity
December 2014
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2014	**14,715,590**	**123,471,114**	**16,900,397**	**116,589,846**	**2,890,617**	**55,079,117**	**329,646,681**
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	93,431,604	93,431,604
Other comprehensive income, net of tax							
Actuarial gains	-	-	-	-	-	(557,199)	(557,199)
Fair value adjustment	-	-	-	-	(2,957,756)	-	(2,957,756)
Total other comprehensive income	**-**	**-**	**-**	**-**	**(2,957,756)**	**(557,199)**	**(3,514,955)**
Total comprehensive income	-	-	-	-	**(2,957,756)**	**92,874,405**	**89,916,649**
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	11,448,659	28,029,481	-	(39,478,140)	-
Dividend to equity holders	-	-	-	-	-	(50,033,004)	(50,033,004)
Total transactions with equity holders	**-**	**-**	**11,448,659**	**28,029,481**	-	**(89,511,144)**	**(50,033,004)**
Balance at 31 December 2014	**14,715,590**	**123,471,114**	28,349,056	**144,619,327**	**(67,139)**	**58,442,378**	**369,530,326**

Statement of Changes in Equity
Dec-2013
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2013	**14,715,590**	**123,471,114**	**11,312,801**	**90,926,193**	**169,607**	**45,944,146**	**286,539,451**
Total comprehensive income for the period:							
Profit for the year	-	-	-	-	-	85,545,510	85,545,510
Other comprehensive income, net of tax							
Actuarial gains	-	-	-	-	-	459,038	459,038
Fair value adjustment	-	-	-	-	2,721,010	-	2,721,010
Total other comprehensive income	-	-	-	-	**2,721,010**	459,038	**3,180,048**
Total comprehensive income	-	-	-	-	**2,721,010**	**86,004,548**	**88,725,558**
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	5,587,596	25,663,653	-	(31,251,249)	-
Dividend to equity holders	-	-	-	-	-	(45,618,328)	(45,618,328)
Total transactions with equity holders	**-**	**-**	**5,587,596**	**25,663,653**	-	**(76,869,577)**	**(45,618,328)**
Balance at 31 December 2013	**14,715,590**	**123,471,114**	**16,900,397**	**116,589,846**	**2,890,617**	**55,079,117**	**329,646,681**

Statements of cash flows

For the year ended 31 December 2014

In thousands of Nigerian Naira	***Notes***	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Cash flows from operating activities					
Profit for the period		98,694,919	90,023,977	93,431,604	85,545,510
Adjustments for:					
Depreciation of property and equipment	19, 31	10,999,115	9,332,590	9,774,010	8,627,942
Amortisation of Intangibles	19, 32	1,152,540	783,270	816,165	645,254
Gain on disposal of property and equipment	15	(78,130)	(59,111)	(75,216)	(41,317)
Impairment on financial assets		8,098,865	4,423,857	6,588,716	3,154,837
Net interest income		(142,392,098)	(136,939,005)	(128,698,830)	(127,857,215)
Fair value changes and foreign exchange gains		(16,196,496)	(2,725,665)	(15,766,453)	(2,401,781)
Derivatives fair value changes		(110,140)	(166,218)	(110,140)	(166,218)
Dividend received		(81,391)	(177,753)	(2,559,273)	(1,138,930)
Income tax expense	21	17,690,924	17,067,279	16,936,247	14,916,219
Other non-cash items		(382,871)	943,122	(382,871)	577,931
		(22,604,763)	(17,493,657)	(20,046,041)	(18,137,768)
Changes in:					
Financial assets held for trading		8,088,076	2,633,703	8,077,409	3,228,224
Assets pledged as collateral		(10,736,531)	2,760,601	(10,732,693)	2,762,283
Loans and advances to banks		415,894	(524,646)	(13,849)	161,239
Loans and advances to customers		(196,197,231)	(196,757,545)	(200,276,509)	(187,804,052)
Other assets		(109,260,269)	(38,870,235)	(115,523,496)	(33,803,774)
Deposits from banks		14,789,683	(10,656,415)	54,984	(7,081,592)
Deposits from customers		145,997,158	237,177,738	132,631,158	207,804,462
Other liabilities		(4,820,728)	(22,673,788)	(2,499,697)	(22,893,983)
		(151,723,948)	(26,910,587)	(188,282,693)	(37,627,193)
Interest received		199,524,558	185,222,033	178,906,180	172,271,727
Interest paid		(56,749,590)	(48,865,656)	(49,824,478)	(44,997,139)
		(31,553,743)	91,952,133	(79,247,032)	71,509,627
Income tax paid	21	(15,132,105)	(17,198,130)	(12,632,976)	(15,340,119)
Net cash/(used in) provided by operating activities		**(46,685,848)**	**74,754,003**	**(91,880,008)**	**56,169,508**

Statements of cash flows

For the year ended 31 December 2014

In thousands of Nigerian Naira	***Notes***	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Cash flows from investing activities					
Sale / redemption of investment securities		391,978,006	315,102,240	391,978,006	315,102,240
Purchase of investment securities		(320,560,979)	(360,513,606)	(308,485,008)	(342,482,343)
Dividends received	15	81,391	177,753	2,559,273	1,138,930
Purchase of property and equipment	31	(14,536,088)	(14,819,658)	(12,163,903)	(13,674,839)
Proceeds from the sale of property and equipment		81,998	231,595	139,584	143,911
Purchase of intangible assets	32	(2,480,827)	(1,589,242)	(977,097)	(1,362,305)
Acquisition of subsidiary, net of cash acquired		-	(5,753,152)	-	(17,205,196)
Net cash provided by/(used in) investing activities		54,563,501	(67,164,070)	73,050,855	(58,339,602)
Cash flows from financing activities					
Increase in debt securities issued		898,026	67,290,718	-	-
Repayment of debt securities issued		(13,233,595)	-	(13,233,595)	-
Repayment of long term borrowings		(37,721,242)	(5,476,789)	(17,345,856)	-
Increase in long term borrowings		6,600,000	4,582,064	6,600,000	63,845,690
Finance lease repayments		(689,079)	(275,977)	(689,079)	(275,977)
Purchase of treasury shares		(1,940,861)	-	-	-
Dividends paid to owners	42	(50,033,004)	(45,618,328)	(50,033,004)	(45,618,328)
Dividends paid to non-controlling interest		(286,669)	(131,631)	-	-
Net cash provided by financing activities		(96,406,424)	20,370,057	(74,701,534)	17,951,385
Net (decrease) /increase in cash and cash equivalents		(88,528,771)	27,959,990	(93,530,687)	15,781,291
Cash and cash equivalents at beginning of period		307,395,676	276,856,206	228,609,551	210,300,286
Effect of exchange rate fluctuations on cash held		28,072,963	2,579,480	26,699,783	2,527,974
Cash and cash equivalents at end of the year		246,939,868	307,395,676	161,778,647	228,609,551

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Guaranty Trust Bank Plc ("the Bank" or "the Parent") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the year ended 31 December 2014, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The Consolidated and Separate financial statements of the Parent and the Group have been prepared in accordance with International Financial Reporting Standards as issued by the IASB , the requirements of the Companies and Allied Matters Act and with the Banks and Other Financial Institutions Act.

These Consolidated and Separate financial statements have been audited and were authorised for issue by the directors on 28, January 2015.

3. (a) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. All entities within the group apply the same accounting policies.

(a) Functional and presentation currency

These Consolidated and Separate financial statements are presented in Nigerian Naira, which is the Parent's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Available-for-sale financial assets are measured at fair value through equity. However, when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment.
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value
- Assets and Liabilities held to maturity are measured at amortised cost
- Loans and Receivables are measured at amortised cost.

(c) Use of Estimates and Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 6.

(d) Changes to accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the reporting period from 1st January, 2014. They do not have any material impact on the accounting policies, financial position or performance of the Group.

- **IFRIC 21- Levies:**

  The amendment to IFRIC 21 provides guidance on when to *recognise liabilities for levies imposed by the Government* including government agencies and similar bodies in accordance with rules and regulations. The interpretation addresses what the obligating event is that gives rise to paying a levy and when a liability should be recognised. It clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The Group has been recognising liabilities arising from regulations appropriately e.g. AMCON levy imposed on Banks. Therefore this amendment will not have material impact on the Group.

- **Amendments to IAS 32 – Financial Instruments - Presentation:**

  This amendment clarifies some of the requirements for *offsetting financial assets and financial liabilities* on the statement of financial position. The Group has been applying the right of set off if it is available at the date of preparation of statement of financial position (SOFP).

We do not apply this Right of set off to contingent / future transactions in the preparation of the Statement of Financial Position.

Also, the Group already complies with the legally enforceable criterion contained in these amendments by ensuring that the contractual terms and laws governing contracts give backing (support) to the right to set off financial assets and liabilities where necessary.

Lastly, the Group's settlement process entails settlement of financial assets and liabilities on a net basis, Therefore, a single net amount is already being reported in the financial statements in accordance with IASB clarifications.

Based on the above, we believe that these amendments would have no material impact on the Group.

- **Amendments to IFRS 10 Consolidated Financial Statements:**
  IFRS 10 defines an *investment entity* and introduces an exception from consolidation. This will particularly benefit private equity funds, as those that qualify will fair value all of their investments, including those that are controlled. The amendment to IFRS 10 was accompanied by amendments to IFRS 12 and IAS 27. No member of the Group is an Investment entity thus this amendment does not have impact on the Group.

- **Amendments to IAS 36 - Impairment of assets**:
  This amendment addresses the *disclosure of information about the recoverable amount of impaired assets* if that amount is based on fair value less costs of disposal. This amendment has an insignificant impact on the Group. The bulk of impairment of non-financial assets reported in the Group's financial statements are those related to prepaid fixed assets. These are constantly tested for impairment and recoverable amount determined using either the Value in Use Approach or Fair Value less Cost to Sell Approach depending on the availability of information. The recoverable amounts are also disclosed should there be an increase or reversal in these impairments. The appropriate fair values less cost to sell disclosures are also included in the financial statements. It is noteworthy to state that there were no events which warranted the Group to impair its non-financial assets such as Goodwill , Purchased software and Property and Equipment.

- **Amendments to IFRS 1 - First-Time Adoption of IFRS:**
  The amendment provides clarification on the meaning of *effective IFRS*. It states that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

- **Amendments to IFRS 2 – Share Based Payment :**
  The amendment captures the *definitions of 'vesting condition'* and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment is to be applied

prospectively. The Group already incorporates the new definition of vesting condition in its accounting of Share Based Payment, as such the amendment will not have any material impact on its books.

- **Amendments to IFRS 3 – Business Combination**
  The amendment requires *contingent consideration* in a business acquisition that is classified as an asset or a liability to be measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments (or IAS 39 as applicable). The amendment is to be applied prospectively. The update does not have an immediate impact on the Group as it did not engage in any acquisition in the reporting period.

  It also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a *joint arrangement* in the financial statements of the joint arrangement itself. The Group does not have a Joint arrangement with any party, hence, the amendment will not impact the Group.

- **Amendments to IFRS 8 – Operating Segment**
  The amendment stipulates *detailed disclosure of the judgments* made by management in applying the aggregation criteria to operating segments. It also requires reconciliations of the assets of all reportable segments' to the assets of the entity if the segments' assets are reported regularly. The amendment is to be applied retrospectively. Amendments to the standard does not have significant impact on the Group as it currently provides relevant disclosures on its operating segment activities.

- **Amendments to IFRS 13 – Fair Value Measurement**
  Amendments to the standard provides clarification that *short-term receivables and payables* with no stated interest rates can be held at invoice amounts when the effects of discounting is immaterial.

  The amendment also clarifies that the scope of the *portfolio exemption* defined in paragraph 52 of IFRS 13 includes all contracts within the scope of IAS 39/IFRS 9 regardless of whether they meet the definition of financial assets and financial liabilities. The exemption is in respect of items that have offsetting positions in market and/or counterparty credit risk. This amendment does not have significant impact on the Group as the major components of the entity's financial statements are financial assets and financial liabilities which are currently measured in accordance with IFRS 7 Financial Instruments – Presentation.

- **Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets**
  The amendment clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. The amendment also clarifies that accumulated depreciation/amortization is the difference between the gross and carrying amounts of the asset. The Group applies a historical method in its valuation of Property, Plant and Equipment and Intangible Assets, hence, amendment to the standards will not impact the bank.

- **Amendments to IAS 24 - Related Party Disclosures**
  The amendment noted that an entity that engages the *services of a management entity* for the provision of key management personnel services is required to disclose the expenses incurred for such services. The Group does not engage the services of a management entity and as such, the provisons of the amendment does not impact the entity.

- **Amendments to IAS 40 - Investment Property**
  The amendment clarifies the *interrelationship of IFRS 3 and IAS 40* when classifying property as investment property or owner-occupied property. It states that in determining whether the acquisition of an investment property is a business combination, judgement of the specific requirements of IFRS 3 is required. The Group does not currently have any investment property holding as such the amendment does not impact the bank.

Standards and interpretations issued/amended but not yet effective

Other standards issued/amended by the IASB but yet to be effective are outlined below:

Standard	*Content*	*Effective Year*
Amendments to IFRS 7	Financial Instruments: Disclosures	1-Jul-16
Amendments to IAS 19	Employee Benefits	1-Jul-16
Amendments to IAS 34	Interim Financial Reporting	1-Jul-16
Amendments to IFRS 14	Regulatory deferral accounts	1-Jan-16
Amendments to IFRS 5	Non Current Asset Held for Sale and Discontinued Operations	1-Jul-16
Amendments to IAS 38	Intangible Assets	1-Jan-16
Amendments to IAS 41	Agriculture	1-Jan-16
Amendments to IAS 16	Property, Plant and Equipment	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-17
IFRS 9	Financial instruments	1 Jan-18

Commentaries on these new standards/amendments are provided below.

- **Amendments to IFRS 7 - Financial Instruments: Disclosures**
  Amends IFRS 7 to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures. An entity is required to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety.

It also clarifies the applicability of IFRS 7 on offsetting disclosures to condensed interim financial statements. It states that these IFRS 7 disclosures are not required in the condensed interim financial report.

- **Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions**
  Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

- **Amendments to IAS 34 – Interim Financial Reporting**
  Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report).

- **IFRS 15 - Revenue from Contracts with Customers**
  IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.
  The five steps in the model are Identification of the contract with the customer, Identification of the performance obligations in the contract, Determination of the transaction price, Allocation of the transaction price to the performance obligations in the contracts, and Recognition of revenue when (or as) the entity satisfies a performance obligation.

- **IFRS 14- Regulatory deferral accounts:**
  IFRS 14 is designed as a limited scope Standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS). Its purpose is to allow rate-regulated entities adopting IFRS for the first-time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the International Accounting Standards Board (IASB) can complete its comprehensive project on rate regulated activities. This standard would not have an impact on the Group as it is not a first time preparer of IFRS financial statements. This is in addition to the fact that the regulators of the countries where we operate do not allow creation of any regulatory deferral account.

- **Amendments to IFRS 5 - Non Current Asset Held for Sale and Discontinued Operations**
  Amends IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan.

- **Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations**
  Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

- **IFRS 9 - Financial instruments**
  IFRS 9 includes requirements for the *recognition and measurement* of all financial instruments with emphasis on the accounting for hedging transactions. The standard is a replacement for the current IAS 39. The Group will be impacted significantly by the adoption of IFRS 9 as all financial assets designated as Available for sale (AFS) would have to be classified as either Fair Value Through Profit or Loss or measured at amortised cost. However, the Group would continue to adopt IAS 39 (Financial Instrument: Recognition and Measurement) given that the standard will be for annual periods beginning on or after 1 January, 2018.

Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2015, as shown on page 60, have not been applied in preparing these financial statements and the Group is yet to assess the full impact of the amendments arising from these standards.

3.(b)Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the comparative period.

(i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control exists when the Parent has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Parent.

Acquisitions on or after 1 January 2009

For acquisitions on or after 1 January 2009, the Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, as at acquisition date. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions between 1 January 2003 and 1 January 2009

For acquisitions between 1 January 2003 and 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Group’s interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2003

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group’s previous accounting framework, (Nigerian GAAP).

(ii) Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity is consolidated if the Group is exposed, or has rights to variable returns from its involvement with the Structured Entity and has the ability to affect those returns through its power over the Structured Entity. Power is the current ability to direct the activities that significantly influence returns.

The Group established GTB Finance B.V., Netherlands as a Structured Entity to raise funds from the international financial market. Accordingly , the financial statements of GTB Finance B.V.

have been consolidated.

(iii) Accounting method of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of the subsidiaries acquired or disposed of during the period are included in the consolidated financial statements from the effective acquisition date and or up to the effective date on which control ceases, as appropriate. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

(iv) Transactions eliminated on consolidation

Intra-group balances, income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiaries, associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Profits and losses resulting from intra-group transactions are also eliminated.

(v) Non-controlling interest

The group applies IFRS 10 Consolidated Financial Statements (2011) in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions, that is transactions denominated, or that require settlement in a foreign currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in the Income statement are presented net in the Income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.

(iii) Group Entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each Income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

- All resulting exchange differences are recognised in other comprehensive income.

  Exchange differences arising from the above process are reported in shareholders' equity as 'Foreign currency translation reserve'.

  On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to 'Other comprehensive income'. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

  Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Interest

Interest income and expense for all interest-earning and interest-bearing financial instruments are recognised in the income statement within “interest income” and “interest expense” using the effective interest method.

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

The calculation of the effective interest rate includes contractual fees and points paid or received , transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the Income statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

(d) Fees and commission

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

Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided / performed.

(e) Net trading income

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

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

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in Other operating income – Mark to market gain/(loss) on trading investments in the Income statement.

(g) Dividend income

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

(h) Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

(a) **The Group is the lessee**

(i) Operating lease

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

(ii) Finance lease

Leases, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance of the finance lease.

The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties acquired under finance lease are measured subsequently at their fair value.

(b) **The Group is the lessor**

When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

(i) Income Tax

(a) **Current income tax**

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

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

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

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

(b) **Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

However, the deferred income tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

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

(j) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances, Deposits, Debt securities issued and Subordinated liabilities on the date that the Bank becomes a party to the contract. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

The classification of financial instruments depends on the purpose and management’s intention for which the financial instruments were acquired and their characteristics. The Group’s classification of financial assets and liabilities are in accordance with IAS 39, viz:

a) Loans and Receivables

The group’s loans and receivable comprises loans and advances, cash and cash equivalent and other receivables.

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

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

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (“reverse repo or stock borrowing”), the arrangement is accounted for as a loan or advance, and the

underlying asset is not recognised in the Group's financial statements.
Cash and cash equivalents include notes and coins on hand, Unrestricted balances held with central banks, Balances held with other banks , Money market placements and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial position.

b) Available-for-sale investments

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

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

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

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

c) Held-to-maturity

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

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

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value.

- Sales or reclassifications after the Group have collected substantially all the asset's original Principal.

- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

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

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

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

- **Financial assets and liabilities classified as held for trading**
-

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

Trading assets and liabilities (including derivatives other than those designated as hedging instruments) are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- **Designation at fair value through profit or loss**

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

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivative that must be separated.

To reduce accounting mismatch, the fair value option is applied to certain loans and

receivables that are hedged with credit derivatives or interest rate swaps but for which the hedge accounting conditions of IAS 39 are not fulfilled. The loans would have been otherwise accounted for at amortised cost, whereas the derivatives are measured at fair value through profit or loss.
The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured instruments that include embedded derivatives.

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

(iii)Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

Financial assets at fair value through profit and loss are subsequently measured at fair value. Held to maturity financial assets and Loans and receivables are subsequently measured at amortised cost using the effective interest rate. Available for sale financial assets are subsequently measured at fair value through equity except where the fair value cannot be reliably measured.

Non-trade financial liabilities are measured at amortised cost. Liabilities held for trading are measured at fair value. Subsequent recognition of financial assets and liabilities is at amortised cost or value.

Changes in the fair value of monetary and non monetary securities classified as available-for-sale are recognised in their comprehensive income (OCI). When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statements as "gains or losses from investment securities".

a) Amortised cost measurement

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

b) Fair value measurement

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

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

A financial instrument is regarded as quoted in an active market if it is traded in a market with sufficient frequency and volume to provide pricing information on an ongoing basis on the instrument. Otherwise, the market is to be regarded as inactive.

For financial instruments with no readily available quoted market price , fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the end of the reporting period.

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

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

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

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) De-recognition

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

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset**.** Any interest in such transferred financial asset that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In certain transactions the Group retains the obligations to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

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

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

(vi) Pledge of assets as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see J(v)) are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as available for sale or held to maturity. Where the assets pledged as collateral are designated as available for sale, subsequent measurement is at fair-value through equity. Assets pledged as collateral designated as held to maturity are measured at amortized cost.

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial re-organisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national economic conditions that correlate with defaults on the assets in the portfolio.
The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months.

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

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

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

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

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

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

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

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

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income statement. Impairment losses recognised in the Income statement on equity instruments are not reversed through the Income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Income statement.

Assets classified as available for sale are assessed for impairment in the same manner as assets carried at amortised cost.

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any).

(n) Property and equipment

(i) Recognition and measurement

The bank recognizes items of property, plant and equipment at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment as well as the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of using the item during a particular period.

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

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

The estimated useful lives for the current and comparative periods are as follows:

Item of Property, Plant and Equipment	Estimated Useful Life
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Land	Over the remaining life of the lease
Furniture and equipment	5years
Computer hardware	3years
Motor vehicles	4years
Other transportation equipment	10years

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Cost of land is amortised over the remaining life of the lease as stated in the certificate of occupancy issued by Government.

(iv) De-recognition

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

(o) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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. Development costs previously expensed cannot be capitalised. 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 at 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.

(p) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, inclusive of deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year. However, the Group chooses the cost model measurement to reassess investment property after initial recognition i.e. depreciated cost less any accumulated impairment losses.

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

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

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

(q) Deposits, debt securities issued

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

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

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

(r) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Group recognizes no provision for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(s) Financial guarantees

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

(t) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to 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 pays contributions to publicly or privately administered pension fund administrators (PFA) on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the Statements of Comprehensive Income 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.

(ii) Defined benefit 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.

The liability recognised in the Statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the Statements of financial position less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions in excess of the plan assets or of the defined benefit obligation are charged or credited to Other Comprehensive Income in the financial year in which they arise. Past-service costs are recognised immediately in the Income statement.

(iii)Termination Benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv)Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share-based payment transactions

The Bank operates a cash-settled share based compensation plan (i.e. share appreciation rights - SARs) for its management personnel. The management personnel are entitled to the share appreciation rights at a pre-determined price, usually market price, after spending ten years in the Bank.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

(u) Discontinued operations

The Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.
Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets.

(v) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

(iii)Treasury shares

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

(w) Earnings per share

The Group presents Basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for effects of all dilutive potential ordinary shares.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect cost are allocated based on the benefits derived from such costs.

4. Financial risk management

(a) Introduction and overview

Guaranty Trust Bank has a robust and functional Enterprise-wide Risk Management (ERM) Framework that is responsible for identifying and managing the inherent and residual risks facing the Bank. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

Other key risks faced by the bank as a result of its existence and operations include operational risks, settlement risks, reputational and strategy risks.

This note presents information about the Group's exposure to each of the risks stated above, its policies and processes for measuring and managing risks, and the management of capital.

(b) Risk Management Philosophy

The Risk Management philosophy of the Guaranty Trust Bank Plc Group states thus:

"We desire to be the reference point for risk management in the industry whilst maximizing our stakeholders' objectives. We employ the best risk management practices applicable in our operating environment in order to identify, measure, monitor, control and report every material risks prevailing in our business operation.

Consequently, we would not avoid risk but manage it. Risk controls would not constitute an impediment to the achievement of our strategic goals. We continually review our activities to determine the level of risks inherent in them. We also review and adopt appropriate risk response at all time. Our decisions are based on careful analysis of implications of such risks to our strategic goals and our operating environment"

This philosophy is drawn from the Guaranty Trust Bank Plc Group's mission and vision statements and seeks to achieve optimization of the risk – return trade off, while ensuring strong commitment to the following key indices:

- Excellent service delivery across business segments
- Sound performance reporting (financial and non-financial)
- Sound corporate governance
- Consistent appreciation in shareholders' value.

Guaranty Trust Bank Plc group will continue to adhere to the following risk principles to perform consistently on the above stated indices:

- The Group will not take any action that will compromise its integrity
- The Group will adhere to the Risk Management practice of identifying, measuring, controlling, monitoring and reporting risks.

- The Group will be mindful of Risk control that may impede the achievement of the Bank's Strategic objectives.
- The Group will always comply with all government regulations and embrace global best practices.
- The Group will only assume risks that fall within its risk appetite with commensurate returns.

Risk Appetite

The Group's **Risk Appetite** is defined as the level and type of risks that the Group is willing to take in its exposures and business activities, in order to achieve its strategic objectives, as recommended by Management and approved by the Board of Directors. It explains the acceptable risks and related tolerances, arising from stakeholders' objectives that the Bank is willing to absorb.

The Group's Risk Appetite Statement states thus; "Guaranty Trust Bank maintains a moderate risk appetite in pursuit of its core strategies to dominate its priority sectors, expand its franchise on Africa continent, contain its operating cost whilst leveraging on technology and remain the most profitable, without taking undue risks."

The Risk Appetite Statement defines the bank's risk tolerance, taking into consideration the bank's desire to meet the expectations of different stakeholders including Investors/Shareholders, Regulators, Customers, Rating agencies, Staff and the Community at large. The expectations of the stakeholders may differ yet they congregate into the following; (a) maintaining business (b) growth, profitability and earnings stability, (c) ensuring regulatory compliance, and (d) remaining employer of choice and a good corporate citizen.

The Group translated the Risk Appetite statement into quantitative risk limits and qualitative statements (Risk Metrics) to determine its risk profile at a point in time. The Group's risk appetite is monitored periodically by measuring its risk profile against the defined risk limits through a dashboard

(c) Risk Management Framework

The Group's Risk Management Framework is built on a well-defined organisational structure and established policies to guide in the function of identifying, analysing, managing and monitoring the various risks inherent in the business as well as setting appropriate risk limits and controls to align the risks with the strategic objectives.

The risk management policies are subject to review at least once a year. However more frequent reviews may be conducted at the instance of the Board, when changes in laws, regulations, market conditions or the Group's activities are material enough to impact on the continued adoption of the existing policies. The Group, through its trainings and management standards and procedures, aims to develop a disciplined and engaging and controlled environment, in which all employees understand their roles and obligations.

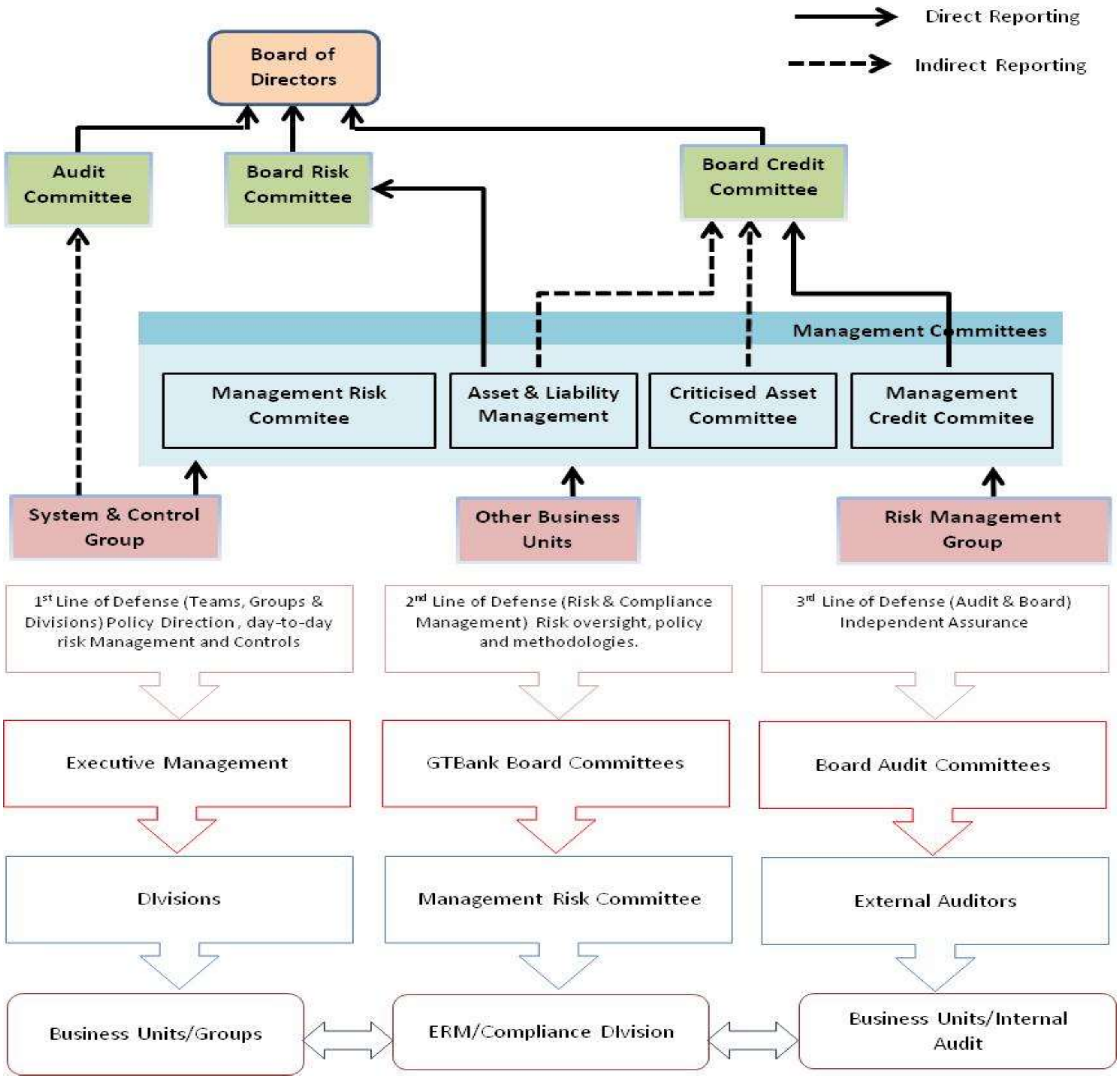
The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. All Board committees have both executive and non-executive members.

The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group. These committees include:

- The Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Management Risk Committee
- IT Steering Committee
- Other Ad-hoc Committees

These committees meet on a regular basis while others are set up on an ad-hoc basis as dictated by circumstances.

The Risk Governance Structure of the Group



The Board **Risk Committee** is responsible for reviewing and recommending risk management policies, procedures and profiles including risk philosophy, risk appetite and risk tolerance of the Group. The oversight functions cut across all risk areas including credit risk,market and interest rate risk, liquidity risk, operational risk, reputation risk, technology risk and other major risks that may arise from time to time. The committee monitors the Group's plans and progress towards meeting regulatory Risk-Based Supervision requirements including Basel II compliance as well as the overall Regulatory and Economic Capital Adequacy. It also reviews and approves the contingency plan for specific risks and ensures that all members of the Group are fully aware of the risks involved in their functions.

The Group's **Board Audit Committee** is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Group. The Audit Committee is assisted by the Internal Audit group, in carrying out these functions. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's Board of Directors has delegated responsibility for the management of credit risk to the **Board Credit Committee**. The Board Credit Committee considers and approves all lending exposures, including treasury investment exposures, as well as insider-related credits in excess of limits assigned to the Management Credit Committee by the Board. The committee also ensures that the Bank's internal control procedures in the area of risk assets remain fool proof to safeguard the quality of the Bank's risk assets.

Management Risk Committee examines risk in its entirety by reviewing and analysing environmental issues and policies impacting the Group, either directly or remotely, and make recommendations to the Board Risk Committee.

Management Credit Committee formulates credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral, regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit set by the Board.

The **Asset & Liability Management Committee** establishes the Group's standards and policies covering the various components of Market Risk Management. These include Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and Management Risk Committees with regard to Market Risk is exercised, and that Market Risk exposures are monitored and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the comprehensive income of the Bank through stress tests and simulations.

Criticised Assets Committee is responsible for the assessment of the bank's credit risk asset portfolio. It highlights the status of the risk assets in line with the internal and external regulatory framework and ensures that triggers are sent in respect of delinquent credit risk assets. It also ensures adequate provisions are taken in line with the regulatory guidelines.

The Credit Risk Management Group is responsible for identifying, controlling, monitoring and reporting credit risk related issues. The Group also serves as the secretariat for the **Management Credit Committee**. Credit risk is the most critical risk for the Group as credit exposures, arising from lending activities account for the major portion of the Group's assets and source of its revenue. Thus, the Group ensures that credit risk related exposures are properly monitored, managed and controlled. The Credit Risk Management Group is responsible for managing the credit exposures, which arise as a result of the lending and investment activities as well other unfunded credit exposures that have default probabilities; such as contingent liabilities.

(d) Risk Management Methodology

The Group recognizes that it is in the business of managing risks to derive optimal satisfaction for all stakeholders. It has therefore, over the years detailed its approach to risk management through various policies and procedures, which include the following:

- ERM Policy
- Credit Policy Guide
- Human Resources Policy Manual
- Quality Manual
- Standard Operating Procedures
- IT Policy

To ensure adherence to the policies and procedures, several exception reports on customers and activities of the Group are generated by the various audit/control units for management's decision making. These include:

- Monthly Management Profitability Reports (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Profitability Review
- Annual Bank-wide performance appraisal systems
- Monthly Expense Control Monitoring Report
- Criticized Asset Committee Report

(e) Risk Management Overview

The Group operates a functional Enterprise-wide Risk Management (ERM) Division that manages all aspects of risk including threats and opportunities. The risk management infrastructure therefore encompasses a comprehensive and integrated approach to identifying, managing, monitoring and reporting:

(i) the 3 main inherent risk groups –Credit, Market and Operational;
(ii) additional core risks such as Reputation and Strategy risks

In addition to this, in compliance with the Central Bank of Nigeria's 'Risk-based Supervision' guidelines, and to align with Basel II Capital requirements / best global practices, the Group has incorporated a strategic framework for efficient measurement and management of the bank's risks and capital. The Group has implemented Basel II recommended capital measurement approaches for the estimate of the bank's economic capital required to cope with unexpected losses. The Group has also put in place other qualitative and quantitative measures that will assist with enhancing risk management processes and creating a platform for more risk-adjusted decision-making.

(f) Credit risk

Lending and other financial activities form the core business of the Group. The Group recognises this and has laid great emphasis on effective management of its exposure to credit risk. The Group defines credit risk as the risk of counterparty's failure to meet the terms of any lending contracts with the Group or otherwise to perform as agreed. Credit risk arises anytime the Group's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

The Group's specific credit risk objectives, as contained in the Credit Risk Management Framework, are:

- Maintenance of an efficient loan portfolio
- Institutionalization of sound credit culture in the Bank
- Adoption of international best practices in credit risk management
- Development of Credit Risk Management professionals.

Each business unit is required to implement credit policies and procedures in line with the the credit policy guide approved by the Board . Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio, including those subject to Management Credit Committee's approval. The Internal Audit and Credit Administration units respectively undertake regular audits of business units and credit quality reviews.

The Group continues to focus attention on intrinsic and concentration risks inherent in its business in order to manage its portfolio risk. It sets portfolio concentration limits that are measured under the following parameters: concentration limits per obligor, business lines, industry, sector, rating grade and geographical area. Sector limits reflect the risk appetite of the Group.

The Group drives the credit risk management processes using appropriate technology to achieve global best practices. To comply with the CBN requirements on implementation of Basel II, especially with the computation of capital adequacy ratio and market disclosure, the Group invested in two major softwares namely: Lead to Loan and OFSAA Basel II solution. These softwares are customised to suit the internal processes of GTBank and to interact seamlessly with the bank's core banking application

To satisfy the Basel II pillar 2 requirements, the Group came up with a comprehensive ICAAP (Internal Capital Adequacy Assessment Process) document which detailed our approach and procedures on how the bank measures its various risks and capital required. The document also spells out the capital planning process of the bank.

Lead to Loan is an integrated credit solution software which handles customers' profiles, rating scores, document and collateral management, credit workflow processes, disbursement, recoveries and collection. The deployment of 'Lead to Loan' will enhance the credit processes of the Group and guarantee data integrity towards achieving the CBN required sets of disclosure and application of Internal Rating Based – Advanced to the measurement and management of capital.

OFSAA Basel II solution is an Oracle Financial Services Analytical Application which is capable of handling the complete range of calculations covered in the Basel II Accord. It supports Risk Weighted Assets (RWA) computation for credit risk, market risk and operational risk and performs the capital computation as well as risk weighted assets aggregation for all risk areas considered. Aside from achieving Pillar 1 with OFSAA, the software is configured to process data from Lead to loan and the bank's core application and generate different required regulatory reports

For Credit Risk Capital Adequacy computation under Basel II Pillar I, the Group has commenced with the use of the Standardized Approach for Credit Risk Measurement using the OFSAA Basel II solution software, while collating relevant data required for migration to the Internal Rating Based (IRB – Foundation & Advanced) Approach.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

(i) Management of Credit Risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. The Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Group's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit heads. Larger facilities require approval by the Management Credit Committee, Deputy Managing Director, Managing Director and the Board Credit Committee/Board of Directors as appropriate.

- *Reviewing and assessing credit risk.* Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- *Developing and maintaining the Group's risk grading* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The risk grades are subject to regular reviews by the Risk Management Group.

- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Risk Management Group on the credit quality of local portfolios and appropriate corrective action is taken.

- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk.

There were no changes in the Group's risk management policies. Each business unit is required to implement Group credit policies and procedures, with credit approval authorised by the Board Credit Committee.

(ii) Credit Risk Measurement

In line with IAS 39, the bank adopted incurred loss approach and intends to migrate to the expected loss approach outlined under IFRS 9. The incurred loss approach takes into consideration the Emergence Period (EP) to arrive at losses that have been incurred at the reporting date. To enable the bank migrate to the Internal Rating Based (IRB - Foundation approach) as well as the Expected Loss approach, the bank has developed its internal rating models.

Guaranty Trust Bank Group undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry and other factors. The Group acknowledges that there are diverse intrinsic risks inherent in its different business segments and, as a result, applies different parameters to adequately dimension the risks in each business segment.

The Bank's rating grades reflect the range of parameters developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The grades reflect granularities and are handled by Account Officers and Relationship Managers with further check by Credit Risk Analysis Unit in Credit Risk Management Group.

Rating Grade	Description	Characteristics
1 (AAA)	Exceptional Credit	• Exceptional credit quality • Obligors with overwhelming capacity to meet obligation • Top multinationals / corporations • Good track record • Strong brand name • Strong equity and assets • Strong cash flows • Full cash coverage
2 (AA)	Superior Credit	• Very high credit quality • Exceptionally high cash flow coverage (historical and projected) • Very strong balance sheets with high liquid assets • Excellent asset quality • Access to global capital markets • Typically large national corporate in stable industries and with significant market share
3 (A)	Minimal Risk	• High quality borrowers • Good asset quality and liquidity position • Strong debt repayment capacity and coverage • Very good management • Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected • Typically in stable industries
4 (BBB)	Above Average	• Good asset quality and liquidity • Very good debt capacity but smaller margins of debt service coverage • Good management in key areas • Temporary difficulties can be overcome to meet debt

		obligations • Good management but depth may be an issue • Good character of owner • Typically good companies in cyclical industries
5 (BB)	Average	• Satisfactory asset quality and liquidity • Good debt capacity but smaller margins of debt service coverage • Reasonable management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Satisfactory character of owner • Typically good companies in cyclical industries
6 (B)	Acceptable Risk	• Limited debt capacity and modest debt service coverage • Could be currently performing but susceptible to poor industry conditions and operational difficulties • Declining collateral quality • Management and owners are good or passable • Typically borrowers in declining markets or with small market share and operating in cyclical industries
7 (CCC)	Watch-list	• Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment • Typically start- ups / declining markets/deteriorating industries with high industry risk • Financial fundamentals below average • Weak management • Poor information disclosure
8 (CC)	Substandard Risk	• Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat • Continued strength is on collateral or residual repayment capacity of obligor • Partial losses of principal and interest possible if weaknesses are not promptly rectified • Questionable management skills
9 (C)	Doubtful Risk	• High probability of partial loss • Very weak credit fundamentals which make full debt repayment in serious doubt • Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status • Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile
10 (D)	Lost	• A definite loss of principal and interest • Lack of capacity to repay unsecured debt • Bleak economic prospects • Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

The Group uses internally developed models to estimate the amount of credit exposures, using the value of a product relative to changes in market variables, expected cash flows and time. The assessment of credit risk of a portfolio of assets entails further estimations of likelihood of defaults occurring, the associated loss ratios and default correlations between parties.

Risk Ratings and Credit scoring models are in use for all key credit portfolios and form the basis for measuring default risks.

In measuring credit risk of loans and advances at a counterparty level, the Group considers four components:

(1) The 'Probability of Default' (PD),
(2) Exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default' (EAD),
(3) The likely recovery ratio on the defaulted obligations, the 'Loss Given Default' (LGD); and
(4) The Emergence Period (EP) which is the time it takes from the date a loss event occurred to the date the entity identifies it has occurred

The models are reviewed regularly to monitor their predicitive capacity relative to actual risk assets performance and amended as necessary to optimise their effectiveness.

(1) Probability of Default (PD)

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. The tools have been developed internally using rigorous statistical analysis and the professional judgement of credit officer.

The rating tool combines both qualitative and quantitative factors to arrive at a rating which is comparable to internationally available standards. The rating methods are subject to an annual validation and recalibration to ensure that they reflect the latest projection in the light of all actually observed defaults.

(2) Exposure at Default (EAD)

EAD is the amount the Group is owed at the time of default or at a reporting date. For a loan, this is the face value (principal plus interest) as at a particular reporting date. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(3) Loss Given Default (LGD)

Loss Given Default represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

(4) Emergence Period (EP)

Emergence period is the time period it takes from the date a loss event occurs to the date the entity identifies it has occurred. The emergence period is estimated by management for each identified portfolio. The factors that may influence this estimation include economic and market conditions, customer behaviour, portfolio management information, credit management techniques and collection and recovery experiences in the market. A fixed range for the period between a loss occurring and its identification is not defined across the Group and as it is assessed empirically on a periodic basis it may vary over time as these factors change. Given that credit management policies require all customers to be reviewed at least annually, we expect this estimated period would be at most 12 months in duration.

The measurement of Exposure at Default and Loss Given Default is based on the risk parameters standard under Basel II.

(iii) Risk Limit Control and Mitigation Policies

The Group applies limits to control credit risk concentration and diversification of its risk assets portfolio. The Group maintains limits for individual borrowers and groups of related borrowers, business lines, rating grade and geographical area.

The Group adopts the obligor limits as set by the regulators and it is currently at 20% of the Bank's shareholders' funds. The obligor limit covers exposures to counterparties and related parties.

Although the Group is guided by this regulatory limit, it applies additional parameters internally to determine the suitable limits that an individual borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

The Group imposes industry/economic sector limits to guide against concentration risk as a result of exposures to sets of counterparties operating in a particular industry. The industry limits are arrived at after rigorous analysis of the risks inherent in the industries/economic sectors.

The limits are usually recommended by the Portfolio Management Unit in the Credit Risk Management Group and approved by the Board. The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector. During a review period, limits can be realigned (by way of outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

The Group also sets internal credit approval limits for various levels of officers in the credit process. Approval decisions are guided by the Group's strategic focus as well as the stated risk appetite and the other limits established by the Board or Regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, Geographical Limits, Industry/ Economic sector limits etc.

The lending authority in the Group flows through the management hierarchy with the final authority residing with the Board of Directors as indicated below:

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity)

Management Credit Committee	Up to N2 Billion
Managing Director	Up to N500 Million
Deputy Managing Director	Up to N350 Million
Other Approving Officers	as delegated by the Managing Director

The above limits are subject to the following overriding approvals:

- The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.

- All new facilities require one-up approval i.e. approval at a level higher than that of the person that would ordinarily approve it.

Master Netting Arrangements

The Group further manages its exposure to credit losses by entering into master netting arrangements, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Off-balance sheet engagements

These instruments are contingent in nature and carry the same credit risk as loans and advances. As a policy, the Group ensures that all its off-balance sheet exposures are subjected to the same rigorous credit analysis, like that of the on-balance sheet exposures, before availment. The major off-balance sheet items in the Group's books are Bonds and Guarantees, which the Group will only issue where it has full cash collateral or a counter guarantee from a first class bank, or another acceptable security.

Contigencies

Contingent assets/liabilities which include transaction- related bonds and guarantees, letters of credit and short term foreign currency related transactions, are not recognized in the annual financial statements but are disclosed when, as a result of past events; it is highly likely that economic benefits/settlement will flow to/from the Group. However this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Group's control.

Placements

The Group has placement lines for it's counterparties. The lines cover the settlement risks inherent in the activities with these counterparties. The limits are arrived at after conducting fundamental analysis of the counterparties, presentation of findings to, and approval by the Group's Management Credit Committee. The lines are monitored by market risk arm of Enterprise Risk Management Division. As a rule, the Group's placements with local banks are backed with treasury bills.

(f)(iv) IFRS 7 Requirements : Maximum exposure to credit risk before collateral held or other credit enhancements

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 31 December 2014 and 31 December 2013 respectively.

- ***Credit risk exposure relating to On-Balance Sheet***

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Cash and cash equivalents:				
- Unrestricted balances with central banks	33,346,313	32,260,765	19,823,983	23,962,746
- Balances held with other banks	91,993,886	85,154,356	42,561,912	32,508,143
- Money market placements	88,484,240	159,532,334	74,476,317	147,526,495
Loans and advances to banks	5,695,592	5,596,476	30,815	16,976
Loans and advances to customers[1]:				
- Loans to individuals	86,807,479	68,040,898	70,451,246	54,348,679
- Loans to non-individuals	1,188,873,656	934,329,740	1,111,942,628	872,618,414
Financial assets held for trading				
- Debt securities	9,415,919	17,223,667	5,675,545	13,746,682
Investment securities:				
- Debt securities	376,211,822	452,360,796	318,615,630	403,689,666
Assets pledged as collateral:				
- Debt securities	39,179,198	28,442,629	39,173,640	28,440,947
Restricted deposits and other assets[2]	285,852,911	178,664,467	288,505,504	174,844,778
Total	**2,205,861,016**	**1,961,606,128**	**1,971,257,220**	**1,751,703,526**
Loans exposure to total credit risk exposure	58%	51%	60%	53%
Debt securities exposure to total credit risk exposure	19%	25%	18%	25%
Other exposures to total credit risk exposure	23%	24%	22%	22%

As shown above, 58% (Parent: 60%) of the total maximum exposures to credit risk is derived from loans and advances to banks and customers (2013: 51% ; Parent: 53%); while 19% (Parent: 18%) represents exposure to investments in debt securities (2013: 25% ; Parent: 25%). The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and Debt securities.

[1] Further classification of Loans to Customers along product lines are provided on the page 98.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

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- ***Credit risk exposure relating to Off-Balance Sheet***

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
	Dec-2014	**Dec-2013**	**Dec-2014**	**Dec-2013**
Financial guarantees	497,857,280	438,406,221	483,566,238	431,691,415
Other contingents[1]	185,066,483	128,717,560	165,573,399	104,858,187
Total	**682,923,763**	**567,123,781**	**649,139,637**	**536,549,602**

[1]Other contingents include commitments on Letters of credit and foreign currency related transactions

Classification of Maximum Exposure on Loans to Customers by Product

Loans and advances have been classified into Overdraft, Loans and Others through out the Financial Statements.
- Overdraft are lines of credit which allow customers to write cheques for more than the actual balance on their accounts usually to finance working capital.

- Loans include non-revolving facilities given to finance specific transactions, capital projects or a customer's expansion Programme.

- Others include CBN Commercial Agric Credit Scheme (CACS) loans, Bank of Industry (BOI) and Usances.

Maximum exposure on Loans and advances to customers is analysed below:

	Group		**Parent**	
	Dec-2014	**Dec-2013**	**Dec-2014**	**Dec-2013**
Loans to individuals:				
Overdraft	7,857,152	5,369,223	5,477,656	3,482,566
Loans	78,944,450	62,635,593	64,973,590	50,866,113
Others	5,877	36,082	-	-
	86,807,479	68,040,898	70,451,246	54,348,679
Loans to non-individuals:				
Overdraft	165,556,533	130,822,822	133,888,888	95,258,782
Loans	927,699,201	667,199,556	890,481,755	650,024,824
Others	95,617,922	136,307,362	87,571,985	127,334,808
	1,188,873,656	934,329,740	1,111,942,628	872,618,414

(f)(v) Credit quality of Financial Assets

IFRS 7 requires information about the credit quality of financial assets. This information is provided for the following:

(1) Cash and cash equivalents: Unrestricted balances with central banks
(2) Cash and cash equivalents: Balances held with other banks
(3) Cash and cash equivalents: Money market placements
(4) Financial assets held for trading: Debt securities
(5) Investment securities: Debt securities
(6) Assets pledged as collateral: Debt securities
(7) Restricted deposits and other assets

(1) *Unrestricted balances with central banks*

The credit quality of Unrestricted balances with central banks are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Sovereign Ratings				
Nigeria (BB-) S&P	19,823,983	23,962,746	19,823,983	23,962,746
Other Soverign Ratings	13,522,330	8,298,019	-	-
	33,346,313	**32,260,765**	**19,823,983**	**23,962,746**

(2) *Balances held with other banks*

The credit quality of Balances held with other banks are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Counterparties with external credit rating (S&P)				
A-1	30,852,822	27,024,777	30,852,822	27,024,777
A-1+	3,725	559,622	3,725	559,622
A-2	55,909	110,562	55,909	110,562
A-3	-	182,812	-	182,812
B	39,510	-	39,510	-
Unrated	312,184	-	11,609,946	4,630,370
Other Sovereign Ratings	60,729,736	57,276,583	-	-
	91,993,886	**85,154,356**	**42,561,912**	**32,508,143**

Notes to the financial statements

(3) ***Money Market placements***

The credit quality of Money Market placements are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Counterparties with external credit rating (S&P)				
A-1+	19,496,575	40,039,222	19,496,575	40,039,222
A-1	28,757,263	79,364,138	28,757,263	79,364,138
	48,253,838	**119,403,360**	**48,253,838**	**119,403,360**
Counterparties with external credit rating (Fitch)				
B	-	-	10,005,753	-
	-	**-**	**10,005,753**	**-**
Sovereign Ratings				
Nigeria (BB-) S&P	7,502,260	19,005,206	7,502,260	19,005,206
Other Soverign Ratings	32,728,142	21,123,768	-	**-**
	40,230,402	**40,128,974**	**7,502,260**	**19,005,206**
Counterparties without external credit rating				
Foreign Subsidiaries	-	-	8,714,466	9,117,929
	-	**-**	**8,714,466**	**9,117,929**
	88,484,240	**159,532,334**	**74,476,317**	**147,526,495**

(4) ***Financial Assets Held for trading***

The credit quality of Financial Assets Held for trading are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Group		Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Soverign Ratings				
Nigeria (BB-) S&P	5,675,545	13,746,682	5,675,545	13,746,682
Other Soverign Ratings	3,740,374	3,476,985	-	-
	9,415,919	**17,223,667**	**5,675,545**	**13,746,682**

Notes to the financial statements

(5) *Investment Securities*

The credit quality of Investment Securities are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Counterparties with external credit rating (S&P):				
BB-	310,734,048	391,666,429	310,734,048	391,666,429
Other sovereign ratings	57,596,192	48,671,130	-	-
Counterparties with external credit rating (Agusto):				
A	1,511,342	12,023,237	1,511,342	12,023,237
B	3,370,240	-	3,370,240	-
BBB-	3,000,000	-	3,000,000	-
	376,211,822	**452,360,796**	**318,615,630**	**403,689,666**

Of the Parent's Investment Securities of N318,615,630,000 (2013: N403,689,666,000), the sum of N310,734,048,000 (2013: N391,666,429,000) relates to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of BB (S&P).

(6) *Assets pledged as collateral*

The credit quality of Assets pledged as collateral are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Group		Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Soverign Ratings				
Nigeria (BB-) S&P	39,173,640	28,440,947	39,173,640	28,440,947
Other Soverign Ratings	5,558	1,682	-	-
	39,179,198	**28,442,629**	**39,173,640**	**28,440,947**

Notes to the financial statements

(7) *Restricted deposits and other assets*

The credit quality of Restricted deposits and other assets are assessed by reference to external credit ratings information about counterparty default rates as shown below:

	Group		Parent	
In thousands of Nigerian naira	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
Soverign Ratings				
Nigeria (BB-) S&P	257,098,961	144,773,099	257,098,961	144,773,099
Other Soverign Ratings	3,910,915	3,819,689	-	-
Counterparties with external credit rating (S&P)				
A-1	23,229,921	24,931,582	28,092,916	24,931,582
A-1+	327,795	240,069	327,795	240,069
A-2	718,254	678,089	718,254	678,089
B	101,421	185,285	101,421	185,285
Unrated	465,644	4,036,654	2,166,157	4,036,654
	285,852,911	**178,664,467**	**288,505,504**	**174,844,778**

Rating Legend:

External credit rating (S&P)

A-1+ : Prime rating
A-1 : Upper medium credit rating
A-2 : Upper medium credit rating
A-3 : Lower medium credit rating
B : Speculative credit rating
BB- : Speculative credit rating

External credit rating (Fitch)

B : Speculative credit rating

External credit rating (Agusto):

A : Strong capacity to meet its obligations
BBB- : Satisfactory financial condition and adequate capacity to meet obligations
B : Weak Financial condition but obligations are still being met as and when they fall due

(f)(vi) Credit Concentration

IFRS 7 requires disclosures about concentrations of risk. Concentration of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas and economic sectors.

(1) Geographical Sector

- Credit Risk Concentration of financial assets by geographical locations

The following table breaks down the Group's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Notes to the financial statements

- **On-Balance Sheet Credit risk exposure by geographical locations**

Group

Dec-2014

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	19,823,983	13,522,330	-	33,346,313
- Balances held with other banks	-	14,819,209	77,174,677	91,993,886
- Money market placements	17,508,014	23,881,020	47,095,206	88,484,240
Loans and advances to banks	30,815	-	5,664,777	5,695,592
Loans and advances to customers [1] :				
- Loans to individuals	70,451,247	4,337,002	12,019,230	86,807,479
- Loans to non-individuals	1,109,543,667	79,329,989	-	1,188,873,656
Financial assets held for trading				
- Debt securities	5,675,544	3,740,375	-	9,415,919
Investment securities:				
- Debt securities	312,871,048	50,917,689	12,423,085	376,211,822
Assets pledged as collateral:				
- Debt securities	39,173,640	5,558	-	39,179,198
Restricted deposits and other assets[2]	281,484,721	4,038,071	330,119	285,852,911
	1,856,562,679	**194,591,243**	**154,707,094**	**2,205,861,016**

[1] Further classification of Loans to Customers along product lines are provided on page 104.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

- **Off-Balance Sheet Credit risk exposure by geographical locations**

Credit Risk Exposure relating to off-balance sheet items are as follows:

Group
Dec-2014

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	483,566,238	9,181,089	5,109,953	497,857,280
Other contingents[1]	165,573,399	17,853,849	1,639,235	185,066,483
Total	**649,139,637**	**27,034,938**	**6,749,188**	**682,923,763**

[1]Other contingents include commitments on Letters of credit and foreign currency related transactions

Classification of Credit Concentration on Loans to Customers by Product

Group
Dec-2014

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,477,657	1,721,274	658,221	7,857,152
Loans	64,973,590	2,609,851	11,361,009	78,944,450
Others	-	5,877	-	5,877
	70,451,247	4,337,002	12,019,230	86,807,479
Loans to non-individuals:				
Overdraft	131,489,928	34,066,605	-	165,556,533
Loans	890,481,753	37,217,448	-	927,699,201
Others	87,571,986	8,045,936	-	95,617,922
	1,109,543,667	79,329,989	-	1,188,873,656

Notes to the financial statements

- **On-Balance Sheet Credit risk exposure by geographical locations**

Group

Dec-2013

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	23,962,746	8,298,019	-	32,260,765
- Balances held with other banks	8,249	14,922,734	70,223,373	85,154,356
- Money market placements	19,005,206	21,119,010	119,408,118	159,532,334
Loans and advances to banks	16,976	462,094	5,117,406	5,596,476
Loans and advances to customers [1] :				
- Loans to individuals	54,348,679	5,316,739	8,375,480	68,040,898
- Loans to non-individuals	871,188,344	62,991,673	149,723	934,329,740
Financial assets held for trading				
- Debt securities	13,746,682	3,476,985	-	17,223,667
Investment securities:				
- Debt securities	403,689,666	46,371,052	2,300,078	452,360,796
Assets pledged as collateral:				
- Debt securities	28,440,947	1,682	-	28,442,629
Restricted deposits and other assets[2]	172,341,905	6,065,051	257,511	178,664,467
	1,586,749,400	**169,025,039**	**205,831,689**	**1,961,606,128**

[1] Further classification of Loans to Customers along product lines are provided on page 106.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

- **Off-Balance Sheet Credit risk exposure by geographical locations**

Credit Risk Exposure relating to off-balance sheet items are as follows:

Dec-2013

Group

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	431,691,415	6,714,806	-	438,406,221
Other contingents[1]	104,858,187	19,888,393	3,970,980	128,717,560
Total	**536,549,602**	**26,603,199**	**3,970,980**	**567,123,781**

[1]Other contingents include commitments on Letters of credit and foreign currency related transactions

Classification of Credit Concentration on Loans to Customers by Product

Group

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	3,482,566	1,601,006	285,651	5,369,223
Loans	50,866,113	3,679,651	8,089,829	62,635,593
Others	-	36,082	-	36,082
	54,348,679	5,316,739	8,375,480	68,040,898
Loans to non-individuals:				
Overdraft	93,828,713	36,844,386	149,723	130,822,822
Loans	650,024,822	17,174,734	-	667,199,556
Others	127,334,809	8,972,553	-	136,307,362
	871,188,344	62,991,673	149,723	934,329,740

Notes to the financial statements

- **On-Balance Sheet Credit risk exposure by geographical locations**

Parent

Dec-2014

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	19,823,983	-	-	19,823,983
- Balances held with other banks	-	1,228,937	41,332,975	42,561,912
- Money market placements	17,508,014	1,158,631	55,809,672	74,476,317
Loans and advances to banks	30,815	-	-	30,815
Loans and advances to customers [1] :				
- Loans to individuals	70,451,246	-	-	70,451,246
- Loans to non-individuals	1,111,942,628	-	-	1,111,942,628
Financial assets held for trading:				
- Debt securities	5,675,545	-	-	5,675,545
Investment securities:				
- Debt securities	312,871,048	-	5,744,582	318,615,630
Assets pledged as collateral:				
- Debt securities	39,173,640	-	-	39,173,640
Restricted deposits and other assets[2]	288,505,504	-	-	288,505,504
	1,865,982,423	**2,387,568**	**102,887,229**	**1,971,257,220**

[1] Further classification of Loans to Customers along product lines are provided on page 108.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

- **Off-Balance Sheet Credit risk exposure by geographical locations**

Parent
Dec-2014

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	483,566,238	-	-	483,566,238
Other contingents[1]	165,573,399	-	-	165,573,399
Total	**649,139,637**	**-**	**-**	**649,139,637**

[1]Other contingents include commitments on Letters of credit and foreign currency related transactions

Classification of Credit Concentration on Loans to Customers by Product

Parent

Dec-2014

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,477,656	-	-	5,477,656
Loans	64,973,590	-	-	64,973,590
Others	-	-	-	-
	70,451,246	-	-	70,451,246
Loans to non-individuals:				
Overdraft	133,888,888	-	-	133,888,888
Loans	890,481,755	-	-	890,481,755
Others	87,571,985	-	-	87,571,985
	1,111,942,628	-	-	1,111,942,628

Notes to the financial statements

- **On-Balance Sheet Credit risk exposure by geographical locations**

Dec-2013

Parent

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	23,962,746	-	-	23,962,746
- Balances held with other banks	8,249	542,578	31,957,316	32,508,143
- Money market placements	19,005,206	482,318	128,038,971	147,526,495
Loans and advances to banks	16,976	-	-	16,976
Loans and advances to customers [1] :				
- Loans to individuals	54,348,679	-	-	54,348,679
- Loans to non-individuals	872,618,414	-	-	872,618,414
Financial assets held for trading				
- Debt securities	13,746,682	-	-	13,746,682
Investment securities:				
- Debt securities	403,689,666	-	-	403,689,666
Assets pledged as collateral:				
- Debt securities	28,440,947	-	-	28,440,947
Restricted deposits and other assets[2]	174,844,778	-	-	174,844,778
	1,590,682,343	**1,024,896**	**159,996,287**	**1,751,703,526**

[1] Further classification of Loans to Customers along product lines are provided on page 110.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

- **Off-Balance Sheet Credit risk exposure by geographical locations**

Credit Risk Exposure relating to off-balance sheet items are as follows:

Dec-2013

Parent

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	431,691,415	-	-	431,691,415
Other contingents[1]	104,858,187	-	-	104,858,187
Total	**536,549,602**	**-**	**-**	**536,549,602**

[1]Other contingents include commitments on Letters of credit and foreign currency related transactions

Dec-2013
Parent

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	3,482,566	-	-	3,482,566
Loans	50,866,113	-	-	50,866,113
Others	-	-	-	-
	54,348,679	-	-	54,348,679
Loans to non-individuals:				
Overdraft	95,258,782	-	-	95,258,782
Loans	650,024,824	-	-	650,024,824
Others	127,334,808	-	-	127,334,808
	872,618,414	-	-	872,618,414

(f)(vii) Concentration of financial assets to credit risk exposure by industry/economic sectors

The following table breaks down the Group's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties.

Credit Risk Exposure to on-balance sheet items

Group

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central bank	-	-	-	-	-	33,346,313	-	-	-	-	-	33,346,313
- Balances held with other banks	-	91,993,886	-	-	-	-	-	-	-	-	-	91,993,886
- Money market placements	-	80,962,456	-	-	2,116,041	5,405,743	-	-	-	-	-	88,484,240
Loans and advances to banks	-	5,695,592	-	-	-	-	-	-	-	-	-	5,695,592
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	86,807,479	-	86,807,479
- Loans to non-individuals	20,906,175	32,396,207	101,419,919	11,788,129	77,276,043	43,406,793	213,682,529	425,672,040	140,992,488	-	121,333,333	1,188,873,656
Financial assets held for trading												
- Debt securities	-	-	-	-	-	9,415,919	-	-	-	-	-	9,415,919
Investment securities:												
- Debt securities	-	16,870,620	-	-	-	354,829,860	4,511,342	-	-	-	-	376,211,822
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	39,179,198	-	-	-	-	-	39,179,198
Restricted deposits and other assets[4]	-	-	-	-	-	261,009,876	-	-	-	-	24,843,035	285,852,911
	20,906,175	**227,918,761**	**101,419,919**	**11,788,129**	**79,392,084**	**746,593,702**	**218,193,871**	**425,672,040**	**140,992,488**	**86,807,479**	**146,176,368**	**2,205,861,016**

1 Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.
2 Logistics, Maritime and Haulage.
3 Further classification of Loans to Customers along product lines are provided on the next page.
4 Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Group

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	129,160	4,581,761	301,211,625	254,781	23,181,553	1,986,756	12,905,776	113,978,221	5,027,205	40,830	34,559,612	497,857,280
Other contingents	2,355,300	42,185,091	3,716,955	186,706	16,623,047	52,036	58,646,622	41,141,839	2,389,991	89,630	17,679,266	185,066,483
Total	**2,484,460**	**46,766,852**	**304,928,580**	**441,487**	**39,804,600**	**2,038,792**	**71,552,398**	**155,120,060**	**7,417,196**	**130,460**	**52,238,878**	**682,923,763**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Logistics, Maritime and Haulage.

Group

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	7,857,152	-	7,857,152
Loans	-	-	-	-	-	-	-	-	-	78,944,450	-	78,944,450
Others	-	-	-	-	-	-	-	-	-	5,877	-	5,877
	-	-	-	-	-	-	-	-	-	86,807,479	-	86,807,479
Loans to non-individuals:												
Overdraft	4,587,229	7,493,058	24,805,213	4,142,923	26,884,282	2,026,138	29,899,690	41,216,703	10,664,949	-	13,836,348	165,556,533
Loans	5,021,846	24,602,696	75,001,089	7,642,291	37,883,910	41,380,655	158,959,050	347,357,131	128,369,749	-	101,480,784	927,699,201
Others	11,297,100	300,453	1,613,617	2,915	12,507,851	-	24,823,789	37,098,206	1,957,790	-	6,016,201	95,617,922
	20,906,175	32,396,207	101,419,919	11,788,129	77,276,043	43,406,793	213,682,529	425,672,040	140,992,488	-	121,333,333	1,188,873,656

Notes to the financial statements

Credit Risk Exposure to on-balance sheet items

Group
Dec-2013
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central bank	-	-	-	-	-	32,260,765	-	-	-	-	-	32,260,765
- Balances held with other banks	-	85,154,356	-	-	-	-	-	-	-	-	-	85,154,356
- Money market placements	-	148,372,732	-	-	902,337	10,257,265	-	-	-	-	-	159,532,334
Loans and advances to banks	-	5,134,324	-	-	-	-	-	-	-	-	462,152	5,596,476
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	68,040,898	-	68,040,898
- Loans to non-individuals	7,417,120	3,594,459	67,263,903	10,424,654	57,203,752	86,217,123	174,513,226	289,744,935	141,852,816	-	96,097,752	934,329,740
Financial assets held for trading												
- Debt securities	-	-	-	-	3,476,985	13,746,682	-	-	-	-	-	17,223,667
Investment securities:												
- Debt securities	-	21,906,816	-	-	-	427,855,465	2,115,879	-	-	-	482,636	452,360,796
Assets pledged as collateral:												
- Debt securities	-	-	-	-	1,682	28,440,947	-	-	-	-	-	28,442,629
Restricted deposits and other assets[4]	-	-	-	-	-	148,592,788	-	-	-	-	30,071,679	178,664,467
	7,417,120	**264,162,687**	**67,263,903**	**10,424,654**	**61,584,756**	**747,371,035**	**176,629,105**	**289,744,935**	**141,852,816**	**68,040,898**	**127,114,219**	**1,961,606,128**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Logistics, Maritime and Haulage.

[3] Further classification of Loans to Customers along product lines are provided on the next page.

[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Group
Dec-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	123,897	4,118,412	302,808,785	243,911	22,197,214	2,519,174	5,794,836	64,076,940	7,448,136	726,769	28,348,147	438,406,221
Other contingents	253,837	31,440,191	2,448,898	125,459	9,358,679	2,094,966	54,955,534	16,048,536	229,143	-	11,762,317	128,717,560
Total	**377,734**	**35,558,603**	**305,257,683**	**369,370**	**31,555,893**	**4,614,140**	**60,750,370**	**80,125,476**	**7,677,279**	**726,769**	**40,110,464**	**567,123,781**

Group
Dec-2013
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,369,223	-	5,369,223
Loans	-	-	-	-	-	-	-	-	-	62,635,593	-	62,635,593
Others	-	-	-	-	-	-	-	-	-	36,082	-	36,082
	-	-	-	-	-	-	-	-	-	68,040,898	-	68,040,898
Loans to non-individuals:												
Overdraft	2,776,692	1,369,157	16,879,992	1,104,263	20,041,059	937,729	24,629,232	20,698,333	14,087,408	-	28,298,957	130,822,822
Loans	1,403,178	2,225,302	46,797,587	8,983,063	19,111,519	84,424,714	70,301,559	246,496,460	125,396,409	-	62,059,765	667,199,556
Others	3,237,250	-	3,586,324	337,328	18,051,174	854,680	79,582,435	22,550,142	2,368,999	-	5,739,030	136,307,362
	7,417,120	3,594,459	67,263,903	10,424,654	57,203,752	86,217,123	174,513,226	289,744,935	141,852,816	-	96,097,752	934,329,740

Notes to the financial statements

The following table breaks down the Parent's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Parent's counterparties.

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central bank	-	-	-	-	-	19,823,983	-	-	-	-	-	19,823,983
- Balances held with other banks	-	42,561,912	-	-	-	-	-	-	-	-	-	42,561,912
- Money market placements	-	74,476,317	-	-	-	-	-	-	-	-	-	74,476,317
Loans and advances to banks	-	30,815	-	-	-	-	-	-	-	-	-	30,815
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	70,451,246	-	70,451,246
- Loans to non-individuals	14,899,728	34,795,170	91,063,471	10,151,955	75,425,582	41,383,657	204,563,663	419,033,691	140,992,488	-	79,633,223	1,111,942,628
Financial assets held for trading												
- Debt securities	-	-	-	-	-	5,675,545	-	-	-	-	-	5,675,545
Investment securities:												
- Debt securities	-	5,744,582	-	-	-	308,359,706	4,511,342	-	-	-	-	318,615,630
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	39,173,640	-	-	-	-	-	39,173,640
Restricted deposits and other assets[4]	-	-	-	-	-	257,098,961	-	-	-	-	31,406,543	288,505,504
	14,899,728	**157,608,796**	**91,063,471**	**10,151,955**	**75,425,582**	**671,515,492**	**209,075,005**	**419,033,691**	**140,992,488**	**70,451,246**	**111,039,766**	**1,971,257,220**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Logistics, Maritime and Haulage.

[3] Further classification of Loans to Customers along product lines are provided on the next page.

[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2014

counterparty default rates as shown below:

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	7,422	4,581,280	300,123,223	200,000	18,804,034	1,970,115	12,303,874	113,746,861	5,027,205	40,830	26,761,394	483,566,238
Other contingents	1,968,379	42,076,324	3,335,029	15,405	15,442,334	-	58,052,146	41,113,331	2,389,991	89,630	1,090,830	165,573,399
Total	**1,975,801**	**46,657,604**	**303,458,252**	**215,405**	**34,246,368**	**1,970,115**	**70,356,020**	**154,860,192**	**7,417,196**	**130,460**	**27,852,224**	**649,139,637**

Parent

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,477,656	-	5,477,656
Loans	-	-	-	-	-	-	-	-	-	64,973,590	-	64,973,590
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	70,451,246	-	70,451,246
Loans to non-individuals:												
Overdraft	1,604,052	9,892,021	16,214,636	2,769,411	25,207,134	3,002	22,712,953	35,053,803	10,664,949	-	9,766,927	133,888,888
Loans	3,988,083	24,602,696	73,235,218	7,382,544	37,710,597	41,380,655	157,087,929	346,881,682	128,369,749	-	69,842,602	890,481,755
Others	9,307,593	300,453	1,613,617	-	12,507,851	-	24,762,781	37,098,206	1,957,790	-	23,694	87,571,985
	14,899,728	34,795,170	91,063,471	10,151,955	75,425,582	41,383,657	204,563,663	419,033,691	140,992,488	-	79,633,223	1,111,942,628

Notes to the financial statements

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central bank	-	-	-	-	-	23,962,746	-	-	-	-	-	23,962,746
- Balances held with other banks	-	32,508,143	-	-	-	-	-	-	-	-	-	32,508,143
- Money market placements	-	147,526,495	-	-	-	-	-	-	-	-	-	147,526,495
Loans and advances to banks	-	16,976	-	-	-	-	-	-	-	-	-	16,976
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	54,348,679	-	54,348,679
- Loans to non-individuals	4,005,807	4,874,808	57,883,528	10,014,749	56,510,394	85,410,940	165,291,556	288,736,138	141,852,816	-	58,037,678	872,618,414
Financial assets held for trading												
- Debt securities	-	-	-	-	-	13,746,682	-	-	-	-	-	13,746,682
Investment securities:												
- Debt securities	-	-	-	-	-	401,573,787	2,115,879	-	-	-	-	403,689,666
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	28,440,947	-	-	-	-	-	28,440,947
Restricted deposits and other assets[4]	-	-	-	-	-	144,773,099	-	-	-	-	30,071,679	174,844,778
	4,005,807	**184,926,422**	**57,883,528**	**10,014,749**	**56,510,394**	**697,908,201**	**167,407,435**	**288,736,138**	**141,852,816**	**54,348,679**	**88,109,357**	**1,751,703,526**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Logistics, Maritime and Haulage.

[3] Further classification of Loans to Customers along product lines are provided on the next page.

[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations and prepayments have been excluded.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2013
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	-	4,118,412	301,772,767	200,000	19,490,645	2,505,835	4,718,291	63,710,143	7,448,136	726,769	27,000,417	431,691,415
Other contingents	-	27,469,212	2,185,818	-	5,666,139	-	52,929,389	16,027,657	229,143	-	350,829	104,858,187
Total	**-**	**31,587,624**	**303,958,585**	**200,000**	**25,156,784**	**2,505,835**	**57,647,680**	**79,737,800**	**7,677,279**	**726,769**	**27,351,246**	**536,549,602**

Parent
Dec-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Fin. institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans and advances to customers:												
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	3,482,566	-	3,482,566
Loans	-	-	-	-	-	-	-	-	-	50,866,113	-	50,866,113
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	54,348,679	-	54,348,679
Loans to non-individuals:												
Overdraft	514,321	2,649,506	9,112,183	1,104,263	20,023,470	283,476	18,386,415	19,821,534	14,087,408	-	9,276,206	95,258,782
Loans	1,011,249	2,225,302	45,692,078	8,910,486	18,784,147	84,375,028	68,486,531	246,420,476	125,396,409	-	48,723,118	650,024,824
Others	2,480,237	-	3,079,267	-	17,702,777	752,436	78,418,610	22,494,128	2,368,999	-	38,354	127,334,808
	4,005,807	4,874,808	57,883,528	10,014,749	56,510,394	85,410,940	165,291,556	288,736,138	141,852,816	-	58,037,678	872,618,414

(viii) Impairment and provisioning policies

The **following** policies guide the Bank's provisioning and impairment:

(1) Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

  These are loans and advances where contractual interest or principal payments are not past due. The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (see Note 4(f)(ii) Credit Risk Measurement). These are assigned ratings 1-6[1].

- **Past due but not impaired:**

  These are loans and advances where contractual interest or principal payments are past due but individually assessed as not being impaired. The Group believes that impairment is not appropriate on the basis of the level of receivable/security/collateral available and/or the stage of collection of amounts owed to the Group. This is assigned rating 7[1].

- **Individually impaired:**

  Individually impaired are loans and advances for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/advance agreement(s). These are loans and advances specifically impaired. These are assigned ratings 8-10[1].

- **Collectively impaired:**

  Collectively impaired are portfolios of homogenous loans and advances where contractual interest or principal payments are not past due, but have been assessed for impairment by the Group. Thus, Loans assessed for collective impairment transverse from ratings 1 to ratings 7[1].

[1] Ratings 1	Exceptional capacity
Ratings 2	Very strong capacity
Ratings 3-5	Strong repayment capacity
Ratings 6	Acceptable Risk
Ratings 1-7	Collectively impaired
Ratings 8-10	Individually impaired

This classification is in line with disclosures in note 4 on page 92-93

(2) Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Specific Impairment – This is derived by identifying exposure at default and recoverable cash-flows. The Cash-flows are then discounted to present value using the original effective interest rate on the exposures. The shortfall between the discounted cash-flows and the exposure at default is recognized as individual impairment.

Collective Impairment - This is arrived at using the incurred loss model under IAS 39 by incorporating emergence period (EP) into the expected loss model under Basel II.

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

(4) Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Group Management Credit Committee determines that the loans / securities are uncollectible.

This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

(ix) Categorization of Loans and advances

The table below analyses the Group's Loans and advances based on the categorization of the Loans and the impairment allowances taken on them:

Group

In thousands of Nigerian naira

	Dec-2014				Dec-2013			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	82,461,427	1,141,905,190	5,695,609	1,230,062,226	66,499,920	879,560,978	5,583,640	951,644,538
Past due but not impaired	281,596	2,044,778	-	2,326,374	196,518	3,054,478	-	3,250,996
Individually impaired	858,991	38,123,321	-	38,982,312	1,400,322	32,337,737	-	33,738,059
Collectively Impaired	4,240,806	36,385,277	4	40,626,087	1,243,141	41,894,049	12,847	43,150,037
Gross	**87,842,820**	**1,218,458,566**	**5,695,613**	**1,311,996,999**	**69,339,901**	**956,847,242**	**5,596,487**	**1,031,783,630**
Less allowances for impairment:								
Individually impaired	350,648	22,122,052	-	22,472,700	375,223	16,047,503	-	16,422,726
Collectively Impaired	684,693	7,462,858	21	8,147,572	923,780	6,469,999	11	7,393,790
Total allowance	**1,035,341**	**29,584,910**	**21**	**30,620,272**	**1,299,003**	**22,517,502**	**11**	**23,816,516**
Net Loans and Advances	**86,807,479**	**1,188,873,656**	**5,695,592**	**1,281,376,727**	**68,040,898**	**934,329,740**	**5,596,476**	**1,007,967,114**

The total impairment for loans and advances is N30,620,272,000 (2013: N23,816,516,000) of which 22,472,700,000 (2013: N16,422,726,000) represents the impairment on individually impaired loans and the remaining amount of N8,147,572,000 (2013: N7,393,790,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

Notes to the financial statements

Each category of the gross loans of the Group is further analysed into product as follows:

Group

In thousands of Nigerian naira

	Dec-2014				Dec-2013			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	77,280,890	901,426,756	17,518	978,725,164	62,386,353	635,101,115	-	697,487,468
Overdrafts	5,180,537	149,665,487	5,678,091	160,524,115	4,090,364	118,943,164	5,583,640	128,617,168
Others	-	90,812,947	-	90,812,947	23,203	125,516,699	-	125,539,902
Neither past due nor impaired	82,461,427	1,141,905,190	5,695,609	1,230,062,226	66,499,920	879,560,978	5,583,640	951,644,538
Loans	32,833	529,088	-	561,921	31,926	329,466	-	361,392
Overdrafts	247,912	1,304,588	-	1,552,500	164,021	732,645	-	896,666
Others	851	211,102	-	211,953	571	1,992,367	-	1,992,938
Past due but not impaired	281,596	2,044,778	-	2,326,374	196,518	3,054,478	-	3,250,996
Loans	49,155	22,053,350	-	22,102,505	445,553	20,007,816	-	20,453,369
Overdrafts	808,561	13,994,802	-	14,803,363	946,494	8,462,080	-	9,408,574
Others	1,275	2,075,169	-	2,076,444	8,275	3,867,841	-	3,876,116
Individually impaired	858,991	38,123,321	-	38,982,312	1,400,322	32,337,737	-	33,738,059
Loans	1,966,223	22,445,717	4	24,411,944	429,916	26,351,076	4,911	26,785,903
Overdrafts	2,269,761	10,026,118	-	12,295,879	806,962	8,843,345	7,936	9,658,243
Others	4,822	3,913,442	-	3,918,264	6,263	6,699,628	-	6,705,891
Collectively Impaired	4,240,806	36,385,277	4	40,626,087	1,243,141	41,894,049	12,847	43,150,037

Notes to the financial statements

The impairment on loans of the Group is further analysed as follows:

	Dec-2014				Dec-2013			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Individually impaired:								
Loans	32,741	14,066,172	-	14,098,913	144,040	10,545,114	-	10,689,154
Overdrafts	317,057	7,013,627	-	7,330,684	229,360	3,966,149	-	4,195,509
Others	850	1,042,253	-	1,043,103	1,823	1,536,240	-	1,538,063
	350,648	22,122,052	-	22,472,700	375,223	16,047,503	-	16,422,726
Collectively Impaired:								
Loans	351,910	4,689,538	4	5,041,452	514,115	4,044,803	-	4,558,918
Overdrafts	332,562	2,420,835	17	2,753,414	409,258	2,192,263	11	2,601,532
Others	221	352,485	-	352,706	407	232,933	-	233,340
	684,693	7,462,858	21	8,147,572	923,780	6,469,999	11	7,393,790

Notes to the financial statements

The table below analyses the Parent's Loans and advances based on the categorization of the Loans and the allowances taken on them.

Parent

In thousands of Nigerian naira

	Dec-2014				Dec-2013			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	68,049,426	1,082,430,978	30,832	1,150,511,236	54,183,176	842,004,266	4,140	896,191,582
Past due but not impaired	-	1,307,074	-	1,307,074	135,554	2,694,946	-	2,830,500
Individually impaired	437,409	30,871,528	-	31,308,937	516,579	24,359,475	-	24,876,054
Collectively Impaired	2,645,834	22,709,796	4	25,355,634	574,242	22,498,404	12,847	23,085,493
Gross	**71,132,669**	**1,137,319,376**	**30,836**	**1,208,482,881**	**55,409,551**	**891,557,091**	**16,987**	**946,983,629**
Less allowances for impairment:								
Individually impaired	69,838	18,479,842	-	18,549,680	180,579	12,947,786	-	13,128,365
Collectively Impaired	611,585	6,896,906	21	7,508,512	880,293	5,990,891	11	6,871,195
Total allowance	**681,423**	**25,376,748**	**21**	**26,058,192**	**1,060,872**	**18,938,677**	**11**	**19,999,560**
Net Loans and Advances	**70,451,246**	**1,111,942,628**	**30,815**	**1,182,424,689**	**54,348,679**	**872,618,414**	**16,976**	**926,984,069**

The total impairment for loans and advances is N26,058,192,000 (2013: N19,999,560,000) of which 18,549,680,000 (2013: N13,128,365,000) represents the impairment on individually impaired loans and the remaining amount of N7,508,512,000 (2013: N6,871,195,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

Notes to the financial statements

Each category of the gross loans of the Parent is further analysed into product as follows:

Parent

In thousands of Nigerian naira

	Dec-2014				Dec-2013			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Loans	63,536,720	872,751,164	17,518	936,305,402	50,757,811	628,716,967	-	679,474,778
Overdrafts	4,512,706	121,917,368	13,314	126,443,388	3,425,365	88,022,831	4,140	91,452,336
Others	-	87,762,446	-	87,762,446	-	125,264,468	-	125,264,468
Neither past due nor impaired	68,049,426	1,082,430,978	30,832	1,150,511,236	54,183,176	842,004,266	4,140	896,191,582
Loans	-	168,120	-	168,120	25,679	168,852	-	194,531
Overdrafts	-	1,138,954	-	1,138,954	109,875	663,525	-	773,400
Others	-	-	-	-	-	1,862,569	-	1,862,569
Past due but not impaired	-	1,307,074	-	1,307,074	135,554	2,694,946	-	2,830,500
Loans	-	18,504,950	-	18,504,950	355,000	16,443,689	-	16,798,689
Overdrafts	437,409	12,366,578	-	12,803,987	161,579	6,928,264	-	7,089,843
Others	-	-	-	-	-	987,522	-	987,522
Individually impaired	437,409	30,871,528	-	31,308,937	516,579	24,359,475	-	24,876,054
Loans	1,780,255	15,754,121	4	17,534,380	361,377	17,686,465	4,911	18,052,753
Overdrafts	865,579	6,955,603	-	7,821,182	212,865	4,811,939	7,936	5,032,740
Others	-	72	-	72	-	-	-	-
Collectively Impaired	2,645,834	22,709,796	4	25,355,634	574,242	22,498,404	12,847	23,085,493

Notes to the financial statements

The impairment on loans of the Parent is further analysed as follows:

	Dec-2014				Dec-2013			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Individually impaired:								
Loans	-	12,283,990	-	12,283,990	124,096	9,160,378	-	9,284,474
Overdrafts	69,838	6,195,852	-	6,265,690	56,483	3,370,230	-	3,426,713
Others	-	-	-	-	-	417,178	-	417,178
	69,838	18,479,842	-	18,549,680	180,579	12,947,786	-	13,128,365
Collectively Impaired:								
Loans	343,386	4,412,610	4	4,756,000	509,659	3,830,771	-	4,340,430
Overdrafts	268,199	2,293,763	17	2,561,979	370,634	2,100,155	11	2,470,800
Others	-	190,533	-	190,533	-	59,965	-	59,965
	611,585	6,896,906	21	7,508,512	880,293	5,990,891	11	6,871,195

The sensitivity of carrying amount of loans and advances to changes in probability of default, loss given default, and emergence period are disclosed in note 4(i)(xi) under market risk above.

Notes to the financial statements

(x) IFRS 7 requires that the group disclose information about the credit quality of financial assets that are neither past due nor impaired, an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period. This information is provided in the tables below.

(i) Credit quality of Loans and advances neither past due nor impaired.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

Group
Dec-2014
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	566,738	1,061,847	-	23,172,523	69,392,007	3,047,304	5,664,852	-	102,905,271
Very strong capacity	759,509	8,619,572	-	28,589,516	197,028,794	10,025,854	-	-	245,023,245
Strong repayment capacity	3,854,290	67,599,471	-	97,903,448	635,005,955	77,739,789	13,239	17,518	882,133,710
Total	**5,180,537**	**77,280,890**	**-**	**149,665,487**	**901,426,756**	**90,812,947**	**5,678,091**	**17,518**	**1,230,062,226**

Group
Dec-2013
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	178,424	1,425,420	-	11,866,467	51,819,381	2,735,809	5,579,500	-	73,605,001
Very strong capacity	593,259	35,028,413	-	7,439,484	161,721,856	36,018,511	-	-	240,801,523
Strong repayment capacity	3,318,681	25,932,520	23,203	99,637,213	421,559,878	86,762,379	4,140	-	637,238,014
Total	**4,090,364**	**62,386,353**	**23,203**	**118,943,164**	**635,101,115**	**125,516,699**	**5,583,640**	**-**	**951,644,538**

Notes to the financial statements

Parent
Dec-2014
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	-	43,774,962	-	-	-	43,774,962
Very strong capacity	759,509	8,548,855	-	25,588,611	195,227,262	10,024,309	-	-	240,148,546
Strong repayment capacity	3,753,197	54,987,865	-	96,328,757	633,748,940	77,738,137	13,314	17,518	866,587,728
Total	**4,512,706**	**63,536,720**	**-**	**121,917,368**	**872,751,164**	**87,762,446**	**13,314**	**17,518**	**1,150,511,236**

Parent
Dec-2013
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	7,605,496	50,440,480	2,674,815	-	-	60,720,791
Very strong capacity	493,863	34,574,183	-	2,437,721	160,515,819	36,018,511	-	-	234,040,097
Strong repayment capacity	2,931,502	16,183,628	-	77,979,614	417,760,668	86,571,142	4,140	-	601,430,694
Total	**3,425,365**	**50,757,811**	**-**	**88,022,831**	**628,716,967**	**125,264,468**	**4,140**	**-**	**896,191,582**

Notes to the financial statements

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

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Group
Dec-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	281,596	2,044,778	2,326,374
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	281,596	**2,044,778**	**2,326,374**
FV of collateral	839,719	77,112,848	77,952,567
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Group
Dec-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	32,833	529,088	561,921
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	32,833	529,088	561,921
Overdrafts			
0 - 90 days	247,912	1,304,588	1,552,500
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	247,912	1,304,588	1,552,500
Others			
0 - 90 days	851	211,102	211,953
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	851	211,102	211,953
	281,596	**2,044,778**	**2,326,374**

Notes to the financial statements

FV of collateral[1]			
Loans	515,515	4,780,997	5,296,512
Overdrafts	247,941	70,592,571	70,840,512
Others	76,263	1,739,280	1,815,543
	839,719	77,112,848	77,952,567
Amount of undercollateralisation on gross loan:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Group
Dec-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	196,518	3,054,478	3,250,996
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	196,518	**3,054,478**	**3,250,996**
FV of collateral	312,552	5,733,371	6,045,923
Amount of undercollateralisation	-	-	-

Notes to the financial statements

Group
Dec-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	31,926	329,466	361,392
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	31,926	329,466	361,392
Overdrafts			
0 - 90 days	164,021	732,645	896,666
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	164,021	732,645	896,666
Others			
0 - 90 days	571	1,992,367	1,992,938
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	571	1,992,367	1,992,938
	196,518	**3,054,478**	**3,250,996**
FV of collateral[1]			
Loans	127,852	1,146,674	1,274,526
Overdrafts	170,171	2,127,081	2,297,252
Others	14,529	2,459,616	2,474,145
	312,552	5,733,371	6,045,923
Amount of undercollateralisation on gross loan:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Notes to the financial statements

Parent
Dec-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	1,307,074	1,307,074
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**1,307,074**	**1,307,074**
FV of collateral	-	71,122,000	71,122,000
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Parent
Dec-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	168,120	168,120
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	168,120	168,120
Overdrafts			
0 - 90 days	-	1,138,954	1,138,954
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	1,138,954	1,138,954
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
	-	**1,307,074**	**1,307,074**
FV of collateral[1]			
Loans	-	2,400,595	2,400,595
Overdrafts	-	68,721,405	68,721,405
Others	-	-	-
	-	71,122,000	71,122,000
Amount of undercollateralisation on gross loan:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Notes to the financial statements

Parent
Dec-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	135,554	2,694,946	2,830,500
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	135,554	**2,694,946**	**2,830,500**
FV of collateral	136,875	4,313,485	4,450,360
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Parent
Dec-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	25,679	168,853	194,532
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	25,679	168,853	194,532
Overdrafts			
0 - 90 days	109,875	663,524	773,399
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	109,875	663,524	773,399
Others			
0 - 90 days	-	1,862,569	1,862,569
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	1,862,569	1,862,569
	135,554	**2,694,946**	**2,830,500**
FV of collateral[1]			
Loans	27,000	634,485	661,485
Overdrafts	109,875	1,679,000	1,788,875
Others	-	2,000,000	2,000,000
	136,875	4,313,485	4,450,360
Amount of undercollateralisation on gross loan:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Upon initial recognition of loans and advances, the fair value of collateral are determined with reference to market price or indexes of similar assets.

Notes to the financial statements

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

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

Group
Dec-2014
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	49,155	22,053,350	-	22,102,505
Overdraft	808,561	13,994,802	-	14,803,363
Others	1,275	2,075,169	-	2,076,444
	858,991	38,123,321	-	38,982,312
Impairment:				
Loans	32,741	14,066,172	-	14,098,913
Overdraft	317,057	7,013,627	-	7,330,684
Others	850	1,042,253	-	1,043,103
	350,648	22,122,052	-	22,472,700
Net Amount:				
Loans	16,414	7,987,178	-	8,003,592
Overdraft	491,504	6,981,175	-	7,472,679
Others	425	1,032,916	-	1,033,341
	508,343	16,001,269	-	16,509,612
FV of collateral[1]:				
Loans	52,336	29,847,030	-	29,899,366
Overdraft	860,883	12,694,419	-	13,555,302
Others	1,358	2,426,130	-	2,427,488
	914,577	44,967,579	-	45,882,156
Amount of (over)/undercollateralisation on gross loans:				
Loans	-	-	-	-
Overdraft	(52,322)	1,300,383	-	1,248,061
Others	-	-	-	-
	-	-	-	-
Net Loans	508,343	16,001,269	-	16,509,612
Amount of undercollateralisation on net loans	-	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Notes to the financial statements

Group
Dec-2013
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	445,553	20,007,816	-	20,453,369
Overdraft	946,494	8,462,080	-	9,408,574
Others	8,275	3,867,841	-	3,876,116
	1,400,322	32,337,737	-	33,738,059
Impairment:				
Loans	144,040	10,545,114	-	10,689,154
Overdraft	229,360	3,966,149	-	4,195,509
Others	1,823	1,536,240	-	1,538,063
	375,223	16,047,503	-	16,422,726
Net Amount:				
Loans	301,513	9,462,702	-	9,764,215
Overdraft	717,134	4,495,931	-	5,213,065
Others	6,452	2,331,601	-	2,338,053
	1,025,099	16,290,234	-	17,315,333
FV of collateral[1]:				
Loans	452,933	14,626,295	-	15,079,228
Overdraft	962,171	3,826,178	-	4,788,349
Others	8,412	3,390,496	-	3,398,908
	1,423,516	21,842,969	-	23,266,485
Amount of undercollateralisation on gross loans:				
Loans	-	5,381,521	-	5,374,141
Overdraft	-	4,635,902	-	4,620,225
Others	-	477,345	-	477,208
	-	10,494,768	-	10,471,574
Net Loans	1,025,099	16,290,234	-	17,315,333
Amount of undercollateralisation on net loans	-	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Notes to the financial statements

Upon initial recognition of loans and advances, the fair value of collateral are determined with reference to market price or indexes of similar assets.

Parent
Dec-2014
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	-	18,504,950	-	18,504,950
Overdraft	437,409	12,366,578	-	12,803,987
Others	-	-	-	-
	437,409	30,871,528	-	31,308,937
Impairment:				
Loans	-	12,283,990	-	12,283,990
Overdraft	69,838	6,195,852	-	6,265,690
Others	-	-	-	-
	69,838	18,479,842	-	18,549,680
Net Amount:				
Loans	-	6,220,960	-	6,220,960
Overdraft	367,571	6,170,726	-	6,538,297
Others	-	-	-	-
	367,571	12,391,686	-	12,759,257
FV of collateral[1]:				
Loans	-	25,548,013	-	25,548,013
Overdraft	-	10,070,652	-	10,070,652
Others	-	-	-	-
	-	35,618,665	-	35,618,665
Amount of undercollateralisation on gross loans:				
Loans	-	-	-	-
Overdraft	437,409	2,295,926	-	2,733,335
Others	-	-	-	-
	437,409	-	-	-
Net Loans	367,571	12,391,686	-	12,759,257
Amount of undercollateralisation on net loans	367,571	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Notes to the financial statements

Parent
Dec-2013
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	355,000	16,443,689	-	16,798,689
Overdraft	161,579	6,928,264	-	7,089,843
Others	-	987,522	-	987,522
	516,579	24,359,475	-	24,876,054
Impairment:				
Loans	124,096	9,160,378	-	9,284,474
Overdraft	56,483	3,370,230	-	3,426,713
Others	-	417,178	-	417,178
	180,579	12,947,786	-	13,128,365
Net Amount:				
Loans	230,904	7,283,311	-	7,514,215
Overdraft	105,096	3,558,034	-	3,663,130
Others	-	570,344	-	570,344
	336,000	11,411,689	-	11,747,689
FV of collateral[1]:				
Loans	420,000	10,960,000	-	11,380,000
Overdraft	-	1,720,690	-	1,720,690
Others	-	537,809	-	537,809
	420,000	13,218,499	-	13,638,499
Amount of undercollateralisation on gross loans:				
Loans	-	5,483,689	-	5,418,689
Overdraft	161,579	5,207,574	-	5,369,153
Others	-	449,713	-	449,713
	96,579	11,140,976	-	11,237,555
Net Loans	336,000	11,411,689	-	11,747,689
Amount of undercollateralisation on net loans	-	-	-	-

[1] The nature of fair value of collateral are set out under summary of collaterals pledged against loans and advances.

Notes to the financial statements

(iv) Undercollaterisation of Individually impaired and collectively impaired loans is shown below:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Past due and impaired:				
Gross loans	38,982,312	33,738,059	31,308,937	24,876,054
Collateral	45,882,156	23,266,485	35,618,665	13,638,499
Undercollaterisation	-	(10,471,574)	-	(11,237,555)
Collectively impaired				
Gross loans	40,626,083	43,137,190	25,355,630	23,072,646
Collateral	234,191,264	235,027,631	192,658,227	179,498,764
Undercollaterisation	-	-	-	-

(xi) Credit collateral

The Group ensures that each credit is reviewed and granted based on the strength of the borrowers' cash flow. However, the Group also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Group's credit policy guide. These include the following policy statements amongst others:

Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Group. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Group. Client's account balances must be within the scope of cover provided by its collateral.

All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank. All cash collateralized facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

The main collateral types acceptable to the Bank for loans and advances include:

- Mortgages over residential properties
- Charges over business premises, fixed and floating assets as well as inventory.
- Charges over financial instruments such as equities, treasury bills etc.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the neighbourhood taking into cognizance the advantages and disadvantages of the comparatives over the subject property and any other factor which can have effect on the valuation e.g. subsequent movements in house prices, after making allowance for dilapidations. The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instrument.

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation.The Bank does not take physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

Notes to the financial statements

(a) Summary of collaterals pledged against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

Group
Dec-2014

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	38,982,312	45,882,156	-	-
Against collectively impaired	40,626,083	234,191,264	4	-
Against past due but not impaired	2,326,374	77,952,567	-	-
Against neither past due nor impaired	1,224,366,617	2,512,322,338	5,695,609	8,280,559
Total	1,306,301,386	2,870,348,325	5,695,613	8,280,559

Group
Dec-2013

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	33,738,059	23,266,485	-	-
Against collectively impaired	43,137,190	235,027,631	12,847	-
Against past due but not impaired	3,250,996	6,045,923	-	-
Against neither past due nor impaired	946,060,898	1,405,866,876	5,583,640	502,152
Total	1,026,187,143	1,670,206,915	5,596,487	502,152

Parent
Dec-2014

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	31,308,937	35,618,665	-	-
Against collectively impaired	25,355,630	192,658,227	4	-
Against past due but not impaired	1,307,074	71,122,000	-	-
Against neither past due nor impaired	1,150,480,404	2,433,040,393	30,832	188,000
Total	1,208,452,045	2,732,439,285	30,836	188,000

Parent
Dec-2013

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	24,876,054	13,638,499	-	-
Against collectively impaired	23,072,646	179,498,764	12,847	-
Against past due but not impaired	2,830,500	4,450,360	-	-
Against neither past due nor impaired	896,187,442	1,355,895,284	4,140	40,000
Total	946,966,642	1,553,482,907	16,987	40,000

Notes to the financial statements

Group

In thousands of Nigerian Naira	Loans and advances to customers Dec-2014	Loans and advances to customers Dec-2013	Loans and advances to banks Dec-2014	Loans and advances to banks Dec-2013
Against individually impaired:				
Property	30,475,670	8,386,713	-	-
Debt securities	-	-	-	-
Equities	-	6,000,000	-	-
Treasury bills	-	-	-	-
Cash	131,207	-	-	-
Guarantees	-	-	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	43,093	973,841	-	-
Others[1]	15,232,186	7,905,931	-	-
Total	**45,882,156**	**23,266,485**	**-**	**-**
Against collectively impaired:				
Property	175,192,873	189,164,066	-	-
Debt securities	-	-	-	-
Equities	1,065,562	1,041,586	-	-
Treasury bills	-	-	-	-
Cash	956,767	1,909,754	-	-
Guarantees	314,810	7,503,288	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,003,812	3,014,627	-	-
Others[1]	55,657,440	32,394,310	-	-
Total	**234,191,264**	**235,027,631**	**-**	**-**
Against past due but not impaired:				
Property	12,432,567	5,909,048	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Treasury bills	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-
Cash	-	-	-	-
Others[1]	65,520,000	136,875	-	-
Total	**77,952,567**	**6,045,923**	**-**	**-**
Against neither past due nor impaired:				
Property	863,021,869	602,019,778	8,280,559	40,000
Debt securities	-	-	-	-
Equities	56,599,907	6,848,247	-	-
Treasury bills	1,062,927	1,050,700	-	-
Cash	17,857,771	16,375,942	-	462,152
Guarantees	86,698,012	58,961,607	-	-
Negative pledge	41,860,000	-	-	-
ATC*, stock hypothecation and ISPO*	3,072,524	49,508,135	-	-
Others[1]	1,442,149,328	671,102,467	-	-
Total	**2,512,322,338**	**1,405,866,876**	**8,280,559**	**502,152**
Grand total	**2,870,348,325**	**1,670,206,915**	**8,280,559**	**502,152**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

[1]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Parent

In thousands of Nigerian Naira	Loans and advances to customers Dec-2014	Loans and advances to customers Dec-2013	Loans and advances to banks Dec-2014	Loans and advances to banks Dec-2013
Against individually impaired:				
Property	20,504,300	2,058,000	-	-
Debt securities	-	-	-	-
Equities	-	6,000,000	-	-
Treasury bills	-	-	-	-
Cash	-	-	-	-
Guarantees	-	-	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	922,690	-	-
Others[1]	15,114,365	4,657,809	-	-
Total	35,618,665	13,638,499	-	-
Against collectively impaired:				
Property	152,396,205	167,217,617	-	-
Debt securities	-	-	-	-
Equities	1,065,562	1,041,586	-	-
Treasury bills	-	-	-	-
Cash	100,210	64,657	-	-
Guarantees	314,810	842,702	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,003,812	3,014,627	-	-
Others[1]	37,777,628	7,317,575	-	-
Total	192,658,227	179,498,764	-	-
Against past due but not impaired:				
Property	5,602,000	4,313,485	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Treasury bills	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-
Cash	-	-	-	-
Guarantees	-	-	-	-
Others[1]	65,520,000	136,875	-	-
Total	71,122,000	4,450,360	-	-
Against neither past due nor impaired:				
Property	802,757,229	563,454,395	188,000	40,000
Debt securities	-	-	-	-
Equities	56,599,907	6,848,247	-	-
Treasury bills	1,062,927	1,050,700	-	-
Cash	16,046,212	15,680,653	-	-
Guarantees	74,913,670	58,961,607	-	-
Negative pledge	41,860,000	-	-	-
ATC*, stock hypothecation and ISPO*	3,072,524	49,508,135	-	-
Others[1]	1,436,727,924	660,391,547	-	-
Total	2,433,040,393	1,355,895,284	188,000	40,000
Grand total	2,732,439,285	1,553,482,907	188,000	40,000

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

[1]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

(b) Summary of collaterals pledged against loans and advances by products

Analysis of credit collateral is further shown below:

Group
Dec-2014

	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	**Term Loans**	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	17,577,461	10,539,813	2,358,396	30,475,670	-	-	-	-
Cash	55,627	44,547	31,033	131,207	-	-	-	-
ATC*, stock hypothecation and ISPO*	18,270	14,631	10,192	43,093	-	-	-	-
Others[1]	12,248,008	2,956,311	27,867	15,232,186	-	-	-	-
Total	**29,899,366**	**13,555,302**	**2,427,488**	**45,882,156**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	104,402,334	65,398,676	5,391,863	175,192,873	-	-	-	-
Equities	1,065,435	127	-	1,065,562	-	-	-	-
Cash	402,694	351,483	202,590	956,767	-	-	-	-
Guarantees	314,810	-	-	314,810	-	-	-	-
ATC*, stock hypothecation and ISPO*	988,361	15,451	-	1,003,812	-	-	-	-
Others[1]	42,149,219	9,279,346	4,228,875	55,657,440	-	-	-	-
Total	**149,322,853**	**75,045,083**	**9,823,328**	**234,191,264**	**-**	**-**	**-**	**-**
Against past due but not impaired:								
Property	5,296,512	5,320,512	1,815,543	12,432,567	-	-	-	-
Others	-	65,520,000	-	65,520,000	-	-	-	-
Total	**5,296,512**	**70,840,512**	**1,815,543**	**77,952,567**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	542,553,143	175,789,010	144,679,716	863,021,869	8,092,559	135,818	52,182	8,280,559
Equities	46,531,549	10,068,358	-	56,599,907	-	-	-	-
Treasury bills	415,076	647,851	-	1,062,927	-	-	-	-
Cash	3,454,919	13,974,388	428,464	17,857,771	-	-	-	-
Guarantees	39,471,251	11,025,300	36,201,461	86,698,012	-	-	-	-
Negative pledge	3,621,978	37,158,931	1,079,091	41,860,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,061,680	1,010,844	-	3,072,524	-	-	-	-
Others[1]	1,067,958,358	121,813,829	252,377,141	1,442,149,328	-	-	-	-
Total	**1,706,067,954**	**371,488,511**	**434,765,873**	**2,512,322,338**	**8,092,559**	**135,818**	**52,182**	**8,280,559**
Grand total	**1,890,586,685**	**530,929,408**	**448,832,232**	**2,870,348,325**	**8,092,559**	**135,818**	**52,182**	**8,280,559**

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
[1]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Group
Dec-2013

In thousands of Nigerian Naira	Term Loans	Loans and advances to customers Overdrafts	Others	Total	Term Loans	Loans and advances to banks Overdrafts	Others	Total
Against individually impaired:								
Property	3,691,594	2,814,448	1,880,671	8,386,713	-	-	-	-
Equities	6,000,000	-	-	6,000,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	19,653	938,988	15,200	973,841	-	-	-	-
Others[1]	5,367,981	1,034,913	1,503,037	7,905,931	-	-	-	-
Total	**15,079,228**	**4,788,349**	**3,398,908**	**23,266,485**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	101,803,532	80,838,820	6,521,714	189,164,066	-	-	-	-
Equities	998,341	43,245	-	1,041,586	-	-	-	-
Cash	746,916	614,540	548,298	1,909,754	-	-	-	-
Guarantees	3,034,501	2,489,495	1,979,292	7,503,288	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,452,734	561,893	-	3,014,627	-	-	-	-
Others[1]	13,511,265	11,431,120	7,451,925	32,394,310	-	-	-	-
Total	**122,547,289**	**95,979,113**	**16,501,229**	**235,027,631**	**-**	**-**	**-**	**-**
Against past due but not impaired:								
Property	1,247,526	2,187,377	2,474,145	5,909,048	-	-	-	-
Others[1]	27,000	109,875	-	136,875	-	-	-	-
Total	**1,274,526**	**2,297,252**	**2,474,145**	**6,045,923**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	345,213,113	88,231,273	168,575,392	602,019,778	40,000	-	-	40,000
Equities	4,404,477	2,443,770	-	6,848,247	-	-	-	-
Treasury bills	350,700	700,000	-	1,050,700	-	-	-	-
Cash	2,638,259	13,531,068	206,615	16,375,942	462,152	-	-	462,152
Guarantees	30,472,784	17,900,935	10,587,888	58,961,607	-	-	-	-
ATC*, stock hypothecation and ISPO*	46,454,762	2,212,163	841,210	49,508,135	-	-	-	-
Others[1]	515,220,242	30,314,891	125,567,334	671,102,467	-	-	-	-
Total	**944,754,337**	**155,334,100**	**305,778,439**	**1,405,866,876**	**502,152**	**-**	**-**	**502,152**
Grand total	**1,083,655,380**	**258,398,814**	**328,152,721**	**1,670,206,915**	**502,152**	**-**	**-**	**502,152**

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
[1]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Parent
Dec-2014

In thousands of Nigerian Naira	Term Loans	Loans and advances to customers Overdrafts	Others	Total	Term Loans	Loans and advances to banks Overdrafts	Others	Total
Against individually impaired:								
Property	13,349,957	7,154,343	-	20,504,300	-	-	-	-
Others[1]	12,198,056	2,916,309	-	15,114,365	-	-	-	-
Total	25,548,013	10,070,652	-	35,618,665	-	-	-	-
Against collectively impaired:								
Property	94,737,362	57,658,773	70	152,396,205	-	-	-	-
Equities	1,065,435	127	-	1,065,562	-	-	-	-
Cash	39,544	60,666	-	100,210	-	-	-	-
Guarantees	314,810	-	-	314,810	-	-	-	-
ATC*, stock hypothecation and ISPO*	988,361	15,451	-	1,003,812	-	-	-	-
Others[1]	34,568,818	3,208,810	-	37,777,628	-	-	-	-
Total	131,714,330	60,943,827	70	192,658,227	-	-	-	-
Against past due but not impaired:								
Property	2,400,595	3,201,405	-	5,602,000	-	-	-	-
Others[1]	-	65,520,000	-	65,520,000	-	-	-	-
Total	2,400,595	68,721,405	-	71,122,000	-	-	-	-
Against neither past due nor impaired:								
Property	517,003,091	155,328,018	130,426,120	802,757,229	-	135,818	52,182	188,000
Equities	46,531,549	10,068,358	-	56,599,907	-	-	-	-
Treasury bills	415,076	647,851	-	1,062,927	-	-	-	-
Cash	2,686,883	13,359,329	-	16,046,212	-	-	-	-
Guarantees	34,475,111	7,024,292	33,414,267	74,913,670	-	-	-	-
Negative pledge	3,621,978	37,158,931	1,079,091	41,860,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,061,680	1,010,844	-	3,072,524	-	-	-	-
Others[1]	1,065,659,877	119,973,159	251,094,888	1,436,727,924	-	-	-	-
Total	1,672,455,245	344,570,782	416,014,366	2,433,040,393	-	135,818	52,182	188,000
Grand total	1,832,118,183	484,306,666	416,014,436	2,732,439,285	-	135,818	52,182	188,000

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
[1]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Parent
Dec-2013

In thousands of Nigerian Naira	Loans and advances to customers Term Loans	Overdrafts	Others	Total	Loans and advances to banks Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	1,260,000	798,000	-	2,058,000	-	-	-	-
Equities	6,000,000	-	-	6,000,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	922,690	-	922,690	-	-	-	-
Others[1]	4,120,000	-	537,809	4,657,809	-	-	-	-
Total	11,380,000	1,720,690	537,809	13,638,499	-	-	-	-
Against collectively impaired:								
Property	93,371,353	73,846,264	-	167,217,617	-	-	-	-
Equities	998,341	43,245	-	1,041,586	-	-	-	-
Cash	38,000	26,657	-	64,657	-	-	-	-
Guarantees	475,396	367,306	-	842,702	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,452,734	561,893	-	3,014,627	-	-	-	-
Others[1]	3,876,379	3,441,196	-	7,317,575	-	-	-	-
Total	101,212,203	78,286,561	-	179,498,764	-	-	-	-
Against past due but not impaired:								
Property	634,485	1,679,000	2,000,000	4,313,485	-	-	-	-
Others[1]	27,000	109,875	-	136,875	-	-	-	-
Total	661,485	1,788,875	2,000,000	4,450,360	-	-	-	-
Against neither past due nor impaired:								
Property	330,395,671	75,943,609	157,115,115	563,454,395	40,000	-	-	40,000
Equities	4,404,477	2,443,770	-	6,848,247	-	-	-	-
Treasury bills	350,700	700,000	-	1,050,700	-	-	-	-
Cash	2,371,117	13,309,536	-	15,680,653	-	-	-	-
Guarantees	30,472,784	17,900,935	10,587,888	58,961,607	-	-	-	-
ATC*, stock hypothecation and ISPO*	46,454,762	2,212,163	841,210	49,508,135	-	-	-	-
Others[1]	511,104,934	26,902,188	122,384,425	660,391,547	-	-	-	-
Total	925,554,445	139,412,201	290,928,638	1,355,895,284	40,000	-	-	40,000
Grand total	1,038,808,133	221,208,327	293,466,447	1,553,482,907	40,000	-	-	40,000

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
[1]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the consolidated financial statements

Credit risk (continued)

(xii) Analysis of the Bank's investments in debt instruments

The table below shows analysis of debt securities into the different classifications:

Group
Dec-2014

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	60,413	8,257,110	-	8,317,523
State government bonds	-	4,632,153	-	4,632,153
Corporate bonds	-	7,255,924	-	7,255,924
Treasury bills	9,355,506	356,066,635	39,179,198	404,601,339
	9,415,919	376,211,822	39,179,198	424,806,939

The Group’s investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2013: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2013: 1%).

Group
Dec-2013

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	5,143,554	15,879,968	-	21,023,522
State government bonds	-	6,735,679	-	6,735,679
Corporate bonds	-	2,758,568	-	2,758,568
AMCON bonds[1]	-	39,359,346	-	39,359,346
Treasury bills	12,080,113	387,627,235	28,442,629	428,149,977
	17,223,667	452,360,796	28,442,629	498,027,092

[1] AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

Notes to the consolidated financial statements

Parent
Dec-2014

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	60,413	-	-	60,413
State government bonds	-	3,000,000	-	3,000,000
Corporate bonds	-	7,255,924	-	7,255,924
Treasury bills	5,615,132	308,359,706	39,173,640	353,148,478
	5,675,545	318,615,630	39,173,640	363,464,815

The Bank's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2013: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2013: 1%).

Parent
Dec-2013

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	5,143,554	5,207,273	-	10,350,827
State government bonds	-	4,802,488	-	4,802,488
Corporate bonds	-	2,115,879	-	2,115,879
AMCON bonds[1]	-	39,359,346	-	39,359,346
Treasury bills	8,603,128	352,204,680	28,440,947	389,248,755
	13,746,682	403,689,666	28,440,947	445,877,295

[1] AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

(g) Liquidity risk

The Bank's liquidity risk management process is primarily the responsibility of the Market Risk Management Group within the ERM Division.

A brief overview of the bank's liquidity management processes during the year includes the following:

1. Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 30%. The Bank has also set for itself more stringent in-house limits above this regulatory requirement to which it adheres.

2. Monitoring of its cash flow and balance sheet trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank.

3. Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits.

4. Regular monitoring of non-earning assets.

5. Monitoring of deposit concentration.

6. Ensure diversification of funding sources.

7. Monitoring of level of undrawn commitments.

8. Maintaining a contingency funding plan.

(i) Funding approach

The Bank's overall approach to funding is as follows:

1. Generation of large pool of low cost deposits.
2. Maintenance of efficiently diversified sources of funds along product lines, business segments and also regions to avoid concentration risk

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure during the financial year ended December 2014.

The Group's Asset and Liability Management Committee (ALMAC) is charged with the responsibility of managing the Group's daily liquidity position. A daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALMAC. The Risk Management Group sets limits which are in conformity with the regulatory limits. The limits are monitored regularly and exceptions are reported to ALMAC as appropriate. In addition, gap reports are prepared monthly to measure the maturity mismatches between assets and liabilities. The cumulative gap over total assets is not expected to exceed 20%.

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market. Short term liability includes local currency deposits from banks and customers. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

	Dec-2014	Dec-2013
At end of period	40.07%	50.31%
Average for the period	43.88%	49.67%
Maximum for the period	49.27%	55.44%
Minimum for the period	39.66%	43.99%

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

Financial risk management (continued)

(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities

The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

Group
Dec-2014

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	246,939,868	250,389,847	239,154,662	11,139,197	95,988	-	-
Loans and advances to banks	24	5,695,592	5,693,618	5,685,153	8,465	-	-	-
Loans and advances to customers	25	1,275,681,135	1,431,714,017	554,035,961	94,594,689	148,821,499	584,393,083	49,868,785
Financial assets held for trading	26	9,415,919	9,741,606	5,486,589	3,389,846	710,688	25,238	129,245
Derivative financial assets	27	529,732	529,960	327,547	202,413	-	-	-
Investment securities:								
– Available for sale[2]	28	344,701,935	357,149,644	162,306,628	175,785,374	5,205,017	3,155,107	10,697,518
– Held to maturity	28	35,160,640	36,590,932	12,362,550	7,847,703	3,671,654	9,670,792	3,038,233
Assets pledged as collateral	29	39,179,198	40,155,558	40,150,000	-	-	5,558	-
Restricted deposits and other assets[3]	34	291,500,010	291,500,011	284,633,487	430,810	642,796	5,737,435	55,483
		2,248,804,029	2,423,465,193	1,304,142,577	293,398,497	159,147,642	602,987,213	63,789,264
Financial liabilities								
Deposits from banks	35	31,661,622	32,054,688	15,683,485	12,808,033	3,563,170	-	-
Deposits from customers	36	1,618,208,194	1,619,569,682	1,560,312,669	16,175,901	41,155,271	1,872,590	53,251
Derivative financial liabilities	27	253,374	253,395	253,395	-	-	-	-
Debt securities issued	37	167,321,207	167,413,418	3,118	6,237	28,585	167,375,478	-
Other borrowed funds	40	91,298,545	126,782,654	10,075,825	10,308,285	14,860,041	67,092,575	24,445,928
Other liabilities[4]	38	57,106,554	55,944,077	16,783,303	2,627,175	3,714,659	30,758,317	2,060,623
		1,965,849,496	2,002,017,914	1,603,111,795	41,925,631	63,321,726	267,098,960	26,559,802
Gap (asset - liabilities)				(298,969,218)	251,472,866	95,825,916	335,888,253	37,229,462
Cumulative liquidity gap				(298,969,218)	(47,496,352)	48,329,564	384,217,817	421,447,279

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes Prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	307,395,676	311,809,423	289,717,848	13,020,070	8,758,657	6,134	306,714
Loans and advances to banks	24	5,596,476	5,597,833	5,077,230	50,885	467,115	2,603	-
Loans and advances to customers	25	1,002,370,638	1,147,350,371	414,706,338	88,203,905	137,477,468	468,909,154	38,053,506
Financial assets held for trading	26	17,223,667	17,771,629	12,654,108	4,931,950	24,600	25,986	134,985
Derivative financial assets	27	170,101	172,021	172,021	-	-	-	-
Investment securities:								
– Available for sale[2]	28	374,673,147	386,678,450	166,702,321	185,447,549	25,834,837	915,943	7,777,800
– Held to maturity	28	84,741,890	105,238,036	14,245,281	12,187,002	57,867,151	15,174,567	5,764,035
Assets pledged as collateral	29	28,442,629	29,151,682	10,000,000	19,150,000	-	-	1,682
Restricted deposits and other assets[3]	34	184,443,909	184,443,908	150,649,576	6,433,233	2,052,850	18,897,683	6,410,566
		2,005,058,133	2,188,213,353	1,063,924,723	329,424,594	232,482,678	503,932,070	58,449,288
Financial liabilities								
Deposits from banks	35	15,208,300	15,208,393	9,854,792	4,322,203	1,031,398	-	-
Deposits from customers	36	1,427,493,697	1,442,366,203	1,382,213,253	19,244,410	37,126,405	3,782,135	-
Derivative financial liabilities	27	3,883	3,895	3,895	-	-	-	-
Debt securities issued	37	156,498,167	158,342,222	5,574	897,330	14,070,927	143,368,391	-
Other borrowed funds	40	92,134,872	134,877,834	989,043	11,079,695	10,936,944	104,044,640	7,827,512
Other liabilities[4]	38	60,758,131	60,758,340	19,901,917	29,780,885	1,356,405	9,715,169	3,964
		1,752,097,050	1,811,556,887	1,412,968,474	65,324,523	64,522,079	260,910,335	7,831,476
Gap (asset - liabilities)				(349,043,751)	264,100,071	167,960,599	243,021,735	50,617,812
Cumulative liquidity gap				(349,043,751)	(84,943,680)	83,016,919	326,038,654	376,656,466

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes Prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2014

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	161,778,647	165,228,680	162,731,551	2,497,129	-	-	-
Loans and advances to banks	24	30,815	28,826	20,361	8,465	-	-	-
Loans and advances to customers	25	1,182,393,874	1,338,426,815	516,945,590	81,327,620	127,520,277	564,954,405	47,678,923
Financial assets held for trading	26	5,675,545	6,001,231	1,746,214	3,389,846	710,688	25,238	129,245
Derivative financial assets	27	529,732	529,960	327,547	202,413	-	-	-
Investment securities:								
– Available for sale[2]	28	317,749,878	330,197,587	146,919,571	165,643,448	5,000,000	3,155,107	9,479,461
– Held to maturity	28	4,511,342	5,941,644	-	-	1,680,493	4,261,151	-
Assets pledged as collateral	29	39,173,640	40,150,000	40,150,000	-	-	-	-
Restricted deposits and other assets[3]	34	294,152,603	294,152,603	288,505,504	-	-	5,647,099	-
		2,005,996,076	2,180,657,346	1,157,346,338	253,068,921	134,911,458	578,043,000	57,287,629
Financial liabilities								
Deposits from banks	35	143,713	143,713	143,713	-	-	-	-
Deposits from customers	36	1,439,522,070	1,441,326,177	1,438,492,020	2,675,032	157,691	1,434	-
Derivative financial liabilities	27	253,374	253,395	253,395	-	-	-	-
Debt securities issued	37	-	-	-	-	-	-	-
Other borrowed funds	40	252,830,895	288,314,976	4,844,633	10,308,285	14,860,041	235,585,972	22,716,045
Other liabilities[4]	38	47,648,710	47,648,709	19,190,761	2,536,885	2,532,194	22,629,896	758,973
		1,740,398,762	1,777,686,970	1,462,924,522	15,520,202	17,549,926	258,217,302	23,475,018
Gap (asset - liabilities)				(305,578,184)	237,548,719	117,361,532	319,825,698	33,812,611
Cumulative liquidity gap				(305,578,184)	(68,029,465)	49,332,067	369,157,765	402,970,376

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes Prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	228,609,551	233,023,188	225,407,213	5,919,821	1,696,154	-	-
Loans and advances to banks	24	16,976	18,380	9,307	1,507	4,963	2,603	-
Loans and advances to customers	25	926,967,093	1,067,797,258	392,702,569	74,561,102	121,693,472	443,619,222	35,220,893
Financial assets held for trading	26	13,746,682	14,294,645	9,177,124	4,931,950	24,600	25,986	134,985
Derivative financial assets	27	170,101	172,021	172,021	-	-	-	-
Investment securities:								
– Available for sale[2]	28	364,056,362	373,566,304	162,566,944	184,006,288	22,031,922	-	4,961,150
– Held to maturity	28	46,682,498	62,075,462	2,131,068	-	52,446,262	7,498,132	-
Assets pledged as collateral	29	28,440,947	29,150,000	10,000,000	19,150,000	-	-	-
Restricted deposits and other assets[3]	34	180,624,220	180,624,220	148,452,673	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,314,430	1,960,721,478	950,618,919	294,681,894	199,309,968	470,014,227	46,096,470
Financial liabilities								
Deposits from banks	35	88,729	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	1,276,476,150	1,271,292,879	3,485,212	1,690,923	7,136	-
Derivative financial liabilities	27	3,883	3,895	3,895	-	-	-	-
Debt securities issued	37	13,233,595	14,942,276	-	888,638	14,053,638	-	-
Other borrowed funds	40	233,040,108	275,782,352	988,324	11,079,695	10,500,013	246,979,660	6,234,660
Other liabilities[4]	38	48,827,170	48,827,170	16,569,967	29,645,645	401,186	2,206,408	3,964
		1,557,120,520	1,616,120,572	1,288,943,794	45,099,190	26,645,760	249,193,204	6,238,624
Gap (asset - liabilities)				(338,324,875)	249,582,704	172,664,208	220,821,023	39,857,846
Cumulative liquidity gap				(338,324,875)	(88,742,171)	83,922,037	304,743,060	344,600,906

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes Prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Financial risk management (continued)

(iv) Residual contractual maturities of financial assets and liabilities

The following table shows the contractual maturities at year end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liabilities to be recovered or settled. These figures do not include elements of future incomes or costs.

Group
Dec-2014

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	246,939,868	234,765,290	11,158,749	203,731	423,262	388,836
Loans and advances to banks	24	5,695,592	5,687,467	8,125	-	-	-
Loans and advances to customers	25	1,275,681,135	532,904,349	79,325,791	121,937,323	495,122,281	46,391,391
Financial assets held for trading	26	9,415,919	1,713,685	3,881,771	3,760,050	19,129	41,284
Derivative financial assets	27	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[2]	28	344,701,935	160,647,620	168,918,536	4,527,551	2,374,341	8,233,887
– Held to maturity	28	35,160,640	12,362,560	7,847,703	3,502,503	8,409,641	3,038,233
Assets pledged as collateral	29	39,179,198	39,173,640	-	-	5,558	-
Restricted deposits and other assets[3]	34	291,500,010	284,633,486	430,810	642,796	5,737,435	55,483
		2,248,804,029	1,272,215,570	271,773,744	134,573,954	512,091,647	58,149,114
Financial liabilities							
Deposits from banks	35	31,661,622	15,290,419	13,295,470	3,075,733	-	-
Deposits from customers	36	1,618,208,194	1,560,079,360	16,133,165	40,071,634	1,870,784	53,251
Derivative financial liabilities	27	253,374	253,374	-	-	-	-
Debt securities issued	37	167,321,207	-	-	-	167,321,207	-
Other borrowed funds	40	91,298,545	9,650,650	4,847,122	7,825,608	45,069,006	23,906,159
Other liabilities[4]	38	57,106,554	17,945,780	2,627,175	3,714,659	30,758,317	2,060,623
		1,965,849,496	1,603,219,583	36,902,932	54,687,634	245,019,314	26,020,033
Gap (asset - liabilities)			(331,004,013)	234,870,812	79,886,320	267,072,333	32,129,081
Cumulative liquidity gap			(331,004,013)	(96,133,201)	(16,246,881)	250,825,452	282,954,533

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Group
Dec-2014

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	497,857,280	50,876,505	22,917,005	40,494,783	59,008,720	324,560,267
Short term foreign currency related transactions	45	23,086,579	13,119,579	6,307,500	3,659,500	-	-
Clean line facilities and letters of credit	45	153,494,479	99,312,621	20,527,419	1,940,599	31,713,840	-
Other commitments	45	8,485,425	4,939,217	457,704	1,278,856	1,145,176	664,472
		682,923,763	168,247,922	50,209,628	47,373,738	91,867,736	325,224,739

[1] Includes balances with no specific contractual maturities

Notes to the financial statements

Residual contractual maturities of financial assets and liabilities
Group
Dec-2013

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	307,395,676	287,152,129	11,410,570	8,520,129	6,134	306,714
Loans and advances to banks	24	5,596,476	5,076,820	50,628	466,528	2,500	-
Loans and advances to customers	25	1,002,370,638	393,353,291	75,102,163	110,010,379	389,641,946	34,262,859
Financial assets held for trading	26	17,223,667	8,923,311	5,317,092	2,919,671	19,267	44,326
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale[2]	28	374,673,147	164,207,494	178,162,155	23,614,897	42,673	8,645,928
– Held to maturity	28	84,741,890	14,058,383	12,026,838	44,558,792	10,397,702	3,700,175
Assets pledged as collateral	29	28,442,629	9,944,110	18,496,837	-	-	1,682
Restricted deposits and other assets[3]	34	184,443,909	150,649,577	6,433,233	2,052,850	18,897,683	6,410,566
		2,005,058,133	1,033,535,216	306,999,516	192,143,246	419,007,905	53,372,250
Financial liabilities							
Deposits from banks	35	15,208,300	9,854,698	4,876,773	476,829	-	-
Deposits from customers	36	1,427,493,697	1,367,487,360	19,126,749	37,101,602	3,777,986	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	156,498,167	-	68,595	13,165,000	143,264,572	-
Other borrowed funds	40	92,134,872	984,059	6,567,045	4,774,451	78,216,465	1,592,852
Other liabilities[4]	38	60,758,131	19,901,708	29,780,885	1,356,405	9,715,169	3,964
		1,752,097,050	1,398,231,708	60,420,047	56,874,287	234,974,192	1,596,816
Gap (asset - liabilities)			(364,696,492)	246,579,469	135,268,959	184,033,713	51,775,434
Cumulative liquidity gap			(364,696,492)	(118,117,023)	17,151,936	201,185,649	252,961,083

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Group
Dec-2013

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	438,406,221	35,945,448	23,787,669	55,048,183	49,486,581	274,138,340
Short term foreign currency related transactions	45	28,169,581	27,469,212	700,369	-	-	-
Clean line facilities and letters of credit	45	91,820,634	42,757,380	17,499,394	1,171,128	30,392,732	-
Other commitments	45	8,727,345	3,897,905	3,057,894	527,862	787,024	456,660
		567,123,781	110,069,945	45,045,326	56,747,173	80,666,337	274,595,000

[1] Includes balances with no specific contractual maturities

Notes to the financial statements

Residual contractual maturities of financial assets and liabilities

The following table shows the contractual maturities at year end of the Bank's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liabilities to be recovered or settled. These figures do not include elements of future incomes or costs.

Parent
Dec-2014

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	161,778,647	159,323,888	2,454,759	-	-	-
Loans and advances to banks	24	30,815	22,690	8,125	-	-	-
Loans and advances to customers	25	1,182,393,874	495,440,463	65,555,647	99,313,431	477,882,804	44,201,529
Financial assets held for trading	26	5,675,545	1,713,686	3,258,724	642,722	19,129	41,284
Derivative financial assets	27	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[2]	28	317,749,878	145,260,563	158,776,610	4,322,534	2,374,341	7,015,830
– Held to maturity	28	4,511,342	-	-	1,511,342	3,000,000	-
Assets pledged as collateral	29	39,173,640	39,173,640	-	-	-	-
Restricted deposits and other assets[3]	34	294,152,603	288,505,504	-	-	5,647,099	-
		2,005,996,076	1,129,767,907	230,256,124	105,790,029	488,923,373	51,258,643
Financial liabilities							
Deposits from banks	35	143,713	143,713	-	-	-	-
Deposits from customers	36	1,439,522,070	1,436,778,090	2,589,568	153,120	1,292	-
Derivative financial liabilities	27	253,374	253,374	-	-	-	-
Debt securities issued	37	-	-	-	-	-	-
Other borrowed funds	40	252,830,895	4,419,486	4,847,122	7,825,608	213,562,403	22,176,276
Other liabilities[4]	38	47,648,710	19,190,762	2,536,885	2,532,194	22,629,896	758,973
		1,740,398,762	1,460,785,425	9,973,575	10,510,922	236,193,591	22,935,249
Gap (asset - liabilities)			(331,017,518)	220,282,549	95,279,107	252,729,782	28,323,394
Cumulative liquidity gap			(331,017,518)	(110,734,969)	(15,455,862)	237,273,920	265,597,314

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Notes to the financial statements

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Parent
Dec-2014

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	483,566,238	42,045,909	21,758,181	36,272,765	58,929,116	324,560,267
Short term foreign currency related transactions	45	20,103,363	10,136,363	6,307,500	3,659,500	-	-
Clean line facilities and letters of credit	45	145,470,036	96,198,633	17,212,640	475,088	31,583,675	-
		649,139,637	148,380,905	45,278,321	40,407,353	90,512,791	324,560,267

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	228,609,551	222,841,603	4,310,321	1,457,627	-	-
Loans and advances to banks	24	16,976	8,850	1,250	4,376	2,500	-
Loans and advances to customers	25	926,967,093	374,873,788	61,031,154	93,779,786	365,809,717	31,472,648
Financial assets held for trading	26	13,746,682	8,923,310	4,737,919	21,860	19,267	44,326
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale[2]	28	364,056,362	160,176,479	176,801,838	20,028,851	-	7,049,194
– Held to maturity	28	46,682,498	2,102,574	-	39,461,752	5,118,172	-
Assets pledged as collateral	29	28,440,947	9,944,110	18,496,837	-	-	-
Restricted deposits and other assets[3]	34	180,624,220	148,452,673	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,314,430	927,493,488	271,490,545	156,166,847	389,817,940	44,345,610
Financial liabilities							
Deposits from banks	35	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	1,256,834,971	3,397,584	1,688,171	6,309	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	13,233,595	-	68,595	13,165,000	-	-
Other borrowed funds	40	233,040,108	984,058	6,567,045	4,337,520	221,151,485	-
Other liabilities[4]	38	48,827,170	16,569,967	29,645,645	401,186	2,206,408	3,964
		1,557,120,520	1,274,481,608	39,678,869	19,591,877	223,364,202	3,964
Gap (asset - liabilities)			(346,988,120)	231,811,676	136,574,970	166,453,738	44,341,646
Cumulative liquidity gap			(346,988,120)	(115,176,444)	21,398,526	187,852,264	232,193,910

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[3] Excludes prepayments

[4] Excludes deferred income

Management of this liquidity gap is as disclosed in Note 4(g)

Notes to the financial statements

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Parent
Dec-2013

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	431,691,415	34,123,411	22,384,301	51,749,377	49,377,487	274,056,839
Short term foreign currency related transactions	45	27,469,212	27,469,212	-	-	-	-
Clean line facilities and letters of credit	45	77,388,975	32,158,735	14,505,589	598,040	30,126,611	-
		536,549,602	93,751,358	36,889,890	52,347,417	79,504,098	274,056,839

[1] Includes balances with no specific contractual maturities

(v) Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities. The Group's interest rate risk exposure on assets and liabilities are categorised by the earlier of contractual re–pricing or maturity dates.

Group
Dec-2014

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	246,939,868	236,176,164	10,763,704	-	-	-
Loans and advances to banks	24	5,695,592	5,695,592	-	-	-	-
Loans and advances to customers	25	1,275,681,135	1,175,226,538	14,751,513	20,666,012	22,651,712	42,385,360
Financial assets held for trading	26	9,415,919	5,454,060	3,258,724	642,722	19,129	41,284
Derivative financial assets	27	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[1]	28	344,701,935	160,647,620	168,918,536	4,527,551	2,374,341	8,233,887
– Held to maturity	28	35,160,640	12,362,560	7,847,703	3,502,503	8,409,641	3,038,233
Assets pledged as collateral	29	39,179,198	39,173,640	-	-	5,558	-
Restricted deposits and other assets[2]	34	291,500,010	284,633,486	430,810	642,796	5,737,435	55,483
		2,248,804,029	**1,919,697,133**	**206,173,249**	**29,981,584**	**39,197,816**	**53,754,247**
Financial liabilities							
Deposits from banks	35	31,661,622	15,777,856	12,808,033	3,075,733	-	-
Deposits from customers	36	1,618,208,194	1,559,697,597	16,224,393	40,362,169	1,870,784	53,251
Derivative financial liabilities	27	253,374	253,374	-	-	-	-
Debt securities issued	37	167,321,207	-	-	-	167,321,207	-
Other borrowed funds	40	91,298,545	11,380,533	4,847,122	7,825,608	45,069,006	22,176,276
Other liabilities[3]	38	57,106,554	18,090,817	2,627,175	3,569,622	30,758,317	2,060,623
		1,965,849,496	**1,605,200,177**	**36,506,723**	**54,833,132**	**245,019,314**	**24,290,150**
		282,954,533	**314,496,956**	**169,666,526**	**(24,851,548)**	**(205,821,498)**	**29,464,097**

[1] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[2] Excludes prepayments

[3] Excludes deferred income

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities. The Group's interest rate risk exposure on assets and liabilities are categorised by the earlier of contractual re–pricing or maturity dates.

Group
Dec-2013

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	307,395,676	287,152,129	11,410,570	8,520,129	6,134	306,714
Loans and advances to banks	24	5,596,476	5,547,098	49,378	-	-	-
Loans and advances to customers	25	1,002,370,638	902,713,925	13,807,950	15,319,680	26,685,054	43,844,029
Financial assets held for trading	26	17,223,667	8,923,311	5,317,092	2,919,671	63,593	-
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale[1]	28	374,673,147	164,258,023	178,004,813	23,721,710	42,673	8,645,928
– Held to maturity	28	84,741,890	14,058,383	12,026,838	44,558,792	10,397,702	3,700,175
Assets pledged as collateral	29	28,442,629	9,944,110	18,496,837	-	-	1,682
Restricted deposits and other assets[2]	34	184,443,909	150,649,577	6,433,233	2,052,850	18,897,683	6,410,566
		2,005,058,133	**1,543,416,657**	**245,546,711**	**97,092,832**	**56,092,839**	**62,909,094**
Financial liabilities							
Deposits from banks	35	15,208,300	9,854,699	4,322,203	1,031,398	-	-
Deposits from customers	36	1,427,493,697	1,367,487,361	19,126,749	37,101,602	3,777,985	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	156,498,167	-	68,595	13,165,000	143,264,572	-
Other borrowed funds	40	92,134,872	2,576,910	6,567,045	4,774,451	78,216,466	-
Other liabilities[3]	38	60,758,131	19,901,708	29,780,885	1,356,405	9,715,169	3,964
		1,752,097,050	**1,399,824,561**	**59,865,477**	**57,428,856**	**234,974,192**	**3,964**
		252,961,083	**143,592,096**	**185,681,234**	**39,663,976**	**(178,881,353)**	**62,905,130**

[1] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[2] Excludes prepayments

[3] Excludes deferred income

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities. The Group's interest rate risk exposure on assets and liabilities are categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2014

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	161,778,647	159,323,888	2,454,759	-	-	-
Loans and advances to banks	24	30,815	30,815	-	-	-	-
Loans and advances to customers	25	1,182,393,874	1,137,762,651	-	428,898	4,006,827	40,195,498
Financial assets held for trading	26	5,675,545	1,713,686	3,258,724	642,722	19,129	41,284
Derivative financial assets	27	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[1]	28	317,749,878	145,260,563	158,776,610	4,322,534	2,374,341	7,015,830
– Held to maturity	28	4,511,342	-	-	1,511,342	3,000,000	-
Assets pledged as collateral	29	39,173,640	39,173,640	-	-	-	-
Restricted deposits and other assets[2]	34	294,152,603	288,505,504	-	-	5,647,099	-
		2,005,996,076	**1,772,098,220**	**164,692,352**	**6,905,496**	**15,047,396**	**47,252,612**
Financial liabilities							
Deposits from banks	35	143,713	143,713	-	-	-	-
Deposits from customers	36	1,439,522,070	1,436,778,090	2,589,568	153,120	1,292	-
Derivative financial liabilities	27	253,374	253,374	-	-	-	-
Debt securities issued	37	-	-	-	-	-	-
Other borrowed funds	40	252,830,895	4,419,486	4,847,122	7,825,608	213,562,403	22,176,276
Other liabilities[3]	38	47,648,710	19,190,762	2,536,885	2,532,194	22,629,896	758,973
		1,740,398,762	**1,460,785,425**	**9,973,575**	**10,510,922**	**236,193,591**	**22,935,249**
		265,597,314	**311,312,795**	**154,718,777**	**(3,605,426)**	**(221,146,195)**	**24,317,363**

[1] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[2] Excludes prepayments

[3] Excludes deferred income

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities. The Group's interest rate risk exposure on assets and liabilities are categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2013

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	228,609,551	222,841,603	4,310,321	1,457,627	-	-
Loans and advances to banks	24	16,976	16,976	-	-	-	-
Loans and advances to customers	25	926,967,093	884,195,417	-	-	1,712,834	41,058,842
Financial assets held for trading	26	13,746,682	8,923,310	4,737,919	21,860	63,593	-
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale[1]	28	364,056,362	160,176,479	176,801,838	20,028,851	-	7,049,194
– Held to maturity	28	46,682,498	2,102,574	-	39,461,752	5,118,172	-
Assets pledged as collateral	29	28,440,947	9,944,110	18,496,837	-	-	-
Restricted deposits and other assets[2]	34	180,624,220	148,452,673	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,314,430	**1,436,823,243**	**210,458,141**	**62,382,685**	**25,762,883**	**53,887,478**
Financial liabilities							
Deposits from banks	35	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	1,256,834,972	3,397,584	1,688,171	6,308	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	13,233,595	-	68,595	13,165,000	-	-
Other borrowed funds	40	233,040,108	984,057	6,567,045	4,337,520	221,151,486	-
Other liabilities[3]	38	48,827,170	16,569,967	29,645,645	401,186	2,206,408	3,964
		1,557,120,520	**1,274,481,608**	**39,678,869**	**19,591,877**	**223,364,202**	**3,964**
		232,193,910	**162,341,635**	**170,779,272**	**42,790,808**	**(197,601,319)**	**53,883,514**

[1] Included in *More than 5 years* maturity bucket of available for sale are equity securities.

[2] Excludes prepayments

[3] Excludes deferred income

(h) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trade requires transaction specific or counterparty specific approvals from Group Risk Management Unit.

(i) Market risk

Market risk is the risk that changes in market variables, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Management of market risk

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury Group, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. With the exception of translation risk arising on the Group's net investment in its foreign operations, all foreign exchange risks within the Group are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in Market Risk Management Committee. However, the Market Risk Management group within the Enterprise-wide Risk Management Division is responsible for the development of detailed risk management policies (subject to review and approval by the Committee) and for the day-to-day review of their implementation.

(ii) Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earning-at-Risk approach. Specific limits (regulatory and in-house) have been set across the various trading portfolios to prevent undue exposure and the market risk management group ensures that these limits and triggers are adhered to by the bank.

The bank traded in the following financial instruments in the course of the period;

1. Treasury Bills
2. Bonds (Spot and Repo transactions)
3. Foreign currencies (Spot, Forwards and Swaps)
4. Money market products

(iii) Exposure to interest rate risk – Trading and non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALMAC is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Group's interest rate gap position on trading and non-trading portfolios is as follows:

The Bank makes use of limit monitoring, earnings-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books.

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

During the period, the key potential risks the bank was exposed to from these instruments were foreign exchange risk and interest rate risk and price risk. However, all potential risk exposures in the course of the period were successfully mitigated as mentioned above.

(v) Other market risks: Sensitivity analysis of non-trading portfolios to various scenarios

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the Group and equity price risk is subject to regular monitoring by Group Management Risk committee, but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

At 31 December, 2014, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions. Major assumptions underlying the sensitivity are as follows:

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (December 2013 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 170.

  In arriving at the 100 basis point used for the sensitivity analysis of interest rate, the fluctuation in the interest rate of the Group's major assets and liabilities were considered as shown below:

- The prime lending rate on loans and advances which ranged between 15.88% and 16.95% over the period, a change of about 100 basis points is therefore desirable.

- The discount rate on various maturities of treasury bills ranged between 9.75% and 11.92% over the financial period as published by Central Bank of Nigeria (CBN) which represents a variability of about 100 basis points in the observed discount rates for the year.

- A 100 basis point proportional change in the cost of fund was also assumed as costs of funds seldom vary beyond 100 basis point.

The table below shows the changes that would impact the income statement after carrying out interest rate sensitivity.

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	**164,605**	**139,586**	**(1,224,723)**	**(1,020,994)**
Asset	(18,176,907)	(15,413,974)	(18,138,074)	(15,120,859)
Liabilities	18,341,512	15,553,560	16,913,351	14,099,865
Increase	**(164,605)**	**(139,586)**	**1,224,723**	**1,020,994**
Asset	18,176,907	15,413,974	18,138,074	15,120,859
Liabilities	(18,341,512)	(15,553,560)	(16,913,351)	(14,099,865)

Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	**(182,591)**	**(154,572)**	**(1,049,970)**	**(886,264)**
Asset	(15,716,161)	(13,304,474)	(16,132,864)	(13,617,546)
Liabilities	15,533,570	13,149,902	15,082,894	12,731,282
Increase	**182,591**	**154,572**	**1,049,970**	**886,264**
Asset	15,716,161	13,304,474	16,132,864	13,617,546
Liabilities	(15,533,570)	(13,149,902)	(15,082,894)	(12,731,282)

The aggregated figures presented above are further segregated into their various components as shown in the following tables:

Components of Statement of financial position Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)

Group

In thousands of Nigerian Naira	Dec-2014 Pre-tax	Dec-2014 Post-tax	Dec-2013 Pre-tax	Dec-2013 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(2,420,160)	(2,052,290)	(3,073,957)	(2,562,613)
Loans and advances to banks	(56,956)	(48,298)	(55,965)	(46,655)
Loans and advances to customers	(11,025,736)	(9,349,798)	(10,027,881)	(8,359,773)
Financial assets held for trading	(192,745)	(163,447)	(172,237)	(143,586)
Investment securities	(4,089,518)	(3,467,902)	(4,523,608)	(3,771,119)
Assets pledged as collateral	(391,792)	(332,239)	(284,426)	(237,113)
	(18,176,907)	**(15,413,974)**	**(18,138,074)**	**(15,120,859)**
Liabilities				
Deposits from banks	334,341	283,521	152,083	126,784
Deposits from customers	15,420,974	13,076,950	14,274,937	11,900,344
Debt securities issued	1,673,212	1,418,880	1,564,982	1,304,652
Other borrowed funds	912,985	774,209	921,349	768,085
	18,341,512	**15,553,560**	**16,913,351**	**14,099,866**
Total	**164,605**	**139,586**	**(1,224,723)**	**(1,020,994)**
Increase				
Assets				
Cash and cash equivalents	2,420,160	2,052,290	3,073,957	2,562,613
Loans and advances to banks	56,956	48,298	55,965	46,655
Loans and advances to customers	11,025,736	9,349,798	10,027,881	8,359,773
Financial assets held for trading	192,745	163,447	172,237	143,586
Investment securities:	4,089,518	3,467,902	4,523,608	3,771,119
Assets pledged as collateral	391,792	332,239	284,426	237,113
	18,176,907	**15,413,974**	**18,138,074**	**15,120,859**
Liabilities				
Deposits from banks	(334,341)	(283,521)	(152,083)	(126,784)
Deposits from customers	(15,420,974)	(13,076,950)	(14,274,937)	(11,900,344)
Debt securities issued	(1,673,212)	(1,418,880)	(1,564,982)	(1,304,652)
Other borrowed funds	(912,985)	(774,209)	(921,349)	(768,085)
	(18,341,512)	**(15,553,560)**	**(16,913,351)**	**(14,099,865)**
Total	**(164,605)**	**(139,586)**	**1,224,723**	**1,020,994**

Bank

In thousands of Nigerian Naira	Dec-2014 Pre-tax	Dec-2014 Post-tax	Dec-2013 Pre-tax	Dec-2013 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(1,541,356)	(1,304,831)	(2,286,096)	(1,929,664)
Loans and advances to Banks	(308)	(261)	(170)	(143)
Loans and advances to Customers	(10,092,864)	(8,544,086)	(9,269,671)	(7,824,413)
Financial assets held for trading	(155,341)	(131,504)	(137,467)	(116,034)
Investment securities	(3,534,556)	(2,992,169)	(4,155,051)	(3,507,226)
Assets pledged as collateral	(391,736)	(331,623)	(284,409)	(240,066)
	(15,716,161)	**(13,304,474)**	**(16,132,864)**	**(13,617,546)**
Liabilities				
Deposits from banks	19,162	16,222	887	749
Deposits from customers	13,606,922	11,518,903	12,619,270	10,651,768
Debt securities issued	-	-	132,336	111,703
Other borrowed funds	1,907,486	1,614,777	2,330,401	1,967,062
	15,533,570	**13,149,902**	**15,082,894**	**12,731,282**
Total	**(182,591)**	**(154,572)**	**(1,049,970)**	**(886,264)**
Increase				
Assets				
Cash and cash equivalents	1,541,356	1,304,831	2,286,096	1,929,664
Loans and advances to Banks	308	261	170	143
Loans and advances to Customers	10,092,864	8,544,086	9,269,671	7,824,413
Financial assets held for trading	155,341	131,504	137,467	116,034
Investment securities	3,534,556	2,992,169	4,155,051	3,507,226
Assets pledged as collateral	391,736	331,623	284,409	240,066
	15,716,161	**13,304,474**	**16,132,864**	**13,617,546**
Liabilities				
Deposits from banks	(19,162)	(16,222)	(887)	(749)
Deposits from customers	(13,606,922)	(11,518,903)	(12,619,270)	(10,651,768)
Debt securities issued	-	-	(132,336)	(111,703)
Other borrowed funds	(1,907,486)	(1,614,777)	(2,330,401)	(1,967,062)
	(15,533,570)	**(13,149,902)**	**(15,082,894)**	**(12,731,282)**
Total	**182,591**	**154,572**	**1,049,970**	**886,264**

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group manages the cash flow interest rate risk by reference to floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (primarily half yearly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2014, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	458,502	388,809	507,352	421,102
Increase	(458,502)	(388,809)	(507,352)	(421,102)

Parent

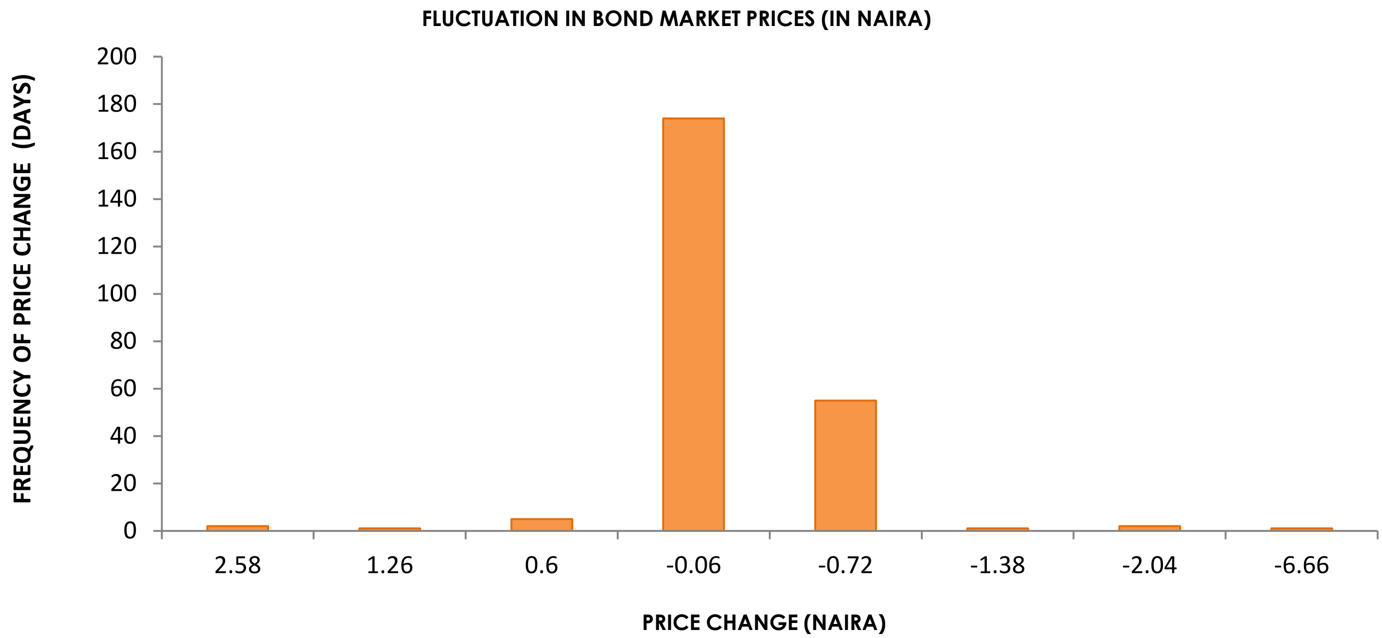
In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	429,558	363,641	487,183	409,234
Increase	(429,558)	(363,641)	(487,183)	(409,234)

(vi) Sensitivity Analysis of Trading Portfolio to Price and its Impact on Profit and Loss

1. Held for Trade - Bond price sensitivity

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in market prices of bond:

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.
- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in bond prices. The graph below indicates that large proportion of changes in price falls within the range of ± 1 naira.
- The chosen reasonable change in market prices was then applied to the bank's holding of trading bonds as at end of the period.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December 2014, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	(689)	(585)	(50,689)	(42,256)
Increase	689	585	50,689	42,256

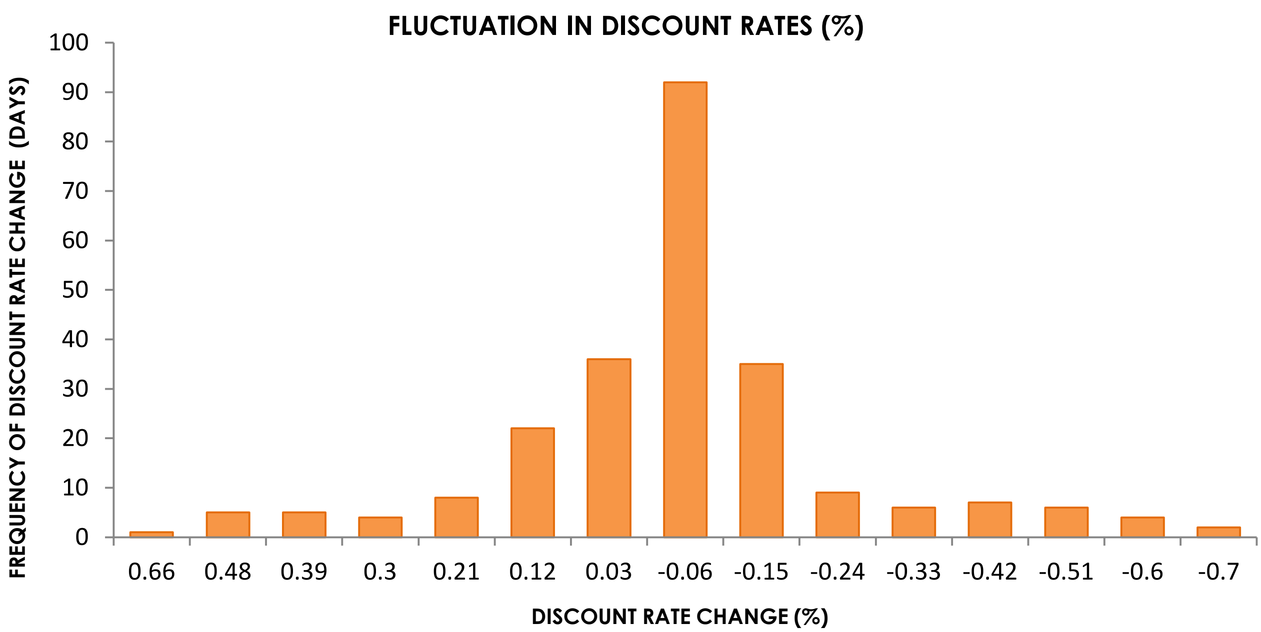
Parent

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	(689)	(584)	(50,689)	(42,787)
Increase	689	584	50,689	42,787

2. Held for Trade - Treasury bills discount rate / price sensitivity

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in market prices of treasury bills:

- Daily market discount rates were obtained, converted to prices and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls within the range of 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Trading bills



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December 2014, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	9,841	8,040	11,195	9,450
Increase	(9,841)	(8,040)	(11,195)	(9,450)

Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	9,841	8,026	11,195	9,450
Increase	(9,841)	(8,026)	(11,195)	(9,450)

(vii) Sensitivity Analysis of Available for Sale Portfolio to Price and its Impact on OCI

3. Financial Instrument fair value through equity - Other Comprehensive Income (OCI)

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at December 31, 2014 and the comparative period in 2013. The Group carried out the following in determining sensitivity of the Group's other comprehensive income to fluctuations in market prices of the financial assets:

Available for Sale Bonds to be fair valued through equity - Other Comprehensive Income (OCI)

- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in market prices. The results were that fluctuations were in the range of ± 1 naira.

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2014, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(61,735)	(52,351)	(47,500)	(40,095)
Increase	61,735	52,351	47,500	40,095

Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(61,735)	(52,262)	(47,500)	(40,095)
Increase	61,735	52,262	47,500	40,095

Available for Sale Treasury Bills to be fair valued through equity - Other Comprehensive Income (OCI)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in market prices of treasury bills:

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of ± 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls in the range of ± 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Available for Sale treasury bills as at end of the period.

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2014, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	699,608	593,266	454,098	378,545
Increase	(699,608)	(593,266)	(454,098)	(378,545)

Parent

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	699,608	592,251	454,098	378,545
Increase	(699,608)	(592,251)	(454,098)	(378,545)

(viii) Sensitivity analysis of level 3 equity Instruments and its impact on OCI

The estimated fair value per share of each of the unquoted equity instruments has been determined using the relevant valuation models (where applicable/suitable). IFRS 13 outlines three approaches to fair value measurements. We have adopted the income approach in determining the fair values of these investments. Among the significant inputs into the models are the following:

1. Risk free rate (Rf) 2. Beta (B) coefficient 3. Market return (Rm)
4. Free cash flow (FCF) 5. Cost of debt/equity etc.

The inputs were used to determine appropriate weighted cost of capital which subsequently was used to discount the free cash flow of the company before arriving at the appropriate fair value of the share of the unquoted equity.

In determining the sensitivity of the fair value of the share of the unquoted equity to changes to the various inputs, we have assumed a 100 basis points increase or decrease to equity price of the company determined using discounted cash flow, the resultant impact to pre-tax and post-tax results arising from the sensitivity analysis are as shown in the table below:

Group

In thousands of Nigerian Naira	**Dec-2014 Pre-tax**	**Dec-2014 Post-tax**	**Dec-2013 Pre-tax**	**Dec-2013 Post-tax**
Decrease	(36,309)	(29,962)	(69,751)	(59,395)
Increase	36,309	29,962	69,751	59,395

Parent

In thousands of Nigerian Naira	**Dec-2014 Pre-tax**	**Dec-2014 Post-tax**	**Dec-2013 Pre-tax**	**Dec-2013 Post-tax**
Decrease	(36,309)	(30,595)	(69,751)	(59,395)
Increase	36,309	30,595	69,751	59,395

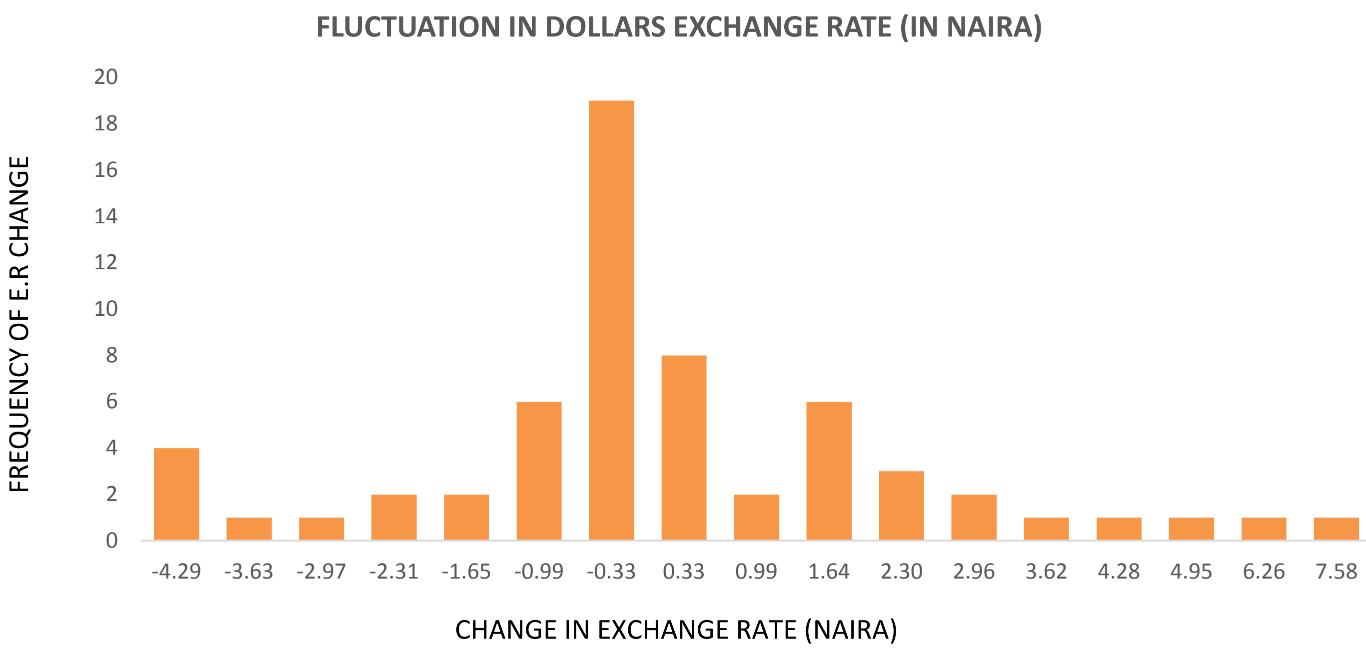
(ix) Exposure to foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and UK pound. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt amongst others. The value of these instruments fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates**.** The Group deploys foreign derivative instruments whose values hedges currency debts to foreign currency loans and advances to eliminate exchange exposures on such borrowings.

Foreign exchange profit or loss (Dollars)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of dollars:

- Daily dollar exchange rates were obtained and trended
- A reasonably possible change of ± 2.30 was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2.30.
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the period.



At 31 December 2014, if the Naira had weakened/strengthened by ± 2.30 against the Dollar with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(1,554,158)	(1,317,922)	(479,910)	(400,063)
Increase	1,554,158	1,317,922	479,910	400,063

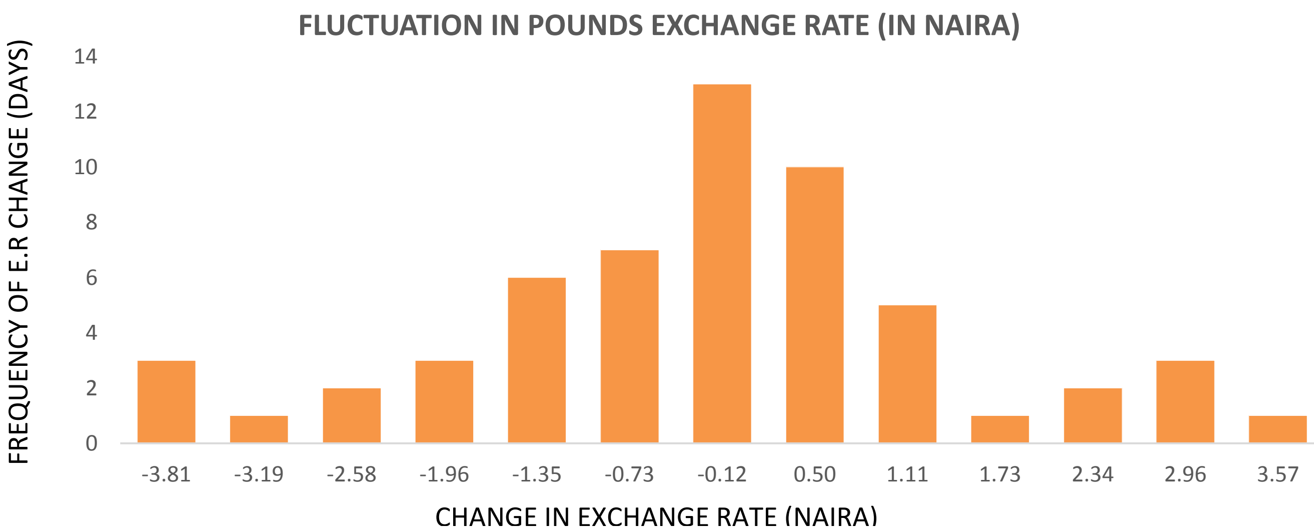
Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(1,542,031)	(1,305,402)	(472,407)	(398,754)
Increase	1,542,031	1,305,402	472,407	398,754

Foreign exchange profit or loss (Pounds)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of pounds:

- Daily pound exchange rates were obtained and trended
- A reasonably possible change of ± 2.58 was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2.58.
- The chosen reasonable change in exchange rates was then applied to the bank's ± 2.58 position as at end of the period.



At 31 December 2014, if the Naira had weakened/strengthened by ± 2.58 against the Pounds with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(16,333)	(13,851)	45,454	37,891
Increase	16,333	13,851	(45,454)	(37,891)

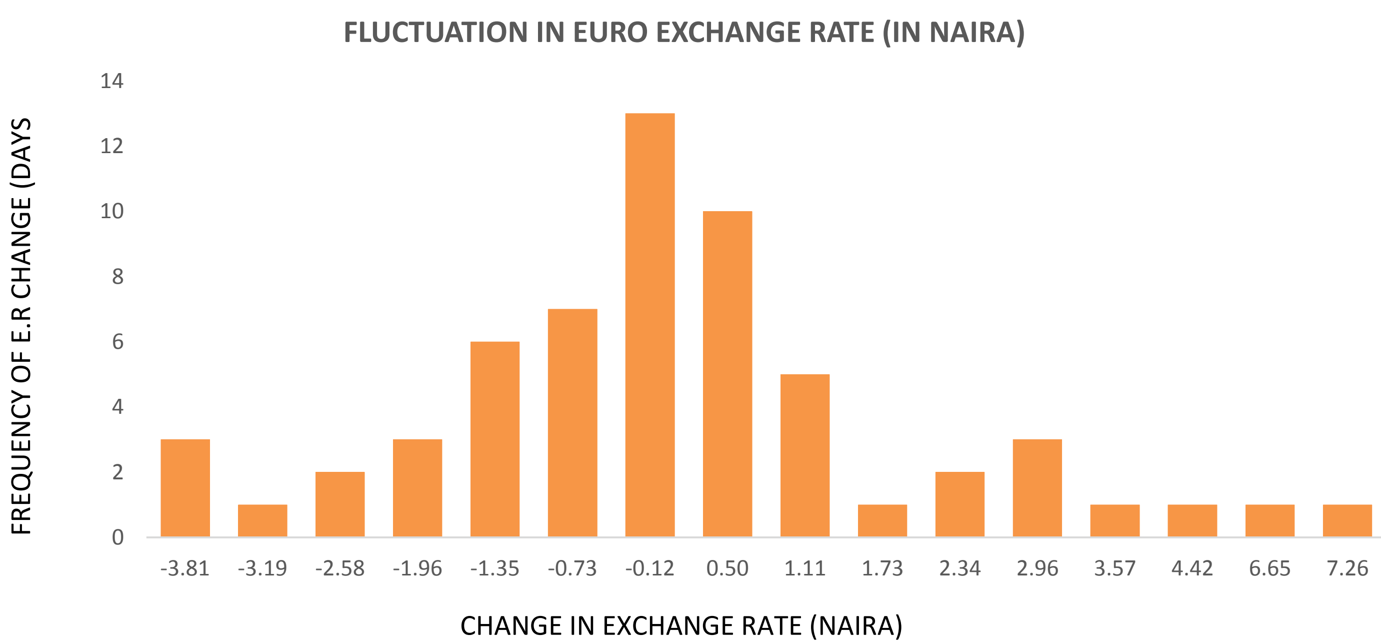
Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(17,149)	(14,517)	(18,629)	(15,724)
Increase	17,149	14,517	18,629	15,724

Foreign exchange profit or loss (Euros)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of Euro:

• Daily Euro exchange rates were obtained and trended
• A reasonably possible change of ± 2.58 was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2.58.
• The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the period.



At 31 December 2014, if the Naira had weakened/strengthened by ± 2.58 against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Dec-2014 Pre-tax	Dec-2014 Post-tax	Dec-2013 Pre-tax	Dec-2013 Post-tax
Decrease	(38,150)	(32,351)	(32,058)	(26,724)
Increase	38,150	32,351	32,058	26,724

Parent

In thousands of Nigerian Naira	Dec-2014 Pre-tax	Dec-2014 Post-tax	Dec-2013 Pre-tax	Dec-2013 Post-tax
Decrease	(38,020)	(32,185)	(25,610)	(21,617)
Increase	38,020	32,185	25,610	21,617

Foreign Exchange Profit or Loss (Other Currencies)

At 31 December 2014, if Naira had weakened/strengthened by ± 2 against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group

In thousands of Nigerian Naira	Dec-2013 Pre-tax	Dec-2013 Post-tax	Dec-2013 Pre-tax	Dec-2013 Post-tax
Decrease	(161,779)	(137,189)	(94,919)	(79,126)
Increase	161,779	137,189	94,919	79,126

Parent

In thousands of Nigerian Naira	Dec-2013 Pre-tax	Dec-2013 Post-tax	Dec-2013 Pre-tax	Dec-2013 Post-tax
Decrease	(161,354)	(136,594)	(81,185)	(68,527)
Increase	161,354	136,594	81,185	68,527

The impact of possible fluctuations in exchange rates on pre-tax and post-tax profits or loss as shown above is unrepresentative of the risk inherent in the financial instruments due to volatility in foreign exchange rate during the year.

(x) Sensitivity analysis of derivative valuations

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained and trended; with all other variables kept constant and a proportional foreign exchange rate movement of -0.6% (depreciation of the Nigerian Naira) and +0.6% (appreciation of the Nigerian Naira) against the U.S. Dollar; or ± 1 change in Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two-year daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at December 31, 2014 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favorable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavorable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of 0.6% or **=N=**1 favorable or unfavorable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

Group
Dec-14
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	15,355,045	529,732	(253,374)	338,949	209,778	281,352	174,131
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)	338,949	209,778	281,352	174,131

Dec-13
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	14,410,050	170,101	(3,883)	25,012	(25,042)	21,112	(21,138)
Derivative assets/(liabilities)	**14,410,050**	**170,101**	**(3,883)**	**25,012**	**(25,042)**	**21,112**	**(21,138)**

The impact of the sensitivity analysis of the Group's derivatives held for trading that are outstanding at December 31, 2014, assuming a reasonable 0.6% favorable or unfavorable change in foreign exchange rates, would have been to increase the pre-tax fair values by up to =N=338,949,000 (2013 =N=25,012,000) or decrease their pre-tax fair values to =N=209,778,000 (2013 =N=25,042,000) respectively; with all the potential effect impacting profit and loss rather than equity.

Dec-14
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	15,355,045	529,732	(253,374)	338,949	209,778	281,352	174,131
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)	338,949	209,778	281,352	174,131

Dec-13
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	14,410,050	170,101	(3,883)	25,012	(25,042)	21,112	(21,138)
Derivative assets/(liabilities)	**14,410,050**	**170,101**	**(3,883)**	**25,012**	**(25,042)**	**21,112**	**(21,138)**

(xi) Sensitivity of Exposure at default to changes in loan loss impairment

Exposure at default as stated on the statement of financial position is subject to interplay of three key variables: probability of default, loss given default, and emergence period. Therefore changes to these three key variables would directly impact the exposure at default as at reporting date

Sensitivity of Exposure at default - Probability of Default (PD)

The Group carried out the following activities in assessing the sensitivity of the Group's profit to fluctuations in the probability of default:

- The probability of default was obtained on a monthly basis.
- A possible change of five per cent was determined based on the distribution of monthly change in the probability of default.
- The chosen change in the probability of default was then applied to the bank's loan portfolio as at end of the year.

As at 31 December 2014, if probability of default increased or decreased by 5%, with all other variables (exposure at default, emergence period and loss given default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	54,273	46,023	31,269	26,718
Increase	(54,273)	(46,023)	(31,269)	(26,718)

Parent

In thousands of Nigerian Naira	**Dec-14 Pre-tax**	**Dec-14 Post-tax**	**Dec-13 Pre-tax**	**Dec-13 Post-tax**
Decrease	50,187	42,486	30,815	26,668
Increase	(50,187)	(42,486)	(30,815)	(26,668)

Sensitivity of Exposure at default – Emergence Period (EP) The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss emergence period adjusted the timing gap between the emergence of impairment triggers and the time at which management becomes aware of the loss by 1 month. The chosen change in emergence period was then applied to the bank's loan portfolio as at end of the year.

As at 31 December 2014, if the emergence period increased or decreased by 1 month, with all other variables (exposure at default, probability of default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	943,730	800,280	566,340	490,124
Increase	(943,730)	(800,280)	(566,340)	(490,124)

Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	872,679	738,764	513,835	444,682
Increase	(872,679)	(738,764)	(513,835)	(444,682)

Sensitivity of Exposure at default – Loss Given Default (LGD)

The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss given default, assumed a 1% change in the loss given default. The chosen change in the loss given default was then applied to the bank's loan portfolio as at end of the year.

As at 31 December 2014, if the loss given default increased or decreased by one per cent, with all other variables (exposure at default, emergence period and probability of default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(165,829)	(140,622)	(92,667)	(80,196)
Increase	163,664	138,786	89,868	77,774

Parent

In thousands of Nigerian Naira	Dec-14 Pre-tax	Dec-14 Post-tax	Dec-13 Pre-tax	Dec-13 Post-tax
Decrease	(152,745)	(129,306)	(84,305)	(72,959)
Increase	150,751	127,618	82,662	71,537

(xii) Currency Categorisation of financial assets and liabilities

The table below summaries the Group's financial assets and financial liabilities at carrying amount, categorised by currency:

Group
Dec-2014
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	246,939,868	59,313,915	114,200,947	27,070,734	6,697,938	39,656,334
Loans and advances to banks	24	5,695,592	30,717	5,664,875	-	-	-
Loans and advances to customers	25	1,275,681,135	564,328,368	643,247,038	12,076,138	927,303	55,102,288
Financial assets held for trading	26	9,415,919	5,675,545	-	-	-	3,740,374
Derivative financial assets	27	529,732	529,732	-	-	-	-
Investment securities:							
– Available for sale	28	344,701,935	317,749,878	4,438,882	2,018,197	221,425	20,273,553
– Held to maturity	28	35,160,640	4,511,342	1,311,154	1,204,628	1,987,685	26,145,831
Assets pledged as collateral	29	39,179,198	39,173,640	-	-	-	5,558
Restricted deposits and other assets[1]	34	291,500,010	257,787,361	30,088,616	75,203	2,046,392	1,502,438
		2,248,804,029	**1,249,100,498**	**798,951,512**	**42,444,900**	**11,880,743**	**146,426,376**
Deposits from banks	35	31,661,622	143,674	15,149,153	5,468,432	3,180,852	7,719,511
Deposits from customers	36	1,618,208,194	1,046,322,537	430,200,786	37,131,110	12,534,575	92,019,186
Derivative financial liabilities	27	253,374	-	253,374	-	-	-
Debt securities issued	37	167,321,207	-	166,919,321	-	-	401,886
Other borrowed funds	40	91,298,545	47,607,523	36,574,141	1,729,883	-	5,386,998
Other liabilities[2]	38	57,106,554	(103,697,151)	146,389,678	2,302,313	5,660,361	6,451,353
		1,965,849,496	**990,376,583**	**795,486,453**	**46,631,738**	**21,375,788**	**111,978,934**

[1] Excludes prepayments [2] Excludes Deferred Income

Notes to the financial statements

Group
Dec-2013
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	307,395,676	64,729,244	172,926,520	26,103,938	11,529,926	32,106,048
Loans and advances to banks	24	5,596,476	16,976	5,117,348	-	-	462,152
Loans and advances to customers	25	1,002,370,638	550,702,120	397,521,990	10,506,365	3,087,756	40,552,407
Financial assets held for trading	26	17,223,667	13,746,682	-	-	-	3,476,985
Derivative financial assets	27	170,101	-	170,101	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale	28	374,673,147	368,320,492	1,283,837	796,426	219,814	4,052,578
– Held to maturity	28	84,741,890	46,682,498	5,398,708	-	-	32,660,684
Assets pledged as collateral	29	28,442,629	28,440,947	-	-	-	1,682
Restricted deposits and other assets[1]	34	184,443,909	142,934,370	33,191,334	1,538,063	3,688,628	3,091,514
		2,005,058,133	**1,215,573,329**	**615,609,838**	**38,944,792**	**18,526,124**	**116,404,050**
Deposits from banks	35	15,208,300	419,988	12,555,561	790,887	1,012,198	429,666
Deposits from customers	36	1,427,493,697	993,002,726	324,394,209	25,746,372	9,095,491	75,254,899
Derivative financial liabilities	27	3,883	3,475	408	-	-	-
Debt securities issued	37	156,498,167	13,233,595	142,899,380	-	-	365,192
Other borrowed funds	40	92,134,872	47,110,544	42,873,850	1,592,852	-	557,626
Other liabilities[2]	38	61,014,954	(62,818,988)	109,503,446	3,094,920	6,759,919	4,475,657
		1,752,353,873	**990,951,340**	**632,226,854**	**31,225,031**	**16,867,608**	**81,083,040**

[1] Excludes prepayments

[2] Excludes Deferred Income

Notes to the financial statements

Parent
Dec-2014
Financial instruments by currency
In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	161,778,647	59,283,935	84,742,244	13,846,053	3,550,004	356,411
Loans and advances to banks	24	30,815	30,717	98	-	-	-
Loans and advances to customers	25	1,182,393,874	564,328,368	617,496,932	34,808	533,708	58
Financial assets held for trading	26	5,675,545	5,675,545	-	-	-	-
Derivative financial assets	27	529,732	529,732	-	-	-	-
Investment securities:							
– Available for sale	28	317,749,878	317,749,878	-	-	-	-
– Held to maturity	28	4,511,342	4,511,342	-	-	-	-
Assets pledged as collateral	29	39,173,640	39,173,640	-	-	-	-
Restricted deposits and other assets[1]	34	294,152,603	262,746,059	29,225,625	75,203	2,046,359	59,357
		2,005,996,076	**1,254,029,216**	**731,464,899**	**13,956,064**	**6,130,071**	**415,826**
Deposits from banks	35	143,713	143,674	39	-	-	-
Deposits from customers	36	1,439,522,070	1,046,322,537	371,944,264	14,185,076	7,069,604	589
Derivative financial liabilities	27	253,374	-	253,374	-	-	-
Debt securities issued	37	-	-	-	-	-	-
Other borrowed funds	40	252,830,895	44,610,361	208,220,534	-	-	-
Other liabilities[2]	38	47,648,710	(105,074,527)	144,705,555	1,955,844	5,649,032	412,806
		1,740,398,762	**986,002,045**	**725,123,766**	**16,140,920**	**12,718,636**	**413,395**

[1] Excludes prepayments [2] Excludes Deferred Income

Notes to the financial statements

Parent
Dec-2013
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	228,609,551	63,598,753	142,324,774	13,083,819	9,230,870	371,335
Loans and advances to banks	24	16,976	16,976	-	-	-	-
Loans and advances to customers	25	926,967,093	545,615,050	378,478,488	272,612	2,600,897	46
Financial assets held for trading	26	13,746,682	13,746,682	-	-	-	-
Derivative financial assets	27	170,101	-	170,101	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale	28	364,056,362	364,056,362	-	-	-	-
– Held to maturity	28	46,682,498	46,682,498	-	-	-	-
Assets pledged as collateral	29	28,440,947	28,440,947	-	-	-	-
Restricted deposits and other assets[1]	34	180,624,220	142,921,488	31,504,045	1,427,704	3,688,627	1,082,356
		1,789,314,430	**1,205,078,756**	**552,477,408**	**14,784,135**	**15,520,394**	**1,453,737**
Deposits from banks	35	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	984,063,702	259,663,367	10,871,541	7,327,548	877
Derivative financial liabilities	27	3,883	3,475	408	-	-	-
Debt securities issued	37	13,233,595	13,233,595	-	-	-	-
Other borrowed funds	40	233,040,108	45,736,112	187,303,996	-	-	-
Other liabilities[2]	38	48,827,170	(70,625,325)	108,835,230	2,782,288	6,750,087	1,084,890
		1,557,120,520	**972,500,288**	**555,803,001**	**13,653,829**	**14,077,635**	**1,085,767**

[1] Excludes prepayments

[2] Excludes Deferred Income

5. Capital management and other risks

(a) Regulatory capital

The Group's lead regulator, the Central Bank of Nigeria (CBN), sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria (CBN) and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

During the year under review, CBN directed all Nigerian banks and banking groups to commence full adoption of Basel II by October 1, 2014. To this end, the Bank's Capital Adequacy Ratio (CAR) has been calculated in line with Basel II.

(b) Capital Adequacy Position in line with Basel II Accord

The International Convergence of Capital Measurement and Capital Standards: a Revised Framework, popularly known as the Basel II Framework was introduced in 2004 as a new set of international standards and best practices that define the minimum capital requirements for internationally active banks. The Basel II framework stipulates a minimum level of capital that banks must maintain to ensure that they can meet their obligations, cover unexpected losses; and can, very importantly, promote public confidence.

Basel II is a three-pronged approach relying on three Pillars -Minimum Capital Requirements (Pillar 1), Supervisory Review Process (Pillar 2) and Market Discipline (Pillar 3).

Pillar 1 Minimum Capital Requirements: It prescribes the capital allocation methodology against the core traditional credit, market and operational risks to ensure these are adequately measured and that banks have adequate capital to mitigate these risks.

Pillar 2 Supervisory Review: It requires banks to establish a risk management framework to identify, assess and manage major risks inherent in the institution and allocate adequate capital against those risks. It emphasizes that supervisors should be able to evaluate the soundness of these assessments.

Pillar 3 Market Discipline: It sets out to encourage market discipline by requiring a number of disclosure requirements in respect of a bank's risk exposures, risk assessment process and capital adequacy.

The CBN specifies approaches for quantifying the risk weighted assets for credit, market and operational risk for the purpose of determining regulatory capital. Although the computations are consistent with the requirements of Pillar 1 Basel II Accord, certain sections have been adjusted to reflect the peculiarities of the Nigerian environment. In compliance with CBN, the Bank adopted the Standardized Approach (SA) in determining capital charge for Credit Risk and Market Risk while capital charge for Operational Risk was determined using the Basic Indicator Approach (BIA).

Pillar 1 focuses mainly on CAR, also known as Capital to Risk (Weighted) Assets Ratio (CRAR). This is the ratio of a bank's capital to its risk. CBN requires the minimum requirement of 10% or 15% of Capital to risk weighted assets be maintained by Nigerian banks or banking groups with regional/national license and international banking license respectively.

CAR is measured as:

$$\frac{\text{Total Capital}}{\text{(Credit Risk Weighted Assets + Market Risk Weighted Assets + Operational Risk Weighted Assets)}}$$

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, statutory reserves, and other reserves excluding regulatory reserves. Intangible assets and investments in subsidiaries were also deducted from Tier I capital for capital adequacy purposes.

Tier 2 capital comprises Fair Value Reserves.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period.

Year under review

A fundamental part of the Bank's overall business strategy is its sound capital management practices. It adopts a capital planning process that ensures that regulatory capital remains within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalized under normal and severe scenarios as well as a range of stress events.

Stress-testing models are used to gauge vulnerability of the bank to exceptional yet possible events. The result of stress-testing reveals the minimum capital requirements of the bank in the event that unforeseen negative events crystallize. The critical objective underpinning the stress-testing exercise is to identify as early as possible, any shortfall in capital requirements of the Bank and take corrective actions which may be direct or indirect.

Throughout the year under review, the Bank operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 15% for international banks. As at December 31, 2014, the Bank's capital adequacy ratio was 21.40% (December 31, 2013- 23.91%).

The following table shows the composition of regulatory capital and risk weighted assets for the Bank:

Notes to the financial statements

Capital adequacy ratio

Bank

In thousands of Nigerian Naira	*Note*	Dec-2014	Dec-2013
Tier 1 capital			
Share capital	41	14,715,590	14,715,590
Share premium	41	123,471,114	123,471,114
Retained profits		58,442,378	55,079,117
Statutory Reserve		140,386,849	112,357,368
SMEEIS Reserve		4,232,478	4,232,478
Tier 1 Sub-Total		**341,248,409**	**309,855,667**
Less Regulatory deductions :			
Other intangible assets	32	(2,417,700)	(2,256,768)
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(40,130,284)	(40,130,284)
Net Total Tier 1 Capital (A)		**298,700,425**	**267,468,615**
Tier 2 capital			
Fair Value Reserves		(67,139)	2,890,616
Net Total Tier 2 Capital (B)		**(67,139)**	**2,890,616**
Total Qualifying Capital (C= A+B)		**298,633,286**	**270,359,231**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,088,435,493	936,357,961
Risk-Weighted Amount For Operational Risk		290,901,833	183,145,013
Risk-Weighted Amount For Market Risk		16,324,984	11,134,356
Aggregate Risk-Weighted Assets		**1,395,662,310**	**1,130,637,330**
Total Risk-Weighted Capital Ratio		**21.40%**	**23.91%**
Tier 1 Risk-Based Capital Ratio		**21.40%**	**23.66%**

(c) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Group Enterprise Risk Management Division, and is subject to review by the Group Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Consideration is also given to synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

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

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated. Please refer to page 186 for sensitivity analysis of the exposure at default to changes to the EP, LGD and PD.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that

trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification
The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy **3b(j)(ii).**
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy **3b (j)(iib).**
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy **3b (j)(iic).**

Details of the Group's classification of financial assets and liabilities are given in note **8** and sensitivity analysis are as stated on page 169.

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

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

Defined benefits plan
The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.
The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The sensitivity analysis of level 3 equity Instruments and its impact on OCI are shown in note 4(d) under market risk above.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in note 3(b)(o). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. Goodwill and Goodwill Impairment testing are shown in note 32(b) below.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iiib)

The Group measures fair values using the following hierarchy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

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

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market date (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

(c) Fair Value hierarchy of items measured at fair value in the statement of financial position

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

All fair values are on a recurring basis.The sensitivity of investments and derivatives to fluctuation in market prices and yields are disclosed in note 4(d) under market risk above.

Group
Dec-2014
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	9,415,919	-	-	9,415,919
Derivative financial assets	27	-	-	529,732	529,732
Available-for-sale financial assets:					
-Investment securities-debt	28	333,674,447	7,376,735	-	341,051,182
-Investment securities-equity	28	-	-	3,101,538	3,101,538
Assets pledged as collateral	29	39,179,198	-	-	39,179,198
Total assets		**382,269,564**	7,376,735	**3,631,270**	**393,277,569**
Liabilities					
Derivative financial liabilities	27	-	-	253,374	253,374
Total liabilities		**-**	**-**	**253,374**	**253,374**

Group
Dec-2013
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	17,223,667	-	-	17,223,667
Derivative financial assets	27	-	-	170,101	170,101
Available-for-sale financial assets:					
-Investment securities-debt	28	360,883,227	6,735,679	-	367,618,906
-Investment securities-equity	28	-	-	6,975,141	6,975,141
Assets pledged as collateral	29	28,442,629	-	-	28,442,629
Total assets		**406,549,523**	**6,735,679**	**7,145,242**	**420,430,444**
Liabilities					
Derivative financial liabilities	27	-	-	3,883	3,883
Total liabilities		**-**	**-**	**3,883**	**3,883**

Notes to the financial statements

Parent
Dec-2014
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	5,675,545	-	-	5,675,545
Derivative financial assets	27	-	-	529,732	529,732
Available-for-sale financial assets:					
-Investment securities-debt	28	308,359,706	5,744,582	-	314,104,288
-Investment securities-equity	28	-	-	3,101,538	3,101,538
Assets pledged as collateral	29	39,173,640	-	-	39,173,640
Total assets		**353,208,891**	**5,744,582**	**3,631,270**	**362,584,743**
Liabilities					
Derivative financial liabilities	27	-	-	253,374	253,374
Total liabilities		**-**	**-**	**253,374**	**253,374**

Parent
Dec-2013
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	13,746,682	-	-	13,746,682
Derivative financial assets	27	-	-	170,101	170,101
Available-for-sale financial assets:					
-Investment securities-debt	28	352,204,680	4,802,488	-	357,007,168
-Investment securities-equity	28	-	-	6,975,141	6,975,141
Assets pledged as collateral	29	28,440,947	-	-	28,440,947
Total assets		**394,392,309**	4,802,488	**7,145,242**	**406,340,039**
Liabilities					
Derivative financial liabilities	27	-	-	3,883	3,883
Total liabilities		**-**	**-**	**3,883**	**3,883**

Reconciliation of Level 3 Items
-Derivative financial assets

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
At 1 January	170,101	-	170,101	-
Settlements	(170,101)	-	(170,101)	-
Gains and losses recognised in profit or loss	529,732	170,101	529,732	170,101
	529,732	**170,101**	**529,732**	**170,101**

There was no transfer into and out of Level 3 during the period.

Reconciliation of Level 3 Items
-Derivative financial liabilities

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
At 1 January	3,883	-	3,883	-
Settlements	(3,883)	-	(3,883)	-
Gains and losses recognised in profit or loss	253,374	3,883	253,374	3,883
	253,374	**3,883**	**253,374**	**3,883**

There was no transfer into and out of Level 3 during the period.

The fair value of derivative financial assets and liabilities is calculated as the present value of the estimated future cash flows based on a discount rate of 0.2556%

Reconciliation of Level 3 Items
-Available for sale financial assets

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
At 1 January	6,975,141	-	6,975,141	-
Total gains or (losses)				
in Profit and Loss	(538,016)	-	(538,016)	-
in OCI	(2,831,488)	3,964,232	(2,831,488)	3,964,232
Cost of Asset Additions / (Disposal)	(34,100)	3,010,909	(34,100)	3,010,909
Reclassification to unquoted equity at cost	(469,999)	-	(469,999)	-
	3,101,538	**6,975,141**	**3,101,538**	**6,975,141**

The Group reclassified investment in TerraKulture Limited to Unquoted equity Investments at cost due to non-availability of financial data. Consequently, the Group reversed fair value gain of N359,355,000. The carrying value at the point of reclassification was in the sum of N829,354,000.

Sensiitivity of financial instruments to changes in market variables are disclosed in note 4(i)(vii) under market risk above

(d) Offsetting

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3, our note on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. Items included in these arrangements are derivative financial instruments such as foreign currency forwards and swaps and non derivative financial instruments such as: loans and receivables (term loans and overdrafts) and deposit liabilities (term deposits)

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Group
Dec-2014

In thousands of Nigerian Naira	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		22,950,444	3,126,461	19,823,983	-	-	-	19,823,983
Derivative financial assets (b)		529,732	-	529,732	253,374	-	-	276,358
Other Assets (c)		31,406,543	-	31,406,543	-	31,406,543	-	-
		54,886,719	**3,126,461**	**51,760,258**	**253,374**	**31,406,543**	**-**	**20,100,341**
Financial liabilities								
Derivative financial liabilities (b)		253,374	-	253,374	529,732	-	-	(276,358)
Other Liabilities (c)		31,406,543	-	31,406,543	31,406,543	-	-	-
		31,659,917	**-**	**31,659,917**	**31,936,275**	**-**	**-**	**(276,358)**

Group
Dec-2013

In thousands of Nigerian Naira	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		30,029,166	6,066,421	23,962,746	-	-	-	23,962,746
Derivative financial assets (b)		170,101	-	170,101	3,883	-	-	166,219
Other Assets (c)		30,071,679	-	30,071,679	-	30,071,679	-	(0)
		60,270,947	**6,066,421**	**54,204,526**	**3,883**	**30,071,679**	**-**	**24,128,964**
Financial liabilities								
Derivative financial liabilities (b)		3,883	-	3,883	170,101	-	-	(166,219)
Other Liabilities (c)		30,071,679	-	30,071,679	30,071,679	-	-	0
		30,075,562	**-**	**30,075,562**	**30,241,780**	**-**	**-**	**(166,219)**

Parent

Dec-2014 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		22,950,444	3,126,461	19,823,983	-	-	-	19,823,983
Derivative financial assets (b)		529,732	-	529,732	253,374	-	-	276,358
Other Assets (c)		31,406,543	-	31,406,543		31,406,543		-
		54,886,719	**3,126,461**	**51,760,258**	**253,374**	**31,406,543**	**-**	**20,100,341**
Financial liabilities								
Derivative financial liabilities (b)		253,374		253,374	529,732	-	-	(276,358)
Other Liabilities (c)		31,406,543		31,406,543	31,406,543	-	-	-
		31,659,917	**-**	**31,659,917**	**31,936,275**	**-**	**-**	**(276,358)**

Parent

Dec-2013 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		30,029,166	6,066,421	23,962,746	-	-	-	23,962,746
Derivative financial assets (b)		170,101	-	170,101	3,883	-	-	166,219
Other Assets (c)		30,071,679	-	30,071,679		30,071,679		(0)
		60,270,947	**6,066,421**	**54,204,526**	**3,883**	**30,071,679**	**-**	**24,128,964**
Financial liabilities								
Derivative financial liabilities (b)		3,883		3,883	170,101	-	-	(166,219)
Other Liabilities (c)		30,071,679		30,071,679	30,071,679	-	-	0
		30,075,562	**-**	**30,075,562**	**30,241,780**	**-**	**-**	**(166,219)**

(a) Standard terms of clearing in Nigeria include provisions allowing net settlements of payments in the normal course of business.

(b) GTBank Plc derivatives are subject to an enforceable master netting arrangement in the form of CBN regulated agreements with a derivative counterparty. Under the terms of the regulati offsetting of FX derivative contracts is permitted only in the event that the counterparty has indicated that it will not meet its obligations. Due to changes in market prices from the transca date to December 31, 2014 the fair value of the derivative asset increased to N 529,732,000 while that of the derivative liablility increased to N 253,374,000.

(c) Certain customers provide monies to the Bank to serve as cash collateral for their LC transactions. The Bank simultaneously increases its balances with the correspondent banks to reflect this. As such, the Bank intends to realise the asset and settle the liability simultaneously.

(e) Disclosure Requirement for Level 2 and 3 Financial Instruments

Valuation control framework

The key elements of the control framework for the valuation of financial instruments include model validation, product implementation review and independent price verification. These functions are carried out by appropriately skilled finance team, independent of the business area responsible for the products.

Model validation covers both qualitative and quantitative elements relating to new models. In respect of new products, model validation examines the explanatory power of the implemented model, actively monitoring model parameters and comparing in-house pricing to external sources.

Independent price verification procedures cover financial instruments carried at fair value. The frequency of the review is matched to the availability of independent data, monthly being the minimum. Valuation differences in breach of established thresholds are escalated to senior management. The results from independent pricing and valuation reserves are reviewed monthly by senior management.

Valuation technique and Input used in Level 2 Fair Value Measurement

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

Available for Sale Euro Bonds:

As at December 2014, the Group disclosed its investment in Available for Sale Eurobond as N5,744,582,000 (December 2013: nil) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the financial year end December 2014 using the income approach.

The Discounted Cash flow technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

The fair value of the other unquoted equity securities was derived using the Discounted Cash flow Technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: A five-year forecast of the FCFF for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below)

Step 4: The terminal value was discounted to present value using the company's WACC

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value)

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – FCInv – WCInv

Where:

NI = Net Income
NCC = Non Cash Charges
Int = Interest
T= tax rate
FCI = Fixed Capital Investment
WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

This is the average cost of both equity and debt capital used in financing a business.

WACC= {(D/D+E) x Ke} + {(E/D+E) x Kd (1-T)}

Where:

D = Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T = Tax rate

c. *Capitalization Rate= WACC – g*

Terminal value = (FCFF5 X 1+g) divided by (WACC – g)

Where:

FCFF = Year 5 FCFF
g = Growth rate
WACC = *Weighted average Cost of Capital*

Valuation Assumptions – Discounted Cash flow

1. Risk free rate is the 15.13% yield on 10-year Federal Government of Nigeria Bond
2. Beta = 1 or greater than 1.
3. Market premium = 5% based on trend analysis and research of market premiums across the globe by IMD, Lausanne.
4. Growth rate used is growth rate in earnings between the latest year and comparative period.

Summary of carrying amounts of equity Securities at fair value through equity

In thousands of Nigerian Naira	**Dec-14**	**Dec-13**
Historical cost	(2,476,810)	(3,010,909)
Fair value as at 31-Dec-2014	3,609,554	6,975,140
Unrealized Fair Value Gain recognized in Equity (OCI)	1,132,744	3,964,231

The movement in equity securities at fair value during the period is as follows:

In thousands of Nigerian Naira	Group Dec-14	Group Dec-13	Parent Dec-14	Parent Dec-13
Balance, beginning of the period	6,975,140	-	6,975,140	-
Reclassification from unquoted (SMEEIS) equity investments	-	2,188,930	-	2,188,930
Reclassification from/to other unquoted equity investments	(469,999)	821,979	(469,999)	821,979
Unrealized fair value gain/(Loss) - unquoted (SMEEIS) equity investments	-	991	-	991
Fair value movement recognized in Other Comprehensive Income	(2,831,487)	3,963,240	(2,831,487)	3,963,240
Write off	(30,000)	-	(30,000)	-
Disposals (fair value)	(34,100)	-	(34,100)	-
Impairment charges on equity	(508,016)	-	(508,016)	-
Balance, end of the period	**3,101,538**	**6,975,140**	**3,101,538**	**6,975,140**

The bank disposed of its investments in Kakawa Discount House Limited and derecognised its investment in Patrick Speech and Language Centre Limited within the reporting period; this resulted to a drop in the historical cost and fair values respectively.

Details of disposal of its investment in Kakawa discount House Limited are as shown below

In thousands of Nigerian Naira	**Dec-14**
Sales proceed	1,364,000
Historical cost	(34,100)
Gain on disposal	1,329,900

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 31 December 2014 of ₦1,132,744 (31 December, 2013: ₦3,964,231,228) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

The movement in unquoted equity securities (i.e. SMEEIS Investments) at cost during the period is as follows:

In thousands of Nigerian Naira	Group Dec-14	Group Dec-13	Parent Dec-14	Parent Dec-13
Balance, beginning of the period	3,024,015	5,212,945	3,024,015	5,212,945
Reclassification from equity securities at fair value through equity	469,999	-	469,999	-
Reclassification to equity securities at fair value through equity	-	(2,188,930)	-	(2,188,930)
Balance, end of the period	**3,494,014**	**3,024,015**	**3,494,014**	**3,024,015**

The movement in other unquoted equity securities at cost during the period is as follows:

In thousands of Nigerian Naira	Group Dec-14	Group Dec-13	Parent Dec-14	Parent Dec-13
Balance, beginning of the period	269,248	1,090,810	264,201	1,086,180
Reclassification to equity securities at fair value through equity	-	(821,979)	-	(821,979)
Disposals	(264,201)	-	(264,201)	-
Exchange difference- gain/(loss)*	116	417	-	-
Balance, end of the period	**5,163**	**269,248**	**-**	**264,201**

*Exchange gain is attributable to the translation of GTBank Cote d'Ivoire's investment in GIM UEMOA to Naira- the Group's reporting currency. The translated carrying amount of the investment in GIM UEMOA as at 31 Dec, 2013 was ₦5,047,000. The translated balance as at 31 December, 2014 is ₦5,163,000. This resulted in an exchange gain of ₦116,000 (i.e. ₦5,163,000 - ₦5,047,000).

During the period, the bank disposed its investment in ICHL. Details of disposal are shown below

In thousands of Nigerian Naira	**Dec-14**
Sales proceed	282,564
Historical cost	(264,201)
Gain on disposal	18,363

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

As at December 2014, the Group estimated the fair value of its Foreign exchange derivatives using the Discounted Cash Flow Model and disclosed it under Level 3 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

In the 2014 financial year, the bank transferred the sum of N11,448,660,000 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity. This transfer takes the total regulatory risk reserve to N28,349,056,000. The stated sum represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses amounting to N54,326,317,000 and the Loan Impairment allowance determined in accordance with provisions of IAS 39 amounting to N26,058,192,569. Of the amount recommended by the Central Bank of Nigeria, N11,510,805,000 relates to 1% General Loan Loss Provision on performing loans.

Also, N3,844,466,000 recommended by CBN for Other Known Losses was adequately provided for in the 2014 IFRS Financial Statement

The Reconciliation between the CBN Recommended provisions and that under IFRS as at Dec 2014 is as shown in the table below:

	In thousands of Nigerian Naira	**Reference**	**Specific**	**General**	**Total**
a	**Loans and Advances:**				
	Provision per CBN Prudential Guidelines		42,815,512	11,510,805	54,326,317
	Impairment Allowance per IAS 39:				
	(Inclusive of Collective Allowance)	(Note 24 & 25)	26,058,193	-	26,058,193
	Amount required in Regulatory Risk Reserve[2]		**16,757,319**	**11,510,805**	**28,268,124**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses - CBN		**3,844,466**
	Provision for Other Known Losses - IFRS		
	Specific Impairment For Equities	(Note 28)	3,457,978
	Impairment On Other Assets	(Note 34)	305,556
			3,763,534
	Amount required in Regulatory Risk Reserve[2]		**80,932**

[2]Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

c Impairment of loans and advances and Other Known Losses (OKL)

Regulatory reserve required for loans and advances		28,268,124
Regulatory reserve required for Other Known Losses		80,932
Balance required per Regulatory Risk Reserve		**28,349,056**
Balance per Regulatory Risk Reserve	(SOCIE - Page 52)	**28,349,056**
Excess amount in regulatory risk reserve		**-**

d Movement in Regulatory Reserves

	Specific	General	Others [1]	Total
Movement in Regulatory Reserves				
Balance as at 1 January	7,617,949	9,216,774	65,673	16,900,396
Transfer during the period	8,684,630	2,294,031	469,999	11,448,660
Balance, end of the period	**16,302,579**	**11,510,805**	**535,672**	**28,349,056**

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

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The following summary describes the operations in each of the Group's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.

- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.

- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.

- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Notes to the financial statements

Operating segments (Continued)

Information about operating segments

Group

Dec-2014

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	148,081,172	58,284,528	41,370,404	12,145,812	17,351,343	277,233,259
Derived from other business segments	(10,875,476)	8,399,667	(1,370,304)	3,133,192	712,921	-
Total revenue	**137,205,696**	**66,684,195**	**40,000,100**	**15,279,004**	**18,064,264**	**277,233,259**
Interest expenses	(39,171,702)	(7,745,463)	(6,439,619)	(1,637,294)	(3,216,477)	(58,210,555)
Fee and commission expenses	(793,663)	(749,450)	(377,299)	(138,902)	(55,051)	(2,114,365)
Net operating income	**97,240,331**	**58,189,282**	**33,183,182**	**13,502,808**	**14,792,736**	**216,908,339**
Expense:						
Operating expenses	(14,899,133)	(31,022,452)	(19,200,840)	(10,173,598)	(6,836,488)	(82,132,511)
Net impairment loss on financial assets	(5,289,827)	(906,532)	(925,794)	(177,355)	(72,755)	(7,372,263)
Depreciation and amortization	(3,252,149)	(4,468,300)	(2,290,484)	(1,288,937)	(851,785)	(12,151,655)
Total cost	**(23,441,109)**	**(36,397,284)**	**(22,417,118)**	**(11,639,890)**	**(7,761,028)**	**(101,656,429)**
Profit before income tax from reportable segments	**73,799,222**	**21,791,998**	**10,766,064**	**1,862,918**	**7,031,708**	**115,251,910**
Tax	**(12,270,264)**	**(2,555,133)**	**(1,558,566)**	**(208,781)**	**(1,098,180)**	**(17,690,924)**
Profit after income tax from reportable segments	**61,528,958**	**19,236,865**	**9,207,498**	**1,654,137**	**5,933,528**	**97,560,986**
Assets and liabilities:						
Total assets	1,541,084,263	342,449,443	292,075,654	63,788,530	119,475,798	2,358,873,688
Total liabilities	(541,219,478)	(766,772,924)	(326,867,073)	(172,398,598)	(166,203,719)	(1,973,461,792)
Net assets/ (liabilities)	**999,864,785**	**(424,323,481)**	**(34,791,419)**	**(108,610,068)**	**(46,727,921)**	**385,411,896**
Additions to Non-Current Assets	**11,117,382**	**2,470,430**	**2,107,034**	**460,170**	**861,898**	**17,016,914**
Assets:						
Loans and advances to banks	5,695,592	-	-	-	-	5,695,592
Loans and advances to customers	890,671,715	123,580,318	183,626,276	16,661,470	61,141,356	1,275,681,135
Others	644,716,956	218,869,125	108,449,379	47,127,060	58,334,442	1,077,496,962
	1,541,084,263	342,449,443	292,075,655	63,788,530	119,475,798	2,358,873,688
Liabilities:						
Deposits from banks	31,661,622	-	-	-	-	31,661,622
Deposits from customers	424,569,869	678,224,760	267,464,484	140,456,897	107,492,184	1,618,208,194
Others	84,987,987	88,548,164	59,402,589	31,941,701	58,711,535	323,591,976
	541,219,478	766,772,924	326,867,073	172,398,598	166,203,719	1,973,461,792

Notes to the financial statements

Group
Dec-2013 -

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	115,664,079	46,288,083	49,439,267	13,929,023	17,365,384	242,685,836
Derived from other business segments	(13,428,977)	10,001,992	259,839	2,345,382	821,764	-
Total revenue	**102,235,102**	**56,290,075**	**49,699,106**	**16,274,405**	**18,187,148**	**242,685,836**
Interest expenses	(24,097,639)	(8,259,506)	(9,214,352)	(2,192,240)	(4,680,731)	(48,444,468)
Fee and commission expenses	(1,059,059)	(353,083)	(279,347)	(98,861)	(33,862)	(1,824,212)
Net operating income	**77,078,404**	**47,677,486**	**40,205,407**	**13,983,304**	**13,472,555**	**192,417,156**
Expense:						
Operating expenses	(11,301,051)	(30,386,885)	(17,169,698)	(7,925,438)	(5,761,525)	(72,544,597)
Net impairment loss on financial assets	(260,259)	(785,577)	(1,209,511)	(173,911)	(337,911)	(2,767,169)
Depreciation and amortization	(2,681,939)	(3,904,366)	(2,060,867)	(885,346)	(583,342)	(10,115,860)
Total cost	**(14,243,249)**	**(35,076,828)**	**(20,440,076)**	**(8,984,695)**	**(6,682,778)**	**(85,427,626)**
Profit before income tax from reportable segments	**62,835,155**	**12,600,658**	**19,765,331**	**4,998,609**	**6,789,777**	**106,989,530**
Tax	**(9,830,752)**	**(2,065,141)**	**(3,239,370)**	**(819,229)**	**(1,112,787)**	**(17,067,279)**
Profit after income tax from reportable segments	**53,004,403**	**10,535,517**	**16,525,961**	**4,179,380**	**5,676,990**	**89,922,251**
Assets and liabilities:						
Total assets	1,145,952,758	252,484,779	466,639,622	62,460,947	176,682,741	2,104,220,847
Total liabilities	(544,812,879)	(659,398,324)	(293,738,889)	(147,135,477)	(117,944,095)	(1,763,029,664)
Net assets/ (liabilities)	**601,139,879**	**(406,913,545)**	**172,900,733**	**(84,674,530)**	**58,738,646**	**341,191,183**
Additions to Non-Current Assets	**8,384,948**	**3,679,217**	**2,224,210**	**745,040**	**1,375,484**	**16,408,899**
Dec-2013						
Assets:						
Loans and advances to banks	3,303,951	545,274	1,166,372	113,077	467,802	5,596,476
Loans and advances to customers	593,754,661	97,689,323	206,908,356	21,966,563	82,051,735	1,002,370,638
Others	548,894,146	154,250,182	258,564,894	40,381,307	94,163,204	1,096,253,733
	1,145,952,758	**252,484,779**	**466,639,622**	**62,460,947**	**176,682,741**	**2,104,220,847**
Liabilities:						
Deposits from banks	15,208,300	-	-	-	-	15,208,300
Deposits from customers	346,170,895	593,837,378	249,449,338	138,364,408	99,671,678	1,427,493,697
Others	183,433,684	65,560,946	44,289,551	8,771,069	18,272,417	320,327,667
	544,812,879	**659,398,324**	**293,738,889**	**147,135,477**	**117,944,095**	**1,763,029,664**

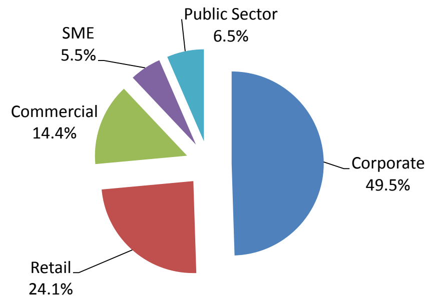
Operating segments (Continued)

Information about operating segments

Revenue

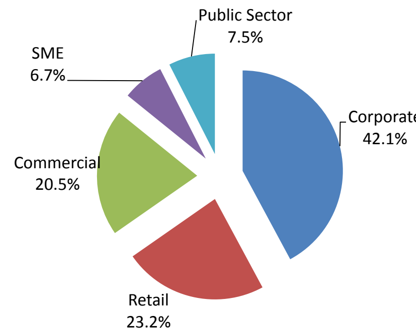
Group

Dec-2014



Group

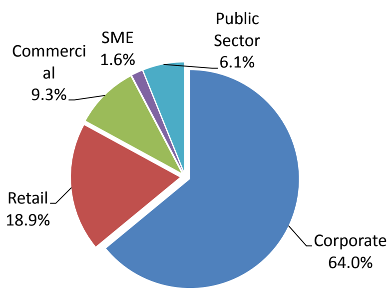
Dec-2013



Profit before tax

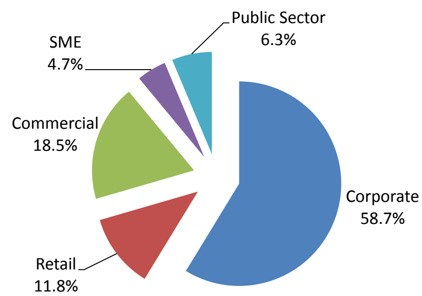
Group

Dec-2014



Group

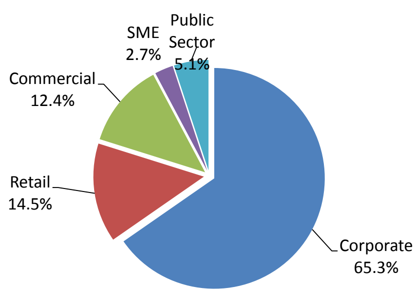
Dec-2013



Assets

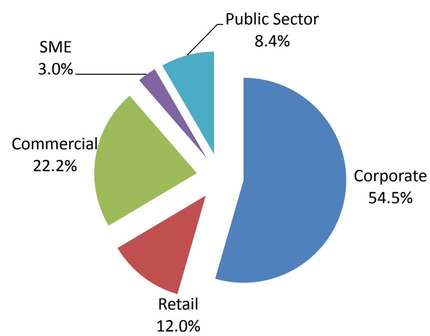
Group

Dec-2014



Group

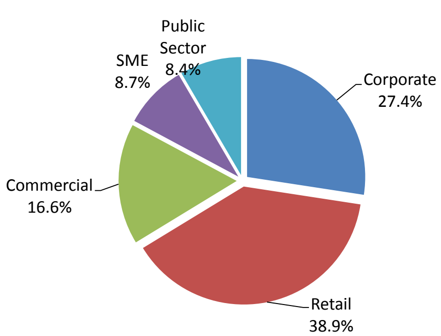
Dec-2013



Liabilities

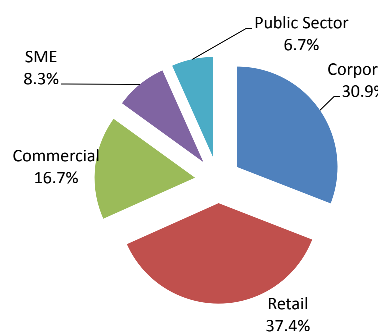
Group

Dec-2014



Group

Dec-2013



Operating segments (Continued)

Information about operating segments

Parent -

Dec-2014

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	131,463,558	54,071,632	33,873,804	12,630,847	15,559,021	247,598,862
Derived from other business segments	(6,392,821)	4,142,085	501,257	1,101,368	648,111	-
Total revenue	**125,070,737**	**58,213,717**	**34,375,061**	**13,732,215**	**16,207,132**	**247,598,862**
Interest expenses	(35,537,287)	(6,311,157)	(5,160,665)	(1,442,511)	(2,833,824)	(51,285,444)
Fee and commission expenses	(655,960)	(619,419)	(311,837)	(114,802)	(45,500)	(1,747,518)
Net operating income	**88,877,490**	**51,283,141**	**28,902,559**	**12,174,902**	**13,327,808**	**194,565,900**
Expense:						
Operating expenses	(12,240,389)	(26,548,918)	(15,985,145)	(8,506,135)	(5,277,372)	(68,557,959)
Net impairment loss on financial assets	(4,728,144)	(854,863)	(714,780)	(158,190)	(2,127)	(6,458,104)
Depreciation and amortization	(2,728,349)	(4,000,028)	(2,102,060)	(1,123,309)	(636,429)	(10,590,175)
Total cost	**(19,696,882)**	**(31,403,809)**	**(18,801,985)**	**(9,787,634)**	**(5,915,928)**	**(85,606,238)**
Profit before income tax from reportable segments	**69,180,608**	**19,879,332**	**10,100,574**	**2,387,268**	**7,411,880**	**108,959,662**
Tax	**(11,746,826)**	**(2,446,134)**	**(1,492,079)**	**(199,875)**	**(1,051,333)**	**(16,936,247)**
Profit after income tax from reportable segments	**57,433,782**	**17,433,198**	**8,608,495**	**2,187,393**	**6,360,547**	**92,023,415**
Assets and liabilities:						
Total assets	1,431,874,300	298,097,280	231,417,439	57,507,623	107,711,670	2,126,608,312
Total liabilities	(499,447,265)	(656,342,543)	(291,027,138)	(162,281,030)	(147,980,010)	(1,757,077,986)
Net assets/ (liabilities)	**932,427,035**	**(358,245,263)**	**(59,609,699)**	**(104,773,407)**	**(40,268,340)**	**369,530,326**
Additions to Non-Current Assets	**3,861,965**	**859,310**	**878,866**	**160,385**	**287,271**	**6,047,797**
Assets:						
Loans and advances to banks	30,815	-	-	-	-	30,815
Loans and advances to customers	843,275,106	108,631,239	158,374,222	15,443,060	56,670,247	1,182,393,874
Others	588,568,378	189,466,041	73,043,217	42,064,563	51,041,423	944,183,622
	1,431,874,299	**298,097,280**	**231,417,439**	**57,507,623**	**107,711,670**	**2,126,608,312**
Liabilities:						
Deposits from banks	143,713	-	-	-	-	143,713
Deposits from customers	377,687,925	581,740,852	237,930,465	132,144,947	110,017,881	1,439,522,070
Others	121,615,627	74,601,691	53,096,673	30,136,083	37,962,129	317,412,203
	499,447,265	**656,342,543**	**291,027,138**	**162,281,030**	**147,980,010**	**1,757,077,986**

Notes to the financial statements

Parent
Dec-2013

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	108,130,890	40,840,653	44,571,447	11,885,029	16,130,948	221,558,967
Derived from other business segments	(13,428,977)	10,001,992	259,839	2,345,382	821,764	-
Total revenue	**94,701,913**	**50,842,645**	**44,831,286**	**14,230,411**	**16,952,712**	**221,558,967**
Interest expenses	(22,173,331)	(7,599,946)	(8,478,543)	(2,017,179)	(4,306,953)	(44,575,952)
Fee and commission expenses	(997,962)	(332,714)	(263,232)	(93,158)	(31,909)	(1,718,975)
Net operating income	**71,530,620**	**42,909,985**	**36,089,511**	**12,120,074**	**12,613,850**	**175,264,040**
Expense:						
Operating expenses	(9,779,284)	(26,295,074)	(14,857,676)	(6,858,221)	(4,985,695)	(62,775,950)
Net impairment loss on financial assets	(262,828)	(793,331)	(1,221,449)	(175,628)	(341,246)	(2,794,482)
Depreciation and amortization	(2,458,530)	(3,579,127)	(1,889,194)	(811,596)	(534,749)	(9,273,196)
Total cost	**(12,500,642)**	**(30,667,532)**	**(17,968,319)**	**(7,845,445)**	**(5,861,690)**	**(74,843,628)**
Profit before income tax from reportable segments	**59,029,978**	**12,242,453**	**18,121,192**	**4,274,629**	**6,752,160**	**100,420,412**
Tax	**(8,609,412)**	**(1,865,426)**	**(2,761,190)**	**(651,340)**	**(1,028,851)**	**(14,916,219)**
Profit after income tax from reportable segments	**50,420,566**	**10,377,027**	**15,360,002**	**3,623,289**	**5,723,309**	**85,504,193**
Assets and liabilities:						
Total assets	1,037,112,259	228,504,236	422,319,043	56,528,520	159,901,737	1,904,365,795
Total liabilities	(477,457,271)	(568,319,578)	(263,376,905)	(129,439,861)	(136,125,499)	(1,574,719,114)
Net assets/ (liabilities)	**559,654,988**	**(339,815,342)**	**158,942,138**	**(72,911,341)**	**23,776,238**	**329,646,681**
Additions to Non-Current Assets	**8,148,432**	**1,795,323**	**3,318,096**	**444,136**	**1,256,324**	**14,962,311**
Dec-2013						
Assets:						
Loans and advances to banks	10,017	1,654	3,538	343	1,424	16,976
Loans and advances to customers	546,957,316	90,340,622	193,197,565	18,738,280	77,733,310	926,967,093
Others	490,144,926	138,161,960	229,117,940	37,789,897	82,167,003	977,381,726
	1,037,112,259	**228,504,236**	**422,319,043**	**56,528,520**	**159,901,737**	**1,904,365,795**
Liabilities:						
Deposits from banks	88,729	-	-	-	-	88,729
Deposits from customers	304,758,626	519,368,493	224,302,947	122,861,773	90,635,196	1,261,927,035
Others	172,609,916	48,951,085	39,073,958	6,578,088	45,490,303	312,703,350
	477,457,271	**568,319,578**	**263,376,905**	**129,439,861**	**136,125,499**	**1,574,719,114**

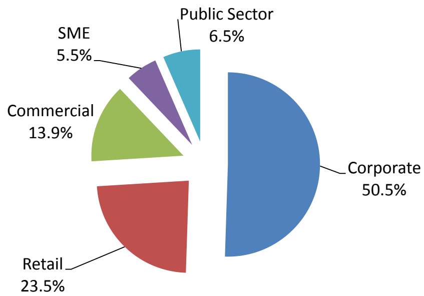
Operating segments (Continued)

Information about operating segments

Revenue

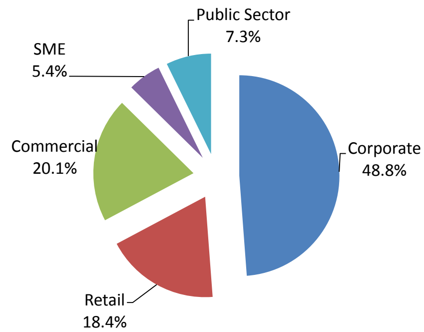
Parent

Dec-2014



Parent

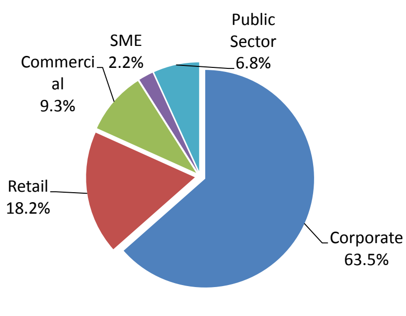
Dec-2013



Profit before tax

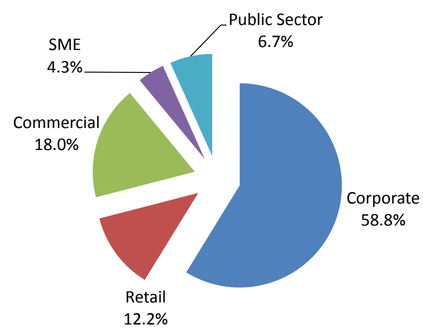
Parent

Dec-2014



Parent

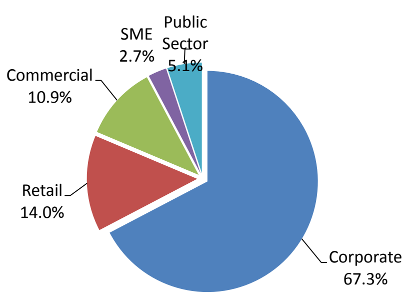
Dec-2013



Assets

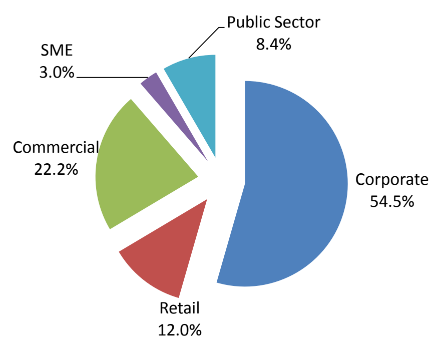
Parent

Dec-2014



Parent

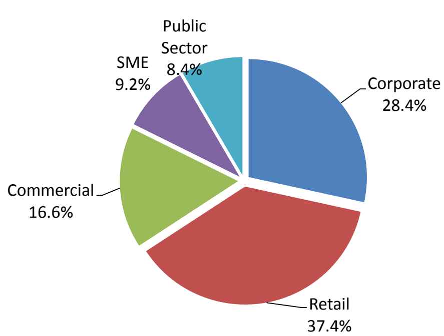
Dec-2013



Liabilities

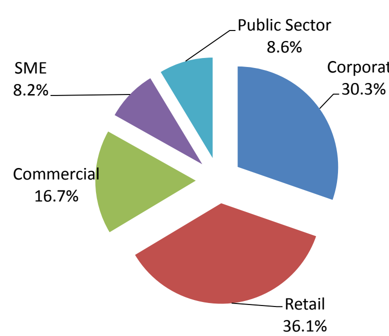
Parent

Dec-2014



Parent

Dec-2013



7 Operating segments (Continued)

The following is an analysis of the Group's revenue and gains by products and services;

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Bonds	19,635,369	16,394,657	28,591,505	14,971,506
Placements	13,140,367	5,180,893	7,642,761	4,731,161
Treasury bills	54,010,219	54,092,264	45,809,721	49,396,744
Loans	187,036,043	159,108,583	163,550,329	145,297,046
Contingents	4,698,816	7,888,614	3,412,735	7,203,827
	278,520,814	242,665,011	249,007,051	221,600,284

Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities

Reconciliation of revenues

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Total revenue from reportable segments	277,233,259	242,685,836	247,598,862	221,558,967
Consolidation and adjustments:				
- Interest income	(123,548)	(81,956)	-	-
- Other operating income	-	2,020	-	-
Revenue	277,109,711	242,605,900	247,598,862	221,558,967

Notes to the financial statements

Revenue as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Interest income	200,602,653	185,383,473	179,984,274	172,433,167
Fee and commission income	47,969,982	46,631,901	40,944,512	40,189,316
Net gains/(losses) on financial instruments classified as held for trading	28,274,332	10,538,095	24,104,531	7,923,744
Other operating income	1,673,847	111,542	3,973,734	1,054,057
Revenue and gains	278,520,814	242,665,011	249,007,051	221,600,284
Less gains:				
- Gain on disposal of fixed assets	(78,130)	(59,111)	(75,216)	(41,317)
- Net portfolio gain on SMEEIS investments	(1,332,973)	-	(1,332,973)	-
Revenue	277,109,711	242,605,900	247,598,862	221,558,967

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Total operating expense from reportable segments	82,132,511	72,544,597	68,557,959	62,775,950
Gains:				
Consolidation and adjustments:				
- Personnel expenses[1]	153,622	(122,551)	-	-
Operating expense	82,286,133	72,422,046	68,557,959	62,775,950

[1] relates to share based payments during the period

Notes to the financial statements

Operating expense as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Personnel expenses (See Note17)	27,442,101	23,761,448	21,036,543	19,625,269
General and administrative expenses (See Note18)	26,135,843	22,550,173	22,236,943	20,077,522
Operating lease expenses	913,085	837,218	560,710	623,379
Other operating expenses (See Note20)	27,795,104	25,273,207	24,723,763	22,449,780
	82,286,133	72,422,046	68,557,959	62,775,950

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Total profit or loss for reportable segments	115,251,910	106,989,530	108,959,662	100,420,412
Consolidation and adjustments:				
- Interest income	(123,548)	(81,956)	-	-
- Personnel expenses	(153,622)	122,551	-	-
- Other operating income	-	2,020	-	-
Gains:				
- Gain on disposal of fixed assets	78,130	59,111	75,216	41,317
- Net portfolio (loss)/gain on SMEEIS investments	1,332,973	-	1,332,973	-
Profit before income tax	116,385,843	107,091,256	110,367,851	100,461,729

Notes to the financial statements

Reconciliation of assets

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Total assets for reportable segments	2,358,873,688	2,104,220,847	2,126,608,312	1,904,365,795
Consolidation and adjustments	(2,997,162)	(1,374,432)	-	-
Total assets	2,355,876,526	2,102,846,415	2,126,608,312	1,904,365,795

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Total liabilities for reportable segments	1,973,461,792	1,763,029,664	1,757,077,986	1,574,719,114
Consolidation and adjustments	8,082,186	7,463,681	-	-
Total liabilities	1,981,543,978	1,770,493,345	1,757,077,986	1,574,719,114

Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of West Africa (comprising Ghana, Gambia, Sierra Leone, Liberia)
- East Africa (comprising Kenya, Uganda and Rwanda)
- Europe (UK and the Netherlands)

Dec-2014

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	245,332,887	19,828,823	9,666,628	2,281,373	277,109,711
Derived from other segments	-	-	-	-	-
Total Revenue	245,332,887	19,828,823	9,666,628	2,281,373	277,109,711
Interest expense	(51,285,446)	(3,227,896)	(3,528,864)	(168,349)	(58,210,555)
Fee and commission expenses	(1,747,514)	(208,645)	(158,206)	-	(2,114,365)
Net interest margin	192,299,927	16,392,282	5,979,558	2,113,024	216,784,791
Profit before income tax	107,521,688	7,624,549	1,090,992	148,614	116,385,843
Assets and liabilities:					
Total assets	1,899,886,422	119,961,576	93,998,638	242,029,890	2,355,876,526
Total liabilities	(1,596,389,766)	(93,263,508)	(79,378,448)	(212,512,256)	(1,981,543,978)
Net assets	303,496,656	26,698,068	14,620,190	29,517,634	374,332,548

Notes to the financial statements

Dec-2013

In thousands of Nigerian Naira	Nigeria	Rest of West Africa	East Africa	Europe	Total
Derived from external customers	220,787,379	18,365,255	1,366,729	2,086,537	242,605,900
Derived from other segments	-	-	-	-	-
Total Revenue	220,787,379	18,365,255	1,366,729	2,086,537	242,605,900
Interest expense	(44,575,954)	(3,218,067)	(523,659)	(126,788)	(48,444,468)
Fee and commission expenses	(1,718,971)	(94,675)	(10,566)	-	(1,824,212)
Net interest margin	174,492,454	15,052,513	832,504	1,959,749	192,337,220
Profit before income tax	99,490,825	7,415,382	96,831	88,218	107,091,256

Dec-2013

Assets and liabilities:

	Nigeria	Rest of West Africa	East Africa	Europe	Total
Total assets	1,847,975,429	120,594,769	68,983,849	65,292,368	2,102,846,415
Total liabilities	(1,582,178,460)	(91,475,816)	(56,732,495)	(40,106,574)	(1,770,493,345)
Net assets	265,796,969	29,118,953	12,251,354	25,185,794	332,353,070

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group

Dec-2014

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	*Note*	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	246,939,868	-	-	246,939,868	246,969,797	-	-	246,969,797
Loans and advances to banks	24	-	-	-	5,695,592	-	-	5,695,592	-	5,690,301	-	5,690,301
Loans and advances to customers	25	-	-	-	1,275,681,135	-	-	1,275,681,135	-	1,200,506,006	77,377,624	1,277,883,630
Financial assets held for trading	26	9,415,919	-	-	-	-	-	9,415,919	9,415,919	-	-	9,415,919
Derivative financial assets	27	-	529,732	-	-	-	-	529,732	-	-	529,732	529,732
Assets pledged as collateral	29	-	39,179,198	-	-	-	-	39,179,198	39,179,198	-	-	39,179,198
Investment securities:												
– Available for sale		-	-	-	-	344,701,935	-	344,701,935	360,626,504	7,376,735	3,101,538	371,104,777
– Held to maturity	28	-	-	35,160,640	-	-	-	35,160,640	34,922,356	-	-	34,922,356
Restricted deposits and other assets	34	-	-	-	291,194,454	-	-	291,194,454	-	291,194,454	-	291,194,454
		9,415,919	**39,708,930**	**35,160,640**	**1,819,511,049**	**344,701,935**	**-**	**2,248,498,473**	**691,113,774**	**1,504,767,496**	**81,008,894**	**2,276,890,164**
Deposits from banks	35	-	-	-	-	-	31,661,622	31,661,622	-	31,661,636	-	31,661,636
Deposits from customers	36	-	-	-	-	-	1,618,208,194	1,618,208,194	-	1,613,097,636	-	1,613,097,636
Derivative financial liabilities	27	-	253,374	-	-	-	-	253,374	-	253,374	-	253,374
Debt securities issued	37	-	-	-	-	-	167,321,207	167,321,207	-	154,808,094	-	154,808,094
Other borrowed funds	40	-	-	-	-	-	91,298,545	91,298,545	-	90,574,292	-	90,574,292
Other liabilities	38	-	-	-	-	-	57,200,461	57,200,461	-	57,200,461	-	57,200,461
		-	**253,374**	**-**	**-**	**-**	**1,965,690,029**	**1,965,943,403**	**-**	**1,947,595,493**	**-**	**1,947,595,493**

Notes to the financial statements

Group
Dec-2013

In thousands of Nigerian Naira	Note	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	307,395,676	-	-	307,395,676	312,764,031	-	-	312,764,031
Loans and advances to banks	24	-	-	-	5,596,476	-	-	5,596,476	-	4,903,443	-	4,903,443
Loans and advances to customers	25	-	-	-	1,002,370,638	-	-	1,002,370,638	-	954,230,368	74,597,823	1,028,828,191
Financial assets held for trading	26	17,223,667	-	-	-	-	-	17,223,667	17,223,667	-	-	17,223,667
Derivative financial assets	27	-	170,101	-	-	-	-	170,101	-	-	170,101	170,101
Assets pledged as collateral	29	-	28,442,629	-	-	-	-	28,442,629	28,442,629	-	-	28,442,629
Investment securities:												
– Available for sale	28	-	-	-	-	374,673,147	-	374,673,147	371,500,012	6,735,679	6,975,141	385,210,832
– Held to maturity	28	-	-	84,741,890	-	-	-	84,741,890	38,059,392	52,240,717	-	90,300,109
Restricted deposits and other assets	34	-	-	-	184,138,353	-	-	184,138,353	-	184,138,353	-	184,138,353
		17,223,667	**28,612,730**	**84,741,890**	**1,499,501,143**	**374,673,147**	**-**	**2,004,752,577**	**767,989,731**	**1,202,248,560**	**81,743,065**	**2,051,981,356**
Deposits from banks	35	-	-	-	-	-	15,208,300	15,208,300	-	15,234,151	-	15,234,151
Deposits from customers	36	-	-	-	-	-	1,427,493,697	1,427,493,697	-	1,415,225,379	-	1,415,225,379
Derivative financial liabilities	27	-	3,883	-	-	-	-	3,883	-	3,883	-	3,883
Debt securities issued	37	-	-	-	-	-	156,498,167	156,498,167	-	156,064,353	-	156,064,353
Other borrowed funds	40	-	-	-	-	-	92,134,872	92,134,872	-	89,943,224	-	89,943,224
Other liabilities	38	-	-	-	-	-	61,014,954	61,014,954	-	61,014,954	-	61,014,954
		-	**3,883**	**-**	**-**	**-**	**1,752,349,990**	**1,752,353,873**	**-**	**1,737,485,944**	**-**	**1,737,485,944**

Notes to the financial statements

Parent
Dec-2014

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	**Note**	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Cash and cash equivalents	23	-	-	-	-	-	161,778,647	161,778,647	161,808,576	-	-	161,808,576
Loans and advances to banks	24	-	-	-	30,815	-	-	30,815	-	25,509	-	25,509
Loans and advances to customers	25	-	-	-	1,182,393,874	-	-	1,182,393,874	-	1,123,755,527	60,667,473	1,184,423,000
Financial assets held for trading	26	5,675,545	-	-	-	-	-	5,675,545	5,675,545	-	-	5,675,545
Derivative financial assets	27	-	529,732	-	-	-	-	529,732	-	-	529,732	529,732
Assets pledged as collateral	29	-	39,173,640	-	-	-	-	39,173,640	39,173,640	-	-	39,173,640
Investment securities:												
– Available for sale	28	-	-	-	-	317,749,878	-	317,749,878	308,359,706	6,288,634	3,101,538	317,749,878
– Held to maturity	28	-	-	4,511,342	-	-	-	4,511,342	4,273,058	-	-	4,273,058
Restricted deposits and other assets	34	-	-	-	293,847,047	-	-	293,847,047	-	293,847,047	-	293,847,047
		5,675,545	**39,703,372**	**4,511,342**	**1,476,271,736**	**317,749,878**	**161,778,647**	**2,005,690,520**	**519,290,525**	**1,423,916,717**	**64,298,743**	**2,007,505,985**
Deposits from banks	35	-	-	-	-	-	143,713	143,713	-	143,713	-	143,713
Deposits from customers	36	-	-	-	-	-	1,439,522,071	1,439,522,071	-	1,437,875,913	-	1,437,875,913
Derivative financial liabilities	27	-	253,374	-	-	-	-	253,374	-	253,374	-	253,374
Debt securities issued	37	-	-	-	-	-	-	-	-	-	-	-
Other borrowed funds	40	-	-	-	-	-	252,830,895	252,830,895	-	239,593,529	-	239,593,529
Other liabilities	38	-	-	-	-	-	47,714,495	47,714,495	-	47,714,495	-	47,714,495
		-	**253,374**	**-**	**-**	**-**	**1,740,211,174**	**1,740,464,548**	**-**	**1,725,581,024**	**-**	**1,725,581,024**

Parent
Dec-2013

In thousands of Nigerian Naira	Note	Carrying amount: Held for trading	Carrying amount: Designated at fair value	Carrying amount: Held-to-maturity	Carrying amount: Loans and receivables	Carrying amount: Available-for-sale	Carrying amount: Other financial liabilities at amortized cost	Carrying amount: Total carrying amount	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Fair value
Cash and cash equivalents	23	-	-	-	-	-	228,609,550	228,609,550	233,977,904	-	-	233,977,904
Loans and advances to banks	24	-	-	-	16,976	-	-	16,976	-	17,411	-	17,411
Loans and advances to customers	25	-	-	-	926,967,093	-	-	926,967,093	-	892,721,934	60,667,473	953,389,407
Financial assets held for trading	26	13,746,682	-	-	-	-	-	13,746,682	13,746,682	-	-	13,746,682
Derivative financial assets	27	-	170,101	-	-	-	-	170,101	-	-	170,101	170,101
Assets pledged as collateral	29	-	28,440,947	-	-	-	-	28,440,947	28,440,947	-	-	28,440,947
Investment securities:												
– Available for sale	28	-	-	-	-	364,056,362	-	364,056,362	352,204,680	4,876,541	6,975,141	364,056,362
– Held to maturity	28	-	-	46,682,498	-	-	-	46,682,498	-	52,240,717	-	52,240,717
Restricted deposits and other assets	34	-	-	-	180,318,664	-	-	180,318,664	-	180,318,664	-	180,318,664
		13,746,682	**28,611,048**	**46,682,498**	**1,107,302,733**	**364,056,362**	**228,609,550**	**1,789,008,873**	**628,370,213**	**1,130,175,267**	**67,812,715**	**1,826,358,195**
Deposits from banks	35	-	-	-	-	-	88,729	88,729	-	88,729	-	88,729
Deposits from customers	36	-	-	-	-	-	1,261,927,035	1,261,927,035	-	1,257,958,050	-	1,257,958,050
Derivative financial liabilities	27	-	3,883	-	-	-	-	3,883	-	3,883	-	3,883
Debt securities issued	37	-	-	-	-	-	13,233,595	13,233,595	-	13,165,000	-	13,165,000
Other borrowed funds	40	-	-	-	-	-	233,040,108	233,040,108	-	233,881,975	-	233,881,975
Other liabilities	38	-	-	-	-	-	49,008,466	49,008,466	-	49,008,466	-	49,008,466
		-	**3,883**	**-**	**-**	**-**	**1,557,297,933**	**1,557,301,816**	**-**	**1,554,106,103**	**-**	**1,554,106,103**

Fair value of loans and advances

The fair values of non retail loans have been determined based on observable market data (transactions) (level 2) whilst those of retail loans have been 'estimated using **Discounted Cash Flow (DCF) valuation models (level 3).** Inputs into this valuation technique include: expected cash flows, expected losses, tenor and interest rates, risk premium between interest rate on the loan and risk free rate in the economy.

The expected cash flows (estimated recoverable amount from receivables, collateral and otherwise) are thus discounted to obtain the fair value of the retail loans. To improve the accuracy of fair value of retail loans, these loans are grouped into homogenous portfolio along product and customer type.

Fair value of customers' deposits

Fair values of customers' deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

Notes to the financial statements

Accounting classification measurement basis

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

9 Interest income

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Loans and advances to banks	520,268	341,311	6,271	4,368
Loans and advances to customers	140,654,972	117,647,966	127,371,086	110,342,081
	141,175,240	117,989,277	127,377,357	110,346,449
Cash and cash equivalents	4,572,082	4,852,522	4,258,216	3,592,231
Financial assets held for trading	2,515,017	3,244,542	1,797,738	3,214,637
Investment securities:				
– Available for sale	42,032,983	40,692,578	41,007,786	40,584,130
– Held to maturity	9,237,199	17,286,213	4,473,045	13,377,379
Assets pledged as collateral	1,070,132	1,318,341	1,070,132	1,318,341
	200,602,653	185,383,473	179,984,274	172,433,167

Geographical location

Interest income earned in Nigeria	179,517,735	172,092,586	179,641,283	172,174,542
Interest income earned outside Nigeria	21,084,918	13,290,887	342,991	258,625
	200,602,653	185,383,473	179,984,274	172,433,167

Interest income for the year ended 31 December 2014 includes N1,633,507,000 (December 2013:N2,583,453,000) accrued on impaired financial assets.

Notes to the financial statements

10 Interest expense

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Deposit from banks	794,685	865,193	113,249	354,590
Deposit from customers	42,053,852	35,784,530	36,014,844	32,533,051
	42,848,537	36,649,723	36,128,093	32,887,641
Other borrowed funds	3,024,081	3,164,575	13,448,671	9,911,049
Debt securities	12,337,937	8,630,170	1,708,680	1,777,262
Total interest expense	58,210,555	48,444,468	51,285,444	44,575,952
Geographical location				
Interest expense paid in Nigeria	38,390,518	35,331,423	38,361,555	35,323,994
Interest expense paid outside Nigeria	19,820,037	13,113,045	12,923,889	9,251,958
	58,210,555	48,444,468	51,285,444	44,575,952

11 Loan impairment charges

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Loans and advances to banks (Note 24)	**10**	**(230)**	**10**	**(230)**
Increase in collective impairment	10	-	10	-
Increase in specific impairment	-	-	-	-
Reversal of collective impairment	-	(227)	-	(227)
Reversal of specific impairment	-	(3)	-	(3)
Loans and advances to customers (Note 25)	**7,098,438**	**2,886,235**	**6,184,279**	**2,913,548**
Increase in collective impairment	1,118,793	4,436,134	906,015	4,113,462
Increase in specific impairment	8,236,821	5,530,612	6,483,088	3,843,891
Reversal of collective impairment	(337,762)	(611,550)	(268,708)	(412,364)
Reversal of specific impairment	(975,316)	(4,812,606)	(808,207)	(4,271,397)
Amounts written off during the year as uncollectible	(217,496)	333	2,703	311
Income received on claims previously written off	(726,602)	(1,656,688)	(130,612)	(360,355)
Impairment charges on loans and advances transferred to discontinued operations	-	**-**	-	**-**
	7,098,448	**2,886,005**	**6,184,289**	**2,913,318**

Notes to the financial statements

12 Fee and commission income

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Credit related fees and commissions	11,521,014	11,839,827	10,036,629	10,508,273
Commission on turnover	13,518,135	13,797,249	12,773,429	13,104,641
Corporate finance fees	1,195,688	2,763,519	1,195,688	1,320,782
Commission on foreign exchange deals	3,819,695	4,009,920	3,819,695	4,009,920
Income from financial guarantee contracts issued	6,317,744	4,790,391	5,241,715	4,548,013
Other fees and commissions	11,597,706	9,430,995	7,877,356	6,697,687
	47,969,982	46,631,901	40,944,512	40,189,316

13 Fee and commission expense

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Bank charges	1,064,053	847,996	1,016,789	838,455
Other fees and commission expense[1]	1,050,312	976,216	730,729	880,520
	2,114,365	1,824,212	1,747,518	1,718,975

[1] Largely comprises of loan recovery expenses

14 Net gains/(losses) on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Bonds trading	147,858	475,460	132,909	467,323
Treasury bills trading	784,655	1,278,516	572,584	1,278,516
Foreign exchange[1]	27,341,819	8,784,119	23,399,038	6,177,905
Net trading income	28,274,332	10,538,095	24,104,531	7,923,744

[1] Also includes foreign exchange revaluation earnings

15 Other income

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Mark to market gains on trading investments	6,272	(126,190)	6,272	(126,190)
Gain on disposal of fixed assets	78,130	59,111	75,216	41,317
Net portfolio (loss)/gain on SMEEIS investments	1,332,973	-	1,332,973	-
Dividend income	81,391	177,753	2,559,273	1,138,930
Other income	175,081	868	-	-
	1,673,847	111,542	3,973,734	1,054,057

16 Net impairment charge / (reversal) on other financial assets

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Impairment charges on equity investments	508,016	-	508,016	-
Impairment charges on HTM bonds	-	131,164	-	131,164
Written off charges on equities	30,000		30,000	
Reversal of specific impairment for equities	(264,201)	(250,000)	(264,201)	(250,000)
	273,815	(118,836)	273,815	(118,836)

Write offs and reversals relates to Patrick Speech and ICHL respectively.

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Note	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Wages and salaries		25,980,737	22,479,004	20,707,517	19,055,211
Contributions to defined contribution plans		927,857	813,988	688,740	687,412
Defined benefit costs	39	(608,525)	(402,337)	(608,525)	(402,337)
Cash-settled share-based payments (see 17(b) below)		153,622	(122,551)	-	-
Other staff cost		988,410	993,344	248,811	284,983
		27,442,101	23,761,448	21,036,543	19,625,269

Staff loans

Staff received loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (other staff cost) over the life of the loan.

Cash- settled share-based payments

The Group operates a cash-settled share based compensation plan (share appreciation rights (SARs)) for its management personnel. The management personnel are entitled to the share appreciation rights after spending ten years in the Bank. The amount of cash payment is determined based on the fair value of the shares of the Bank. The details of SARs granted at the reporting date are provided below:

In thousands	Number of shares
SARs granted to senior management employees at 31 December 2014	401,415
SARs granted to senior management employees at 31 December 2013	406,626

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Dec-2014	Group Dec-2013
Effect of changes in the fair value of SARs		(1,330,160)	(1,504,505)
Expense from rights exercised during the year		576,750	583,958
Dividend payment to members of the scheme		907,032	797,996
Total expense recognized as personnel expenses		153,622	(122,551)

In thousands of Nigerian Naira		Group Dec-2014	Group Dec-2013
Total carrying amount of liabilities for cash-settled arrangements	38	8,082,186	7,463,681

The carrying amount of liabilities for cash-settled share based payments includes:

In thousands of Nigerian Naira	Note	Group Dec-2014	Group Dec-2013
Balance, beginning of year		7,463,681	7,340,059
Effect of changes in fair value of SAR at year end		(1,330,160)	(1,504,505)
Options exercised during the year		(181,536)	(137,381)
Share rights granted during the year		2,130,201	1,765,508
Balance, end of year	38	8,082,186	7,463,681

Notes to the financial statements

(c) (i) The average number of persons employed during the year was as follows:

	Group Dec-2014 Number	Group Dec-2013 Number	Parent Dec-2014 Number	Parent Dec-2013 Number
Executive directors	6	6	6	6
Management	217	198	55	54
Non-management	4,706	4,447	3,279	3,095
	4,929	4,651	3,340	3,155

(ii) The average number of persons in employment during the year is shown below:

	Group Dec-2014 Number	Group Dec-2013 Number	Parent Dec-2014 Number	Parent Dec-2013 Number
Abuja Commercial Banking Division	34	32	34	32
Abuja Public Sector Division	38	45	38	45
Communication and External Affairs	118	115	28	28
Corporate Planning and Group Coordination	100	79	61	43
Corporate Services Division	156	176	118	114
Compliance Group	25	12	25	12
E-Business Division	128	126	102	87
Enterprise Risk Management Division	166	153	98	89
Executive	1	1	1	1
Human Resources	30	30	30	30
Institutional Banking Division	371	339	164	156
Lagos Island Division	79	72	79	72
Lagos Island Retail Division	83	87	83	87
Lagos Mainland Division & Agric Banking	124	121	124	121
Lagos Mainland Retail Division	91	87	91	87
North East Division	52	50	52	50
North West Division	56	57	56	57
Operations Division	225	230	225	230
Retail South South Division	27	27	27	27
Retail Abuja Division	55	52	55	52
Retail South East Division	30	42	30	42
Retail South West Division	102	111	102	111
SME Abuja Division	30	24	30	24
SME Lagos Island	39	27	39	27
SME Lagos Mainland	44	35	44	35
SME South East Division	33	24	33	24
South East Division	36	36	36	36
South South Division	61	63	61	63
Systems and Control Division	140	138	107	107
Technology Division	221	185	160	132
Transaction Services	1,536	1,552	1,173	1,102
Wholesale Banking Division	45	43	34	32
Commercial Banking Subsidiaries	95	82	-	-
Retail Subsidiaries	110	110	-	-
Public Sector Subsidiaries	10	10	-	-
Others	438	278	-	-
	4,929	4,651	3,340	3,155

Notes to the financial statements

(iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Dec-2014 Number	Group Dec-2013 Number	Parent Dec-2014 Number	Parent Dec-2013 Number
N720,001 - ₦1,400,000	1,361	1,248	-	-
N1,400,001 - ₦2,050,000	496	284	458	221
N2,190,001 - ₦2,330,000	51	52	-	1
N2,330,001 - ₦2,840,000	9	16	-	-
N2,840,001 - ₦3,000,000	11	13	-	-
N3,001,001 - N3,830,000	985	974	969	957
N3,830,001 - ₦4,530,000	4	6	-	-
N4,530,001 - ₦5,930,000	567	548	561	544
N6,000,001 - N6,800,000	488	532	483	514
N6,800,001 - ₦7,300,000	9	19	-	-
N7,300,001 - ₦7,800,000	361	392	332	384
N7,800,001 - ₦8,600,000	5	6	-	-
N8,600,001 - ₦11,800,000	378	367	366	360
Above ₦11,800,000	198	188	165	168
	4,923	4,645	3,334	3,149

18 General and administrative expenses

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Stationery and postage	2,473,760	1,978,642	2,213,886	1,804,026
Business travel expenses	829,233	906,690	562,505	823,009
Advert, promotion and corporate gifts	6,140,857	4,823,523	5,633,065	4,474,748
Repairs and maintenance	4,431,725	3,825,739	3,884,056	3,468,893
Occupancy costs	4,334,097	3,483,295	3,123,614	2,743,729
Directors' emoluments	512,409	366,194	220,891	216,910
Contract services	7,413,762	7,166,090	6,598,926	6,546,207
	26,135,843	22,550,173	22,236,943	20,077,522

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Amortisation of intangible assets (see note 32)	1,152,540	783,270	816,165	645,254
Depreciation of property, plant and equipment (see note 31)	10,999,115	9,332,590	9,774,010	8,627,942
	12,151,655	10,115,860	10,590,175	9,273,196

20 Other operating expenses

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Finance costs	182,023	214,441	180,688	213,911
Deposit insurance premium	5,596,847	4,922,666	5,526,561	4,912,287
Other insurance premium	823,601	518,856	725,824	474,630
Auditors' remuneration[1]	399,957	335,337	300,000	256,600
Professional fees and other consulting costs	964,638	1,447,282	645,007	1,218,020
AMCON expenses	9,521,829	8,101,588	9,521,829	8,101,588
Others[2]	10,306,209	9,733,037	7,823,854	7,272,744
	27,795,104	25,273,207	24,723,763	22,449,780

[1] Auditor's remuneration represents fees for half and full year audit of the Group and Bank for the period ended 31 December 2014

[2] Included in others are communication expenditures, training, transportation and allowances paid to Interns.

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Current tax expense:				
Company income tax	11,212,258	12,737,040	10,501,510	10,627,833
Education Tax	1,052,446	1,000,528	1,052,446	1,000,528
NITDA Levy	1,103,679	1,004,617	1,103,679	1,004,617
	13,368,383	14,742,185	12,657,635	12,632,978

Notes to the financial statements

Deferred tax expense:				
Charges on capital allowance	3,115,259	1,395,423	3,115,259	1,395,423
Origination of temporary differences	1,207,282	929,671	1,163,353	887,818
Deferred tax expense transferred to disposal group	-	-	-	-
	17,690,924	17,067,279	16,936,247	14,916,219

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	**Dec-2014**	**Dec-2014**	**Dec-2013**	**Dec-2013**
Profit before income tax	116,385,843		107,091,256	
Income tax using the domestic corporation tax rate	34,915,753	30.0%	32,127,377	30.0%
Effect of tax rates in foreign jurisdictions	(1,050,720)	-0.9%	162,201	0.2%
Tax reliefs/WHT Credits	(689,032)	-0.6%	(497,326)	-0.5%
Net capital allowance	(4,596,150)	-3.9%	(3,882,764)	-3.6%
Non-deductible expenses	3,517,433	3.0%	4,009,821	3.7%
Education tax levy	1,052,446	0.9%	1,000,528	0.9%
NITDEF tax levy	1,103,679	0.9%	1,004,617	0.9%
Tax exempt income	(16,231,380)	-13.9%	(16,555,790)	-15.5%
Deductible expenses	(331,105)	-0.3%	(301,385)	-0.3%
Total income tax expense in comprehensive income	17,690,924	15.2%	17,067,279	15.9%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**Dec-2014**	**Dec-2014**	**Dec-2013**	**Dec-2013**
Profit before income tax	110,367,851		100,461,729	
Income tax using the domestic corporation tax rate	33,110,356	30.0%	30,138,518	30.0%
Tax reliefs/WHT Credits	(689,032)	-0.6%	(497,326)	-0.5%
Net capital allowance	(4,596,150)	-4.2%	(3,882,764)	-3.9%
Non-deductible expenses	3,517,433	3.2%	4,009,821	4.0%
Education tax levy	1,052,446	1.0%	1,000,528	1.0%
NITDEF tax levy	1,103,679	1.0%	1,004,617	1.0%
Tax exempt income	(16,231,380)	-14.7%	(16,555,790)	-16.5%
Deductible expenses	(331,105)	-0.3%	(301,385)	-0.3%
Total income tax expense in comprehensive income	16,936,247	15.3%	14,916,219	14.8%

Notes to the financial statements

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Income tax relating to actuarial gains and losses	(238,800)	196,731	(238,800)	196,731
Income tax relating to foreign currency translation differences for foreign operations	(435,711)	(311,893)	-	-
Income tax relating to net change in fair value of available for sale financial assets	(1,720,197)	1,224,129	(1,753,071)	1,166,147
	(2,394,708)	1,108,967	(1,991,871)	1,362,878

(b) *Current income tax payable*

The movement on the current income tax payable account during the year was as follows:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Balance, beginning of the year	13,073,847	15,630,973	12,632,975	15,340,116
Exchange difference on translation	(101,218)	(159,848)	-	-
Charge for the year	13,368,383	14,742,185	12,657,635	12,632,978
Payments during the year	(15,132,105)	(17,198,130)	(12,632,976)	(15,340,119)
Liabilities on acquisition of subsidiaries	-	58,667	-	-
Balance, end of the year	11,208,907	13,073,847	12,657,634	12,632,975

22 Basic and Diluted earnings per share

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

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N97,997,286,000 and a weighted average number of ordinary shares outstanding of 28,219,671,660 and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Net profit attributable to equity holders	97,997,286	89,599,095	93,431,604	85,545,510
Interest expense on convertible debt (net of tax)	-	-	-	-
Net profit used to determine diluted earnings per share	97,997,286	89,599,095	93,431,604	85,545,510

Number of ordinary shares

In thousands of shares	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Weighted average number of ordinary shares in issue	28,219,672	28,260,505	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	3.47	3.17	3.17	2.91

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS are the same for the Group.

Notes to the financial statements

	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Weighted average number of ordinary shares in issue	28,219,672	28,260,505	29,431,179	29,431,179
Adjustment for:				
-Bonus element on conversion of convertible debt	-	-	-	-
-Share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,219,672	28,260,505	29,431,179	29,431,179
Diluted earnings per share (expressed in naira per share)	3.47	3.17	3.17	2.91

Profit attributable to:

In millions of shares	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Equity holders of the parent entity (total)	**97,997,286**	**89,599,095**	**93,431,604**	**85,545,510**
– Profit for the year from continuing operations	97,997,286	89,599,095	93,431,604	85,545,510
– Profit for the year from discontinued operations	-	-	-	-

23 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Cash in hand	33,115,429	30,448,221	24,916,435	24,612,167
Balances held with other banks	91,993,886	85,154,356	42,561,912	32,508,143
Unrestricted balances with central banks	33,346,313	32,260,765	19,823,983	23,962,746
Money market placements	88,484,240	159,532,334	74,476,317	147,526,495
	246,939,868	307,395,676	161,778,647	228,609,551

(b) Cash and cash equivalents in statement of cash flows includes:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Cash and cash equivalents of continuing operations	246,939,868	307,395,676	161,778,647	228,609,551
Cash and cash equivalents classified as held for sale	-	-	-	-
	246,939,868	307,395,676	161,778,647	228,609,551

24 Loans and advances to banks

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Loans and advances to banks	5,695,613	5,596,487	30,836	16,987
Less specific allowances for impairment	-	-	-	-
Less collective allowances for impairment	(21)	(11)	(21)	(11)
	5,695,592	5,596,476	30,815	16,976
Current	5,695,592	5,593,976	30,815	14,476
Non-current	-	2,500	-	2,500

Notes to financial statements

Reconciliation of allowance accounts for losses on loans and advances to banks

Group

In thousands of Nigerian Naira	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment	Dec-2013 Specific allowance for impairment	Dec-2013 Collective allowance for impairment	Dec-2013 Total allowance for impairment
Balance at 1 January	-	11	11	3	238	241
Increase in impairment allowances	-	10	10	-	-	-
Reversal of impairment	-	-	-	(3)	(227)	(230)
Write offs	-	-	-	-	-	-
	-	21	21	-	11	11

Parent

In thousands of Nigerian Naira	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment	Dec-2013 Specific allowance for impairment	Dec-2013 Collective allowance for impairment	Dec-2013 Total allowance for impairment
Balance at 1 January	-	11	11	3	238	241
Increase in impairment allowances	-	10	10	-	-	-
Reversal of impairment	-	-	-	(3)	(227)	(230)
Write offs	-	-	-	-	-	-
	-	21	21	-	11	11

Notes to financial statements

25 Loans and advances to customers

Group Dec-2014	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Loans to individuals:				
Loans	79,329,101	63,293,748	65,316,975	51,499,867
Overdrafts	8,506,771	6,007,841	5,815,694	3,909,684
Others[1]	6,948	38,312	-	-
Gross loans	87,842,820	69,339,901	71,132,669	55,409,551
Loans	(32,741)	(144,040)	-	(124,096)
Overdrafts	(317,057)	(229,360)	(69,838)	(56,483)
Others[1]	(850)	(1,823)	-	-
Specific impairment	(350,648)	(375,223)	(69,838)	(180,579)
Loans	(351,910)	(514,115)	(343,386)	(509,659)
Overdrafts	(332,562)	(409,258)	(268,199)	(370,634)
Others[1]	(221)	(407)	-	-
Collective impairment	(684,693)	(923,780)	(611,585)	(880,293)
Loans	(384,651)	(658,155)	(343,386)	(633,755)
Overdrafts	(649,619)	(638,618)	(338,037)	(427,117)
Others[1]	(1,071)	(2,230)	-	-
Total impairment	(1,035,341)	(1,299,003)	(681,423)	(1,060,872)
Loans	78,944,450	62,635,593	64,973,589	50,866,112
Overdrafts	7,857,152	5,369,223	5,477,657	3,482,567
Others[1]	5,877	36,082	-	-
Carrying amount	86,807,479	68,040,898	70,451,246	54,348,679
Loans to Non-individuals:				
Loans	946,454,911	681,789,473	907,178,355	663,015,973
Overdrafts	174,990,995	136,981,234	142,378,503	100,729,165
Others[1]	97,012,660	138,076,535	87,762,518	127,811,953
Gross loans	1,218,458,566	956,847,242	1,137,319,376	891,557,091
Loans	(14,066,172)	(10,545,114)	(12,283,990)	(9,160,378)
Overdrafts	(7,013,627)	(3,966,149)	(6,195,852)	(3,370,230)
Others[1]	(1,042,253)	(1,536,240)	-	(417,178)
Specific impairment	(22,122,052)	(16,047,503)	(18,479,842)	(12,947,786)
Loans	(4,689,538)	(4,044,803)	(4,412,610)	(3,830,771)
Overdrafts	(2,420,835)	(2,192,263)	(2,293,763)	(2,100,155)
Others[1]	(352,485)	(232,933)	(190,533)	(59,965)
Collective impairment	(7,462,858)	(6,469,999)	(6,896,906)	(5,990,891)
Loans	(18,755,710)	(14,589,917)	(16,696,600)	(12,991,149)
Overdrafts	(9,434,462)	(6,158,412)	(8,489,615)	(5,470,385)
Others[1]	(1,394,738)	(1,769,173)	(190,533)	(477,143)
Total impairment	(29,584,910)	(22,517,502)	(25,376,748)	(18,938,677)
Loans	927,699,201	667,199,556	890,481,755	650,024,824
Overdrafts	165,556,533	130,822,822	133,888,888	95,258,780
Others[1]	95,617,922	136,307,362	87,571,985	127,334,810
Carrying amount	1,188,873,656	934,329,740	1,111,942,628	872,618,414
Total carrying amount (individual and non individual)	**1,275,681,135**	**1,002,370,638**	**1,182,393,874**	**926,967,093**

[1] Others include CBN Commercial Agric Credit Scheme (CACS) loans, Bank of Industry (BOI) and Usances.

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Current	734,167,463	578,465,833	660,309,541	529,684,728
Non-current	541,513,672	423,904,805	522,084,333	397,282,365

Notes to financial statements

Reconciliation of allowance accounts for losses on loans and advances to Individuals

Group

	Dec-2014			Dec-2013		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	375,223	923,780	1,299,003	901,973	151,058	1,053,031
Foreign currency translation and other adjustments	21,240	4,060	25,300	(35,823)	(506)	(36,329)
Increase in impairment allowances	152,062	44,653	196,715	122,776	777,957	900,733
Reversal of impairment	(146,058)	(287,800)	(433,858)	(474,754)	(4,729)	(479,483)
Write offs	(51,819)	-	(51,819)	(138,949)	-	(138,949)
Balance, end of year	350,648	684,693	1,035,341	375,223	923,780	1,299,003

Reconciliation of allowance accounts for losses on loans and advances to Individuals

Parent

	Dec-2014			Dec-2013		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	180,579	880,293	1,060,872	594,416	128,533	722,949
Increase in impairment allowances	13,355	-	13,355	56,483	751,760	808,243
Reversal of impairment	(114,047)	(268,708)	(382,755)	(460,063)	-	(460,063)
Write offs	(10,049)	-	(10,049)	(10,257)	-	(10,257)
Balance, end of year	69,838	611,585	681,423	180,579	880,293	1,060,872

Notes to financial statements

Reconciliation of allowance accounts for losses on Loans to Non - Individuals

Group

	Dec-2014			Dec-2013		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	16,047,503	6,469,999	22,517,502	14,911,699	3,297,555	18,209,254
Foreign currency translation and other adjustments	(163,300)	(31,319)	(194,619)	(165,898)	(29,448)	(195,346)
Increase in impairment allowances	8,084,759	1,074,140	9,158,899	5,407,836	3,658,177	9,066,013
Reversal of impairment	(829,258)	(49,962)	(879,220)	(4,337,852)	(606,821)	(4,944,673)
Reclassifications	-	-	-	78,792	(78,792)	-
Write offs	(1,017,652)	-	(1,017,652)	(445,000)	-	(445,000)
Impairment of subsidiary acquired	-	-	-	597,926	229,328	827,254
Balance, end of year	22,122,052	7,462,858	29,584,910	16,047,503	6,469,999	22,517,502

Parent

	Dec-2014			Dec-2013		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	12,947,786	5,990,891	18,938,677	12,976,805	3,120,345	16,097,150
Foreign currency translation and other adjustments	97	-	97	62	-	62
Increase in impairment allowances	6,469,733	906,015	7,375,748	3,787,408	3,361,702	7,149,110
Reversal of impairment	(694,160)	-	(694,160)	(3,811,334)	(412,364)	(4,223,698)
Reclassifications	-	-	-	78,792	(78,792)	-
Write offs	(243,614)	-	(243,614)	(83,947)	-	(83,947)
Balance, end of year	18,479,842	6,896,906	25,376,748	12,947,786	5,990,891	18,938,677

Reclassifications relates to reversals done between the two classes of impairment for proper presentation. This resulted from movement in exposures which were initially assessed under collective impairment in prior year but which were subsequently re-assessed under specific impairment in the current year. They are not provisions no longer required.

Notes to financial statements

Reconciliation of allowance accounts for losses on loans and advances to banks

Group

Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	-	11	11	-	-	-	-	11	11
Increase in impairment allowances	-	4	4	-	6	6	-	-	-	-	10	10
	-	4	4	-	17	17	-	-	-	-	21	21

Group

Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	3	238	241	-	-	-	3	238	241
Increase in impairment allowances	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment	-	-	-	(3)	(227)	(230)	-	-	-	(3)	(227)	(230)
Write offs	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	11	11	-	-	-	-	11	11

Parent

Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	-	11	11	-	-	-	-	11	11
Increase in impairment allowances	-	4	4	-	6	6	-	-	-	-	10	10
Reversal of impairment	-	-	-	-	-	-	-	-	-	-	-	-
	-	4	4	-	17	17	-	-	-	-	21	21

Notes to financial statements

Parent
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	3	238	241	-	-	-	3	238	241
Increase in impairment allowances	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment	-	-	-	(3)	(227)	(230)	-	-	-	(3)	(227)	(230)
	-	-	-	-	11	11	-	-	-	-	11	11

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS

Group
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	144,040	514,115	658,155	229,360	409,258	638,618	1,823	407	2,230	375,223	923,780	1,299,003
Foreign currency translation and other adjustments	1,983	2,087	4,070	19,205	1,972	21,177	52	1	53	21,240	4,060	25,300
Increase in impairment allowances	16,554	12,423	28,977	135,205	32,194	167,399	303	36	339	152,062	44,653	196,715
Reversal of impairment	(115,887)	(176,715)	(292,602)	(28,944)	(110,862)	(139,806)	(1,227)	(223)	(1,450)	(146,058)	(287,800)	(433,858)
Write offs	(13,949)	-	(13,949)	(37,769)	-	(37,769)	(101)	-	(101)	(51,819)	-	(51,819)
Balance, end of year	32,741	351,910	384,651	317,057	332,562	649,619	850	221	1,071	350,648	684,693	1,035,341

Group
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	712,481	117,646	830,127	187,998	33,015	221,013	1,494	397	1,891	901,973	151,058	1,053,031
Foreign currency translation and other adjustments	(13,752)	(282)	(14,034)	(21,897)	(224)	(22,121)	(174)	-	(174)	(35,823)	(506)	(36,329)
Increase in impairment allowances	25,448	399,383	424,831	96,129	378,562	474,691	1,199	12	1,211	122,776	777,957	900,733
Reversal of impairment	(465,703)	(2,632)	(468,335)	(8,980)	(2,095)	(11,075)	(71)	(2)	(73)	(474,754)	(4,729)	(479,483)
Write offs	(114,434)	-	(114,434)	(23,890)	-	(23,890)	(625)	-	(625)	(138,949)	-	(138,949)
Balance, end of year	144,040	514,115	658,155	229,360	409,258	638,618	1,823	407	2,230	375,223	923,780	1,299,003

Notes to financial statements

Parent
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	124,096	509,659	633,755	56,483	370,634	427,117	-	-	-	180,579	880,293	1,060,872
Increase in impairment allowances	-	-	-	13,355	-	13,355	-	-	-	13,355	-	13,355
Reversal of impairment	(114,047)	(166,273)	(280,320)	-	(102,435)	(102,435)	-	-	-	(114,047)	(268,708)	(382,755)
Write offs	(10,049)	-	(10,049)	-	-	-	-	-	-	(10,049)	-	(10,049)
Balance, end of year	-	343,386	343,386	69,838	268,199	338,037	-	-	-	69,838	611,585	681,423

Parent
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	594,416	124,855	719,271	-	3,678	3,678	-	-	-	594,416	128,533	722,949
Increase in impairment allowances	-	384,804	384,804	56,483	366,956	423,439	-	-	-	56,483	751,760	808,243
Reversal of impairment	(460,063)	-	(460,063)	-	-	-	-	-	-	(460,063)	-	(460,063)
Write offs	(10,257)	-	(10,257)	-	-	-	-	-	-	(10,257)	-	(10,257)
Balance, end of year	124,096	509,659	633,755	56,483	370,634	427,117	-	-	-	180,579	880,293	1,060,872

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS

Group
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	10,545,114	4,044,803	14,589,917	3,966,149	2,192,263	6,158,412	1,536,240	232,933	1,769,173	16,047,503	6,469,999	22,517,502
Foreign currency translation and other adjustments	(15,160)	(16,097)	(31,257)	(147,744)	(15,212)	(162,956)	(396)	(10)	(406)	(163,300)	(31,319)	-
Increase in impairment allowances	4,156,397	701,042	4,857,439	3,858,439	250,279	4,108,718	69,923	122,819	192,742	8,084,759	1,074,140	-
Reversal of impairment	(304,291)	(40,210)	(344,501)	(251,578)	(6,495)	(258,073)	(273,389)	(3,257)	(276,646)	(829,258)	(49,962)	-
Write offs	(315,888)	-	(315,888)	(411,639)	-	(411,639)	(290,125)	-	(290,125)	(1,017,652)	-	-
Balance, end of year	14,066,172	4,689,538	18,755,710	7,013,627	2,420,835	9,434,462	1,042,253	352,485	1,394,738	22,122,052	7,462,858	22,517,502

Notes to financial statements

Group
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	13,719,569	2,251,347	15,970,916	1,182,729	573,800	1,756,529	9,401	472,408	481,809	14,911,699	3,297,555	18,209,254
Foreign currency translation and other adjustments	(63,647)	(16,389)	(80,036)	(101,445)	(13,046)	(114,491)	(806)	(13)	(819)	(165,898)	(29,448)	(195,346)
Increase in impairment allowances	622,047	1,869,230	2,491,277	3,256,737	1,616,059	4,872,796	1,529,052	172,888	1,701,940	5,407,836	3,658,177	9,066,013
Reversal of impairment	(3,818,630)	(108,222)	(3,926,852)	(516,664)	(86,148)	(602,812)	(2,558)	(412,451)	(415,009)	(4,337,852)	(606,821)	(4,944,673)
Reclassifications	78,792	(78,792)	-	-	-	-	-	-	-	78,792	(78,792)	-
Write offs	(222,548)	-	(222,548)	(220,698)	-	(220,698)	(1,754)	-	(1,754)	(445,000)	-	(445,000)
Impairment of subsidiary acquired	229,531	127,629	357,160	365,490	101,598	467,088	2,905	101	3,006	597,926	229,328	827,254
Balance, end of year	10,545,114	4,044,803	14,589,917	3,966,149	2,192,263	6,158,412	1,536,240	232,933	1,769,173	16,047,503	6,469,999	22,517,502

Parent
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	9,160,378	3,830,771	12,991,149	3,370,230	2,100,155	5,470,385	417,178	59,965	477,143	12,947,786	5,990,891	18,938,677
Foreign currency translation and other adjustments	97	-	97	-	-	-	-	-	-	97	-	97
Increase in impairment allowances	3,644,111	581,839	4,225,950	2,825,622	193,608	3,019,230	-	130,568	130,568	6,469,733	906,015	7,375,748
Reversal of impairment	(276,982)	-	(276,982)	-	-	-	(417,178)	-	(417,178)	(694,160)	-	(694,160)
Write offs	(243,614)	-	(243,614)	-	-	-	-	-	-	(243,614)	-	(243,614)
Balance, end of year	12,283,990	4,412,610	16,696,600	6,195,852	2,293,763	8,489,615	-	190,533	190,533	18,479,842	6,896,906	25,376,748

Parent
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	12,976,805	2,152,724	15,129,529	-	495,291	495,291	-	472,330	472,330	12,976,805	3,120,345	16,097,150
Foreign currency translation and other adjustments	62	-	62	-	-	-	-	-	-	62	-	62
Increase in impairment allowances	-	1,756,839	1,756,839	3,370,230	1,604,864	4,975,094	417,178	-	417,178	3,787,408	3,361,703	7,149,111
Reversal of impairment	(3,811,334)	-	(3,811,334)	-	-	-	-	(412,365)	(412,365)	(3,811,334)	(412,365)	(4,223,699)
Reclassifications	78,792	(78,792)	-	-	-	-	-	-	-	78,792	(78,792)	-
Write offs	(83,947)	-	(83,947)	-	-	-	-	-	-	(83,947)	-	(83,947)
Balance, end of year	9,160,378	3,830,771	12,991,149	3,370,230	2,100,155	5,470,385	417,178	59,965	477,143	12,947,786	5,990,891	18,938,677

26 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Trading bonds (see note 26(b) below)	60,413	5,143,554	60,413	5,143,554
Trading treasury bills (see note 26(c) below)	9,355,506	12,080,113	5,615,132	8,603,128
	9,415,919	17,223,667	5,675,545	13,746,682
Current	9,355,506	17,160,074	5,615,132	13,683,089
Non-current	60,413	63,593	60,413	63,593

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
8th FGN Bond Series 1 (10.50%)	-	5,079,961	-	5,079,961
6th FGN Bond Series 3 (12.49%)	41,284	44,326	41,284	44,326
4th FGN Bond Series 9 (9.35%)	7,244	7,386	7,244	7,386
Local Contractor Bond	11,885	11,881	11,885	11,881
	60,413	5,143,554	60,413	5,143,554

Notes to the financial statements

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Nigerian treasury bills' maturities:				
01-January-2015	141,664	-	141,664	-
08-January-2015	24,222	-	24,222	-
15-January-2015	121,332	-	121,332	-
29-January-2015	109,564	-	109,564	-
12-February-2015	207,059	-	207,059	-
26-February-2015	1,753	-	1,753	-
05-March-2015	398,734	-	398,734	-
26-March-2015	427,017	-	427,017	-
02-April-2015	68,526	-	68,526	-
09-April-2015	1,363,169	-	1,363,169	-
16-April-2015	426,806	-	426,806	-
30-April-2015	454,595	-	454,595	-
14-May-2015	1,879	-	1,879	-
21-May-2015	132,284	-	132,284	-
25-June-2015	47,633	-	47,633	-
23-July-2015	7,540	-	7,540	-
06-August-2015	195,068	-	195,068	-
03-September-2015	591	-	591	-
22-January-2015	126,502	-	126,502	-
05-February-2015	10,310	-	10,310	-
19-February-2015	42,458	-	42,458	-
19-March-2015	103,073	-	103,073	-
23-April-2015	98,761	-	98,761	-
04-June-2015	380,646	-	380,646	-
18-June-2015	284,424	-	284,424	-
24-September-2015	26,708	-	26,708	-
08-October-2015	100,194	-	100,194	-
22-October-2015	42,837	-	42,837	-
05-November-2015	83,914	-	83,914	-
17-December-2015	185,869	-	185,869	-
02-January-2014	-	269,447	-	269,447
09-January-2014	-	131,160	-	131,160
16-January-2014	-	254,517	-	254,517
23-January-2014	-	295,894	-	295,894
30-January-2014	-	523,483	-	523,483
06-February-2014	-	10,300	-	10,300
13-February-2014	-	11,093	-	11,093
20-February-2014	-	80,005	-	80,005

Notes to the financial statements

27-February-2014	-	83,444	-	83,444
06-March-2014	-	224,554	-	224,554
13-March-2014	-	896	-	896
20-March-2014	-	265,510	-	265,510
27-March-2014	-	1,693,042	-	1,693,042
03-April-2014	-	607,173	-	607,173
10-April-2014	-	628,478	-	628,478
17-April-2014	-	211,290	-	211,290
24-April-2014	-	673,214	-	673,214
08-May-2014	-	1,065,371	-	1,065,371
15-May-2014	-	955,945	-	955,945
22-May-2014	-	588,346	-	588,346
05-June-2014	-	1,513	-	1,513
19-June-2014	-	948	-	948
26-June-2014	-	5,641	-	5,641
09-October-2014	-	895	-	895
18-December-2014	-	20,969	-	20,969
Non-Nigerian treasury bills	3,740,374	3,476,985	-	-
	9,355,506	12,080,113	5,615,132	8,603,128

27 Derivative financial instruments

(a) Group
Dec-2014

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	15,355,045	529,732	(253,374)
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)
Current		529,732	(253,374)

Group
Dec-2013

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	7,171,967	169,677	(3,475)
Currency swaps	7,238,083	424	(408)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)
Current		170,101	(3,883)

Parent
Dec-2014

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	15,355,045	529,732	(253,374)
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)
Current		529,732	(253,374)

Parent
Dec-2013

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	7,171,967	169,677	(3,475)
Currency swaps	7,238,083	424	(408)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)
Current		170,101	(3,883)

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

28 Investment securities

(a)	*In thousands of Nigerian Naira*	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
(i)	**Available for sale investment securities**				
	Treasury bills	333,674,447	360,883,227	308,359,706	352,204,680
	Bonds	1,632,153	6,735,679	-	4,802,488
	Corporate bond	5,744,582	-	5,744,582	-
	Equity securities at fair value (See note 28(a)(ii) below	3,609,554	6,975,141	3,609,554	6,975,141
	Unquoted equity securities at cost (see note 28(c) below)	3,499,177	3,293,263	3,494,014	3,288,216
		348,159,913	377,887,310	321,207,856	367,270,525
	Specific impairment for equities (see note 28(b) below)	(3,457,978)	(3,214,163)	(3,457,978)	(3,214,163)
	Total available for sale investment securities	**344,701,935**	**374,673,147**	**317,749,878**	**364,056,362**
	Held to maturity investment securities				
	Bonds	11,257,110	15,879,968	3,000,000	5,207,273
	Treasury bills	22,392,188	26,744,008	-	-
	AMCON bond (see note 28(d) below)	-	39,359,346	-	39,359,346
	Corporate bond (See note 28(a)(iii) below	1,511,342	2,758,568	1,511,342	2,115,879
	Total held to maturity investment securities	**35,160,640**	**84,741,890**	**4,511,342**	**46,682,498**
	Total investment securities	**379,862,575**	**459,415,037**	**322,261,220**	**410,738,860**
	Current	357,806,473	436,628,559	309,871,049	398,571,494
	Non-current	22,056,102	22,786,478	12,390,171	12,167,366

Notes to the financial statements

(ii) Equity securities at fair value is analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
SMEEIS investment:				
- Sokoa Chair Centre	95,531	95,531	95,531	95,531
- TerraKulture ltd	-	829,354	-	829,354
- Iscare Nigeria Ltd	73,256	125,687	73,256	125,687
- Central Securities Clearing System	104,658	106,891	104,658	106,891
- Patrick Speech & Language Centre Ltd	-	31,887	-	31,887
- 3 Peat Investment Ltd[1]	1,023,057	1,945,109	1,023,057	1,945,109
- CRC Credit Bureau	115,752	45,796	115,752	45,796
	1,412,254	**3,180,255**	**1,412,254**	**3,180,255**
Other unquoted equity investment:				
- Kakawa Discount House Limited	-	1,663,576	-	1,663,576
- Unified Payment Services Limited[1]	144,432	124,060	144,432	124,060
- Nigeria Automated Clearing Systems	288,549	115,254	288,549	115,254
- Afrexim	224,319	215,483	224,319	215,483
- Africa Finance Corporation	1,540,000	1,676,513	1,540,000	1,676,513
	2,197,300	**3,794,886**	**2,197,300**	**3,794,886**
Total fair value of equity securities	**3,609,554**	**6,975,141**	**3,609,554**	**6,975,141**

[1] Unified Payment Services Limited was formerly known as Valucard Nigeria Plc.

(iii) The amount represents amortised cost of the Bank's investment in 5 year 12% fixed rate senior unsecured bonds issued by Flour Mills of Nigeria Plc to the Bank. The face value of the investment was N1,500,000,000 (December 2013: N2,100,000,000)

(b) Specific impairment for equities

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Balance at 1 January	3,214,163	3,464,163	3,214,163	3,464,163
- Charge for the year[1]	508,016	-	508,016	-
- Reversals	(264,201)	(250,000)	(264,201)	(250,000)
Balance, end of the year	3,457,978	3,214,163	3,457,978	3,214,163

[1] The amount represents 50% impairment charge taken on the Bank's investment in 3 Peat with a cost of ₦1.016billion and adjusted fair value of N1.023bn.

Specific impairment for equities is further analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Specific impairment on equity securities at cost less impairment	2,949,962	3,214,163	2,949,962	3,214,163
Specific impairment on equity securities at fair value	508,016	-	508,016	-
	3,457,978	3,214,163	3,457,978	3,214,163

(c) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities at cost less impairment is analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- TerraKulture ltd	469,999	-	469,999	-
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	3,494,014	3,024,015	3,494,014	3,024,015
Less specific impairment for equities	(2,949,962)	(2,949,962)	(2,949,962)	(2,949,962)
Carrying value of SMIEES investment	**544,052**	**74,053**	**544,052**	**74,053**
Other unquoted equity investment:				
- ICHL Nigeria Limited	-	264,201	-	264,201
- GIM UEMOA	5,163	5,047	-	-
Cost of other unquoted equity investment	**5,163**	**269,248**	**-**	**264,201**
Less specific impairment for equities	-	(264,201)	-	(264,201)
Carrying value of other unquoted equity investmen	**5,163**	**5,047**	**-**	**-**
Total cost of unquoted equity investment	**3,499,177**	**3,293,263**	**3,494,014**	**3,288,216**
Total impairment of unquoted equity investment	(2,949,962)	(3,214,163)	(2,949,962)	(3,214,163)
Total carrying value of unquoted equity investment	**549,215**	**79,100**	**544,052**	**74,053**

Notes to the financial statements

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Balance at 1 January	79,100	79,100	74,053	74,053
- Exchange difference	116	-		-
- Disposal	(264,201)	-	(264,201)	-
- Reversal of impairment	264,201	-	264,201	-
- Transfer from equity investments at fair value	469,999	-	469,999	-
Balance, end of the year	549,215	79,100	544,052	74,053

Fair values of certain SMEEIS and other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment..

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the fair value hierarchy table. The outstanding carrying amount on the book for these investments as at 31st December 2014 is N544,052,000 (December 2013: N74,053,000).

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group does not have have power over the investees investments because of the following:

• There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.

• The Group does not provide essential technical information to the entities.

• There is no inter-change of personnel between the Group and the entities.

• Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

(d) (i) The AMCON bonds comprise:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Face value	-	43,147,618	-	43,147,617
Unearned interest	-	(3,788,272)	-	(3,788,271)
	-	39,359,346	-	39,359,346

(ii) AMCON Bond recognised in prior year represents consideration bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The Consideration bonds were issued to banks in exchange for non-performing loans. This bond matured and were redeemed during the year.

29 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Financial assets held for trading (See note 29(c) below):	**5,558**	**1,682**	**-**	**-**
- Treasury bills	5,558	1,682	-	-
Investment Securities - available for sale (See note (d) below):	**39,173,640**	**28,440,947**	**39,173,640**	**28,440,947**
- Treasury bills	39,173,640	28,440,947	39,173,640	28,440,947
	39,179,198	28,442,629	39,173,640	28,440,947
Current	39,173,640	28,440,947	39,173,640	28,440,947
Non-current	5,558	1,682	-	-

(b) Assets pledged as collateral for both periods relate assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited and Valucard Nigeria Plc for collections and other transactions.

(c) Bonds and Treasury Bills pledged as collateral of N5,558,000 (Parent: nil) (December 2013: N1,682,000) have been reclassified from financial assets held for trading at fair value.

(d) Treasury Bills pledged as collateral of N39,173,640,000 (December 2013: N28,440,947,000) have been reclassified from available for sale investment securities at fair value.

(e) Assets pledged as collateral are based on prices in an active market.

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

In thousands of Nigerian Naira	Parent Dec-2014	Parent Dec-2013
GTB Gambia	574,278	574,278
GTB Sierra Leone	594,109	594,109
GTB Ghana	8,572,446	8,572,446
GTB Finance B.V.	3,220	3,220
GTB UK Limited	7,822,427	7,822,427
GTB Liberia Limited	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	3,485,058	3,485,058
GTB Kenya Limited	17,131,482	17,131,482
	40,130,284	40,130,284
Non-current	40,130,284	40,130,284

(a) (i) The movement in investment in subsidiaries during the year is as follows:

In thousands of Nigerian Naira	Parent Dec-2014	Parent Dec-2013
Balance, beginning of the year	40,130,284	22,925,088
Disposal during the year	-	-
Additions during the year	-	17,205,196
Transferred to assets classified as held for sale and discontinued operations	-	-
Balance, end of the year	40,130,284	40,130,284

(a) (ii) Additions during the comparative year relate to acquisition of FINA Bank Kenya - an East African Bank with subsidiaries in Uganda and Rwanda in the sum of N17,131,482,000 and additional investment of N73,714,000 in GTBank Ghana.

(b) Condensed results of consolidated entities

Condensed results of the consolidated entities as at 31 December 2014, are as follows:

Full year profit and loss
Dec-2014

In thousands of Nigerian Naira	**Group balance**	**Elimination Entries**	**GTBank Plc**	**SIT**	**GTB Finance B.V.**	**GT Bank Ghana**	**GT Bank Sierra Leone**	**GT Bank Liberia**	**GT Bank UK**	**GT Bank Gambia**	**GT Bank Cote D'Ivoire**	**GT Bank Kenya**
Operating income	217,922,079	(2,477,876)	195,700,274	(120,073)	-	10,298,624	3,109,184	1,410,680	2,031,013	1,780,956	209,738	5,979,559
Operating expenses	(94,437,788)	-	(79,148,134)	(153,622)	-	(4,318,113)	(1,613,133)	(1,049,293)	(1,964,410)	(1,024,983)	(664,482)	(4,501,618)
Loan impairment charges	(7,098,448)	-	(6,184,289)	-	-	(238,386)	(206,300)	(29,403)	-	(53,122)	-	(386,948)
Profit before tax from continuing operations	116,385,843	(2,477,876)	110,367,851	(273,695)	-	5,742,125	1,289,751	331,984	66,603	702,851	(454,744)	1,090,993
Taxation	(17,690,924)	1,848,010	(16,936,247)	-	-	(1,764,910)	(399,271)	-	-	(239,283)	-	(199,223)
Profit after tax from continuing operations	98,694,919	(629,866)	93,431,604	(273,695)	-	3,977,215	890,480	331,984	66,603	463,568	(454,744)	891,770
Profit after tax from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Profit after tax	98,694,919	(629,866)	93,431,604	(273,695)	-	3,977,215	890,480	331,984	66,603	463,568	(454,744)	891,770

Notes to the financial statements

Condensed financial position

Dec-2014

In thousands of Nigerian Naira	**Group balance**	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Assets												
Cash and cash equivalents	246,939,868	(23,990,252)	161,778,647	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210
Loans and advances to banks	5,695,592	-	30,815	-	-	-	-	-	5,664,777	-	-	-
Loans and advances to customers	1,275,681,135	(169,916,483)	1,182,393,874	-	167,517,540	27,610,612	5,440,847	4,793,027	12,019,277	5,460,914	728,199	39,633,328
Financial assets held for trading	9,415,919	-	5,675,545	-	-	-	-	-	-	3,740,374	-	-
Derivative financial assets	529,732	-	529,732	-	-	-	-	-	-	-	-	-
Investment securities:												
– Available for sale	344,701,935	(3,987,574)	317,749,878	3,987,575	-	-	5,729,421	-	6,678,503	-	5,163	14,538,969
– Held to maturity	35,160,640	-	4,511,342	-	-	11,490,198	-	1,680,191	-	-	2,143,932	15,334,977
Investment in subsidiaries	-	(40,130,284)	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	39,179,198	-	39,173,640	-	-	-	-	-	-	-	5,558	-
Property and equipment	76,236,447	-	68,042,098	-	-	1,496,676	988,910	834,963	482,926	1,148,296	831,662	2,410,916
Intangible assets	12,516,219	8,605,987	2,417,700	-	-	105,759	-	1,800	19,605	14,365	85,235	1,265,768
Deferred tax assets	2,358,280	1,500,048	-	-	-	67,579	6,343	-	317,145	-	-	467,165
Other assets	307,461,561	(6,704,811)	304,174,757	-	-	1,135,073	200,093	2,007,580	330,235	2,001,611	697,716	3,619,307
Total assets	2,355,876,526	(234,623,369)	2,126,608,312	4,017,555	167,517,540	67,529,112	21,789,633	14,800,738	74,512,349	14,132,379	5,593,637	93,998,640
Financed by:												
Deposits from banks	31,661,622	(22,257,297)	143,713	-	-	3,000,171	-	-	35,167,632	487,436	4,635	15,115,332
Deposits from customers	1,618,208,194	(3,075)	1,439,522,070	-	-	45,822,391	18,100,842	10,075,521	30,106,971	11,613,732	2,532,115	60,437,627
Derivative financial liabilities	253,374	-	253,374	-	-	-	-	-	-	-	-	-
Debt securities issued	167,321,207	-	-	-	166,919,321	-	-	-	-	-	-	401,886
Current income tax liabilities	11,208,907	(1,848,009)	12,657,634	-	-	(6,202)	261,622	-	-	45,680	-	98,182
Deferred tax liabilities	4,391,668	-	3,955,805	-	-	136,437	-	-	-	163,941	-	135,485
Other liabilities	57,200,461	(6,704,812)	47,714,495	8,082,186	-	1,463,975	691,677	1,753,109	384,845	145,035	635,823	3,034,128
Other borrowed funds	91,298,545	(171,646,366)	252,830,895	2,997,162	-	5,231,164	-	-	1,729,883	-	-	155,807
Total liabilities	1,981,543,978	(202,459,559)	1,757,077,986	11,079,348	166,919,321	55,647,936	19,054,141	11,828,630	67,389,331	12,455,824	3,172,573	79,378,447
Equity and reserve	374,332,548	(32,163,810)	369,530,326	(7,061,793)	598,219	11,881,176	2,735,492	2,972,108	7,123,018	1,676,555	2,421,064	14,620,193
	2,355,876,526	(234,623,369)	2,126,608,312	4,017,555	167,517,540	67,529,112	21,789,633	14,800,738	74,512,349	14,132,379	5,593,637	93,998,640

Condensed cash flow
Dec-2014

In thousands of Nigerian Naira	Group balance	Elimination Entries	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Net cash flow:												
- from operating activities	(47,078,307)	21,926,298	(92,272,467)	344,809	(897,922)	1,439,597	3,894,558	1,612,737	2,083,610	392,254	(27,053)	14,425,272
- from investing activities	54,546,332	(755,297)	73,050,855	(1,940,861)	-	6,772,004	(1,673,546)	(959,933)	(4,185,445)	(333,092)	40,643	(15,468,996)
- from financing activities	(96,013,965)	(24,913,358)	(74,309,075)	1,622,730	897,922	1,274,347	(298,724)	-	(1)	(302,700)	-	14,894
Increase in cash and cash equivalents	(88,545,940)	(3,742,357)	(93,530,687)	26,678	-	9,485,948	1,922,288	652,804	(2,101,836)	(243,538)	13,590	(1,028,830)
Cash balance, beginning of year	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314
Effect of exchange difference	28,090,132	(873,062)	26,699,783	-	-	(3,977,705)	100,845	583,340	4,010,496	82,422	6,287	1,457,726
Cash balance, end of year	246,939,868	(23,990,252)	161,778,647	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210

Notes to the financial statements

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2014, are as follows:

Profit and loss
Dec-2014

In thousands of Nigerian Naira	*GT Bank Kenya Group*	*Elimination Entries*	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Operating income	5,979,559	204,718	3,506,687	1,610,864	657,290
Operating expenses	(4,501,618)	(20,372)	(2,116,478)	(1,658,609)	(706,159)
Loan impairment charges	(386,948)	(354,845)	5,463	(37,876)	310
Profit before tax from continuing operations	1,090,993	(170,499)	1,395,672	(85,621)	(48,559)
Taxation	(199,223)	263,052	(418,702)	(4,124)	(39,449)
Profit after tax	891,770	92,553	976,970	(89,745)	(88,008)

Condensed financial position
Dec-2014

In thousands of Nigerian Naira	*GT Bank Kenya Group*	*Elimination Entries*	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Assets					
Cash and cash equivalents	16,728,210	3	12,788,922	2,733,792	1,205,493
Loans and advances to banks	-	-	-	-	-
Loans and advances to customers	39,633,328	-	25,506,225	11,596,378	2,530,725
Investment securities:			-	-	-
– Available for sale	14,538,969	-	14,538,969	-	-
– Loans and receivables	-	-	-	-	-
– Held to maturity	15,334,977	-	6,564,278	6,507,620	2,263,079
Investment in subsidiaries	-	(4,987,534)	4,987,534	-	-
Assets pledged as collateral	-	-	-	-	-
Property and equipment	2,410,916	-	1,027,949	1,168,822	214,145
Intangible assets	1,265,768	44,709	527,947	409,508	283,604
Deferred tax assets	467,165	-	48,952	-	418,213
Other assets	3,619,307	-	1,672,626	1,179,397	767,284
Total assets	93,998,640	(4,942,822)	67,663,402	23,595,517	7,682,543
Financed by:					
Deposits from banks	15,115,332	-	14,997,329	75,251	42,752
Deposits from customers	60,437,627	-	36,358,092	20,160,225	3,919,310
Debt securities issued	401,886	401,886	-	-	-
Current income tax liabilities	98,182	-	96,799	1,383	-
Deferred tax liabilities	135,485	-	89,801	45,684	-
Other liabilities	3,034,128	-	1,119,923	854,325	1,059,880
Other borrowed funds	155,807	-	-	155,807	-
Total liabilities	79,378,447	401,886	52,661,944	21,292,675	5,021,942
Equity and reserve	14,620,193	(5,344,708)	15,001,458	2,302,842	2,660,601
	93,998,640	(4,942,822)	67,663,402	23,595,517	7,682,543

Condensed results of the consolidated entities as at 31 December 2013, are as follows:

Dec-2013

In thousands of Nigerian Naira	**Group balance**	**Elimination Entries**	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed profit and loss												
Operating income	192,515,167	(961,174)	175,424,193	(79,936)	-	9,950,126	2,483,005	1,218,312	1,926,370	1,587,629	134,138	832,504
Operating expenses	(82,537,906)	-	(72,049,146)	122,547	-	(4,254,202)	(1,466,179)	(914,488)	(1,871,531)	(917,935)	(489,803)	(697,169)
Loan impairment charges	(2,886,005)	-	(2,913,318)	-	-	317,652	(215,664)	(41,324)	-	5,153	-	(38,504)
Profit before tax from continuing operations	107,091,256	(961,174)	100,461,729	42,611	-	6,013,576	801,162	262,500	54,839	674,847	(355,665)	96,831
Taxation	(17,067,279)	-	(14,916,219)	-	-	(1,781,027)	(256,554)	(1)	66,182	(194,899)	-	15,239
Profit after tax	90,023,977	(961,174)	85,545,510	42,611	-	4,232,549	544,608	262,499	121,021	479,948	(355,665)	112,070

Notes to the financial statements

Condensed results of the consolidated entities as at 31 December 2013, are as follows:

Dec-2013

In thousands of Nigerian Naira	**Group balance**	**Elimination Entries**	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed financial position												
Assets												
Cash and cash equivalents	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314
Loans and advances to banks	5,596,476	-	16,976	-	-	-	-	462,151	5,117,349	-	-	-
Loans and advances to customers	1,002,370,638	(144,273,815)	926,967,093	-	142,993,474	21,979,712	5,087,070	3,824,876	8,375,480	3,521,200	328,184	33,567,364
Financial assets held for trading	17,223,667	-	13,746,682	-	-	-	-	-	-	3,476,985	-	-
Derivative financial assets	170,101	-	170,101	-	-	-	-	-	-	-	-	-
Investment securities:												
– Available for sale	374,673,147	(2,046,714)	364,056,362	2,046,714	-	-	4,264,130	-	2,300,078	-	5,047	4,047,530
– Held to maturity	84,741,890	-	46,682,498	-	-	24,128,122	-	671,343	-	-	2,249,829	11,010,098
Investment in subsidiaries	-	(40,130,284)	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	28,442,629	-	28,440,947	-	-	-	-	-	-	-	1,682	-
Property and equipment	68,306,197	-	61,419,683	-	-	1,886,315	879,050	691,287	493,519	823,738	796,440	1,316,165
Intangible assets	11,214,274	8,605,984	2,256,768	-	-	119,042	396	8,792	33,184	10,834	99,103	80,171
Deferred tax assets	1,945,629	1,066,039	-	-	-	63,307	-	-	326,535	-	-	489,748
Other assets	200,766,091	(198,779)	191,868,850	-	1,203,390	1,213,055	211,661	2,121,619	257,520	1,588,455	326,861	2,173,459
Total assets	2,102,846,415	(196,352,402)	1,904,365,795	2,050,016	144,196,864	69,504,525	17,843,193	12,027,101	63,994,886	11,349,147	4,883,441	68,983,849
Financed by:												
Deposits from banks	15,208,300	(17,290,573)	88,729	-	-	3,703,584	331,259	-	26,513,988	554,570	-	1,306,743
Deposits from customers	1,427,493,697	(491,410)	1,261,927,035	-	-	48,951,956	14,718,977	8,802,278	29,026,122	9,206,881	1,700,853	53,651,005
Derivative financial liabilities	3,883	-	3,883	-	-	-	-	-	-	-	-	-
Debt securities issued	156,498,167	-	13,233,595	-	142,899,381	-	-	-	-	-	-	365,191
Current income tax liabilities	13,073,847	-	12,632,975	-	-	147,568	113,895	7,855	-	42,787	-	128,767
Deferred tax liabilities	5,065,625	-	4,784,323	-	-	142,608	6,490	-	34,512	-	-	97,692
Other liabilities	61,014,954	(198,781)	49,008,466	7,463,681	782,644	899,777	360,139	901,596	334,307	41,912	366,290	1,054,923
Other borrowed funds	92,134,872	(145,866,665)	233,040,108	1,374,432	-	1,865,971	-	-	1,592,852	-	-	128,174
Total liabilities	1,770,493,345	(163,847,429)	1,574,719,114	8,838,113	143,682,025	55,711,464	15,530,760	9,711,729	57,501,781	9,846,150	2,067,143	56,732,495
Equity and reserve	332,353,070	(32,504,973)	329,646,681	(6,788,097)	514,839	13,793,061	2,312,433	2,315,372	6,493,105	1,502,997	2,816,298	12,251,354
	2,102,846,415	(196,352,402)	1,904,365,795	2,050,016	144,196,864	69,504,525	17,843,193	12,027,101	63,994,886	11,349,147	4,883,441	68,983,849

Dec-2013

In thousands of Nigerian Naira	Group balance	Elimination Entries	*GTBank Plc*	*SIT*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed cash flow												
Net cash flow:												
- from operating activities	74,754,003	33,679,369	56,169,508	164,213	(63,362,128)	14,406,031	2,954,970	1,780,354	(4,381,594)	591,706	674,397	32,077,177
- from investing activities	(67,164,070)	21,056,592	(58,339,602)	-	-	(12,288,310)	(944,305)	(804,894)	75,039	(467,066)	(1,714,557)	(13,736,967)
- from financing activities	20,370,057	(61,356,589)	17,951,385	(213,285)	63,360,670	210,305	(75,794)	-	-	-	-	493,365
Increase in cash and cash equivalents	27,959,990	(6,620,628)	15,781,291	(49,072)	(1,458)	2,328,026	1,934,871	975,460	(4,306,555)	124,640	(1,040,160)	18,833,575
Cash balance, beginning of year	276,856,206	(14,814,517)	210,300,286	50,354	1,423	19,660,699	5,353,867	3,208,379	49,242,650	1,863,876	1,989,189	-
Effect of exchange difference	2,579,480	2,060,312	2,527,974	2,020	35	(1,873,753)	112,148	63,194	2,155,126	(60,581)	127,266	(2,534,261)
Cash balance, end of year	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314

Notes to the financial statements

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2014, are as follows:

Profit and loss
Dec-2013

In thousands of Nigerian Naira	*GT Bank Kenya Group*	*Elimination Entries*	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Operating income	832,504	-	442,497	310,717	79,290
Operating expenses	(697,169)	-	(325,973)	(273,451)	(97,745)
Loan impairment charges	(38,504)	-	10,351	(31,284)	(17,571)
Profit before tax	96,831	-	126,875	5,982	(36,026)
Taxation	15,239	-	(25,093)	(4,516)	44,848
Profit after tax	112,070	-	101,782	1,466	8,822

Condensed financial position
Dec-2013

In thousands of Nigerian Naira	*GT Bank Kenya Group*	*Elimination Entries*	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Assets					
Cash and cash equivalents	16,299,314	-	12,209,468	2,917,257	1,172,589
Loans and advances to customers	33,567,364	-	19,200,041	11,172,241	3,195,082
– Available for sale	4,047,530	-	4,047,530	-	-
– Held to maturity	11,010,098	-	7,405,013	2,442,945	1,162,140
Investment in subsidiaries	-	(3,538,225)	3,538,225	-	-
Property and equipment	1,316,165	-	332,958	923,198	60,009
Intangible assets	80,171	40,646	19,232	19,859	434
Deferred tax assets	489,748	-	22,747	-	467,001
Other assets	2,173,459	2	1,079,006	1,041,845	52,606
Total assets	68,983,849	(3,497,577)	47,854,220	18,517,345	6,109,861
Financed by:					
Deposits from banks	1,306,743	-	1,031,312	545	274,886
Deposits from customers	53,651,005	-	34,374,743	15,816,044	3,460,218
Debt securities issued	365,191	-	365,191	-	-
Current income tax liabilities	128,767	-	128,767	-	-
Deferred tax liabilities	97,692	-	-	97,692	-
Other liabilities	1,054,923	-	604,328	325,273	125,322
Other borrowed funds	128,174	-	-	128,174	-
Total liabilities	56,732,495	-	36,504,341	16,367,728	3,860,426
Equity and reserve	12,251,354	(3,497,577)	11,349,879	2,149,617	2,249,435
	68,983,849	(3,497,577)	47,854,220	18,517,345	6,109,861

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2014	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278
Exchange difference	89,074	(44,135)	155,045	(14,510)	-	(19,835)	165,639
Additions	2,313,155	1,428	5,319,483	1,386,818	45,856	5,469,348	14,536,088
Disposals	-	-	(1,774,059)	(1,079,740)	-	26,685	(2,827,114)
Transfers	2,821,218	820,301	4,871,879	308,343	-	(8,821,741)	-
Reclassifications from other assets	-	-	-	-	-	4,296,890	4,296,890
Balance at 31 December 2014	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781
Balance at 1 January 2013	30,944,183	8,041,110	36,223,462	6,791,431	4,113,773	8,295,478	94,409,437
Exchange difference	(22,807)	(119,825)	(108,577)	(61,083)	-	(11,672)	(323,964)
Additions	1,849,537	155,133	3,753,852	1,862,312	68,503	7,130,321	14,819,658
Disposals	(11,347)	(107,374)	(483,615)	(908,669)	-	-	(1,511,005)
Transfers	1,402,835	157,675	1,379,648	243	-	(2,940,401)	-
Reclassifications from other assets	-	-	48,540	-	-	978,572	1,027,112
Assets of subsidiaries acquired	671,208	-	1,723,463	93,711	-	137,658	2,626,040
Balance at 31 December 2013	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2014	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Exchange difference	21,545	818	56,658	(13,637)	-	-	65,384
Charge for the year	1,763,571	103,211	7,214,573	1,410,096	507,664	-	10,999,115
Disposal	-	-	(1,796,475)	(1,026,771)	-	-	(2,823,246)
Balance at 31 December 2014	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Balance at 1 January 2013	4,022,731	538,069	22,939,717	4,389,515	1,632,677	-	33,522,709
Exchange difference	(5,866)	(15,025)	(122,744)	(32,414)	-	-	(176,049)
Charge for the year	1,506,792	96,089	6,021,577	1,215,291	492,841	-	9,332,590
Disposal	(80,302)	(107,374)	(361,408)	(789,437)	-	-	(1,338,521)
Assets of subsidiaries acquired	164,790	-	1,172,793	62,769	-	-	1,400,352
Balance at 31 December 2013	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Carrying amounts:							
Balance at 31 December 2014	32,663,795	8,288,525	15,984,430	3,163,444	1,594,950	14,541,303	76,236,447
Balance at 31 December 2013	29,225,464	7,614,960	12,886,838	2,932,221	2,056,758	13,589,956	68,306,197

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2014	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015
Exchange difference	-	-	-	-	-	-	-
Additions	1,998,333	-	3,873,763	1,082,626	45,856	5,163,325	12,163,903
Disposals	-	-	(1,631,625)	(1,008,981)	-	-	(2,640,606)
Transfers	2,614,401	820,301	4,765,194	308,343	-	(8,508,239)	-
Reclassifications from other assets	-	-	-	-	-	4,296,890	4,296,890
Balance at 31 December 2014	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202
Balance at 1 January 2013	27,597,533	7,270,014	33,145,122	5,963,590	4,113,773	7,920,000	86,010,032
Exchange difference	-	-	-	-	-	-	-
Additions	1,862,876	160,000	3,298,246	1,608,653	68,503	6,676,561	13,674,839
Disposals	(40)	(107,374)	(23,216)	(793,798)	-	-	(924,428)
Transfers	1,159,097	157,675	1,310,988	-	-	(2,627,760)	-
Reclassifications from other assets	-	-	-	-	-	978,572	978,572
Balance at 31 December 2013	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2014	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
Exchange difference	-	-	-	-	-	-	-
Charge for the year	1,550,077	103,733	6,415,375	1,197,161	507,664	-	9,774,010
Disposal	-	-	(1,631,601)	(944,637)	-	-	(2,576,238)
Balance at 31 December 2014	6,389,345	545,428	31,369,167	4,579,982	2,633,182	-	45,517,104
Balance at 1 January 2013	3,503,994	451,917	21,050,096	3,874,540	1,632,677	-	30,513,224
Exchange difference	-	-	-	-	-	-	-
Charge for the year	1,335,274	97,152	5,557,663	1,145,012	492,841	-	8,627,942
Disposal	-	(107,374)	(22,366)	(692,094)	-	-	(821,834)
Balance at 31 December 2013	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
Carrying amounts:							
Balance at 31 December 2014	28,842,855	7,755,188	13,369,305	2,580,451	1,594,950	13,899,349	68,042,098
Balance at 31 December 2013	25,780,198	7,038,620	11,145,747	2,450,987	2,056,758	12,947,373	61,419,683

(c) The Bank had capital commitments of N587,193,000 (31 December 2013: N465,295,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2013: nil)

Notes to the financial statements

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2014	8,646,631	7,529,614	16,176,245
Exchange translation differences	4,073	24,792	28,865
Additions	-	2,480,827	2,480,827
Balance at 31 December 2014	8,650,704	10,035,233	18,685,937
Balance at 1 January 2013	50,923	5,608,778	5,659,701
Exchange translation differences	(50)	(2,675)	(2,725)
Additions	-	1,589,242	1,589,242
Goodwill on subsidiaries acquired	8,555,062	-	8,555,062
Assets of subsidiaries acquired	40,696	334,269	374,965
Balance at 31 December 2013	8,646,631	7,529,614	16,176,245
Amortization and impairment losses			
Balance at 1 January 2014	-	4,961,971	4,961,971
Exchange translation differences	-	55,207	55,207
Amortization for the year	-	1,152,540	1,152,540
Balance at 31 December 2014	-	6,169,718	6,169,718
Balance at 1 January 2013	-	3,887,525	3,887,525
Exchange translation differences	-	(3,550)	(3,550)
Amortization for the year	-	783,270	783,270
Assets of subsidiaries acquired	-	294,726	294,726
Balance at 31 December 2013	-	4,961,971	4,961,971
Carrying amounts		1,297,872	
Balance at 31 December 2014	8,650,704	3,865,515	12,516,219
Balance at 31 December 2013	8,646,631	2,567,643	11,214,274

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the year ended December 2014 (2013: nil).

Notes to the financial statements

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2014	6,639,769
Additions	977,097
Balance at 31 December 2014	7,616,866
Balance at 1 January 2013	5,277,464
Additions	1,362,305
Balance at 31 December 2013	6,639,769
Amortization and impairment losses	
Balance at 1 January 2014	4,383,001
Amortization for the year	816,165
Balance at 31 December 2014	5,199,166
Balance at 1 January 2013	3,737,747
Amortization for the year	645,254
Balance at 31 December 2013	4,383,001
Carrying amounts	
Balance at 31 December 2014	2,417,700
Balance at 31 December 2013	2,256,768

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	Dec-14	Dec-13
Rest of West Africa:		
- Corporate Banking	36,070	31,288
- Commercial Banking	6,836	12,741
- Retail Banking	8,015	6,894
East Africa:		
- Corporate Banking	6,091,621	5,281,431
- Commercial Banking	1,154,521	2,150,634
- Retail Banking	1,353,639	1,163,644
	8,650,703	**8,646,631**

No impairment loss on goodwill was recognised during the period ended 31 Dec. 2014 (2013: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Cash Flow Forecasts

The cash flows projections used for the 2 periods were based on actual operating results and the 5-year business plan appropriately approved by senior management. Cash flows were projected for a period of 5-years using a constant growth rate of 4.3 per cent and 6 per cent in 2014 and 2013 respectively. This constant growth rate is based on the long term forecast of GTBank's growth rate in the countries in which the CGU's operate centred on past performance, current industry trend and management's expectations of market development. This growth rate used does not exceed the long-term average growth rate for the countries/regions in which the goodwill was allocated. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.

Valuation Assumptions and Other Disclosures

For each of the CGUs for which the goodwill was allocated, the key assumptions used in Value-in-use calculations are as follows:

The recoverable amount of the regions for which goodwill was allocated has been based on their value in use which was determined by discounting the projected cash flows generated by the segments with an average discount rate of 10.4% derived using earnings yield approach. It would require over N2.17billion change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated the CGU can be assumed impaired.

2014-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	10.5%	10.5%	10.5%	9.5%	9.5%	9.5%
Operating Income Growth Rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other Operating Costs (₦'Million)	2,006	2,585	4,177	1,118	1,441	2,329
Annual Capital Expenditure (₦'Million)	64.1	12.2	14.3	443	313.9	59.5
Recoverable Amount (₦'Million)	102,109	19,222	39,608	13,556	4,080	8,855
Long Term Growth Rate (%)	4%-7.3%	4%-7.3%	4%-7.3%	4%-7.3%	4%-7.3%	4%-7.3%
Discount Rate (%)	10.42%	10.42%	10.42%	10.42%	10.42%	10.42%

2013-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	10%	10%	10%	10%	10%	10%
Operating Income Growth Rate (%)	10%	10%	10%	10%	10%	10%
Other Operating Costs (₦'Million)	1,645	2,163	3,828	158	208	369
Annual Capital Expenditure (₦'Million)	66	27	15	323	132	71
Recoverable Amount (₦'Million)	93,662	34,715	29,399	6,734	3,611	6,061
Long Term Growth Rate (%)	6%-7.3%	6%-7.3%	6%-7.3%	6%-7.3%	6%-7.3%	6%-7.3%
Discount Rate (%)	11.64%	11.64%	11.64%	11.64%	11.64%	11.64%

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira	Dec-2014			Dec-2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	284,065	-	284,065	398,346	-	398,346
Fair value reserves	25,026	-	25,026	22,747	-	22,747
Allowances for loan losses	431,850	-	431,850	4,312	-	4,312
Other assets	32,756	-	32,756	454,185	-	454,185
Foreign currency translation difference	1,584,583	-	1,584,583	1,066,039	-	1,066,039
Net deferred tax assets/(liabilities)	2,358,280	-	2,358,280	1,945,629	-	1,945,629

In thousands of Nigerian Naira	Dec-2014	Dec-2013
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,074,215	1,547,283
-Deferred tax assets to be recovered after more than 12 months	284,065	398,346

Notes to the financial statements

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**Dec-2014**			**Dec-2013**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	7,583,757	7,583,757	-	6,526,882	6,526,882
Fair value reserves	514,236	-	(514,236)	-	1,310,829	1,310,829
Allowances for loan losses	2,318,803	-	(2,318,803)	2,897,696	-	(2,897,696)
Mark to market loss on valuation of securities	-	1,882	1,882	37,857	-	(37,857)
Defined benefit obligation	238,800	-	(238,800)	495,061	-	(495,061)
Other assets	122,132	-	(122,132)	(311,893)	658,528	970,421
Foreign currency translation difference	-	-	-	-	(311,893)	(311,893)
Net deferred tax (assets)/liabilities	3,193,971	7,585,639	4,391,668	3,118,721	8,184,346	5,065,625

In thousands of Nigerian Naira	**Dec-2014**	**Dec-2013**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,193,971	3,118,721
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,882	1,657,464
-Deferred tax liabilities to be recovered after more than 12 months	7,583,757	6,526,882

Notes to the financial statements

Parent

Deferred Tax Liabilities

In thousands of Nigerian Naira	Dec-2014			Dec-2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	7,147,894	7,147,894	-	6,219,780	6,219,780
Fair value reserves	514,236	-	(514,236)	-	1,238,836	1,238,836
Allowances for loan losses	2,318,803	-	(2,318,803)	2,808,099	-	(2,808,099)
Mark to market loss on valuation of securities	-	1,882	1,882	37,857	-	(37,857)
Defined benefit obligation	238,800	-	(238,800)	495,061	-	(495,061)
Other assets	122,132	-	(122,132)	91,667	758,391	666,724
Net deferred tax (assets)/liabilities	3,193,971	7,149,776	3,955,805	3,432,684	8,217,007	4,784,323

In thousands of Nigerian Naira	Dec-2014	Dec-2013
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,193,971	3,432,684
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,882	1,997,227
-Deferred tax liabilities to be recovered after more than 12 months	7,147,894	6,219,780

Notes to the financial statements

Movements in temporary differences during the year

Group
Dec-2014

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2014	6,128,536	1,288,082	(2,902,008)	(37,857)	(495,061)	204,343	(1,066,039)	3,119,996
Exchange difference	181,752	-	(170,282)	(4,988)	-	94,336	-	100,818
Recognised in profit or loss	989,404	(107,147)	321,637	44,727	495,061	(536,400)	-	1,207,282
Other comprehensive Income	-	(1,720,197)	-	-	(238,800)	-	(435,711)	(2,394,708)
Balance at 31, Dec 2014	7,299,692	(539,262)	(2,750,653)	1,882	(238,800)	(237,721)	(1,501,750)	2,033,388

Notes to the financial statements

Group
Dec-2013

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2013	4,876,869	72,689	(2,832,792)	(108,779)	701,231	(352,390)	(752,214)	1,604,614
Exchange difference	(43,286)	10	(10,297)	12,544	-	(2,660)	-	(43,689)
Recognised in profit or loss	1,279,796	-	(58,919)	58,378	(1,393,023)	1,043,439	-	929,671
Other comprehensive Income	-	1,224,129	-	-	196,731	-	(311,893)	1,108,967
Asset of subsidiaries acquired	15,157	(8,746)	-	-	-	(484,046)	(1,932)	(479,567)
Balance at 31, Dec 2013	6,128,536	1,288,082	(2,902,008)	(37,857)	(495,061)	204,343	(1,066,039)	3,119,996

Parent
Dec-2014

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2014	6,219,780	1,238,836	(2,808,099)	(37,857)	(495,061)	666,724	-	4,784,323
Recognised in profit or loss	928,114	-	489,296	39,739	495,061	(788,856)	-	1,163,354
Other comprehensive Income	-	(1,753,072)	-	-	(238,800)	-	-	(1,991,872)
Balance at 31, Dec 2014	7,147,894	(514,236)	(2,318,803)	1,882	(238,800)	(122,132)	-	3,955,805

Notes to the financial statements

Parent
Dec-2013

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2013	4,974,376	72,689	(2,822,084)	(108,779)	709,997	(292,572)	-	2,533,627
Recognised in profit or loss	1,245,404	-	13,985	70,922	(1,401,789)	959,296	-	887,818
Other comprehensive Income	-	1,166,147	-	-	196,731	-	-	1,362,878
Balance at 31, Dec 2013	6,219,780	1,238,836	(2,808,099)	(37,857)	(495,061)	666,724	-	4,784,323

Notes to the financial statements

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Prepayments	16,267,107	16,627,738	10,327,710	11,550,186
Foreign banks - cash collateral	24,843,035	30,071,679	31,406,543	30,071,679
Restricted deposits with central banks (See note 34(a) below)	261,009,876	148,592,788	257,098,961	144,773,099
Recognised assets for defined benefit obligations (See note 39)	5,647,099	5,779,442	5,647,099	5,779,442
	307,767,117	**201,071,647**	**304,480,313**	**192,174,406**
Impairment on other assets (See note 34(b) below)	(305,556)	(305,556)	(305,556)	(305,556)
	307,461,561	200,766,091	304,174,757	191,868,850
Current	285,707,092	159,135,660	288,505,504	155,976,494
Non-current	21,754,469	41,630,431	15,669,253	35,892,356

(a) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N257,098,961,000 with the Central Bank of Nigeria (CBN) as at 31st December 2014 (December 2013: N144,773,099,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 20% of non-government deposits and 75% of government deposit (December 2013: 12% non-government, 50% government deposit) which should be held with the Central Bank of Nigeria as a regulatory requirement..

As at 31 December 2014, GTB Liberia, Cote d'ivoire and Gambia had restricted balances of N1,230,885,000, N104,972,000 & N1,604,810,000 respectively (December 2013: N1,623,503,000, N71,001,000 and N1,327,426,000) respectively with the Central Bank of Liberia, the BCEAO and Central Bank of Gambia. The Cash Reserve Ratio in Liberia, Cote divoire and Gambia represents a mandatory 15%, 5% and 15% (December 2013: 22%, 5% and 15%) of local deposit which should be held with their respective Central Banks as a regulatory requirement. In the same period, GTBank Kenya, Rwanda and Uganda had restricted deposits of N970,247,000 2013: N797,759,000). The Cash Reserve Ratio in GTBank Kenya, Rwanda and Uganda represents a mandatory 5.25%, 5% and 8% December 2013: 5.25%, 5% and 8%.)

(b) Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Opening Balance	305,556	981,617	305,556	981,617
Write off	-	(676,061)	-	(676,061)
Closing Balance	305,556	305,556	305,556	305,556

Impairment of assets relates to Prepayments

35 Deposits from banks

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Money market deposits	17,929,547	5,463,518	139	294
Other deposits from banks	13,732,075	9,744,782	143,574	88,435
	31,661,622	15,208,300	143,713	88,729
Current	31,661,622	15,208,300	143,713	88,729
Non-current	-	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Retail customers:				
Term deposits	188,580,701	162,898,145	158,550,297	142,938,282
Current deposits	271,011,750	239,267,082	228,530,753	210,378,487
Savings	279,551,439	243,148,396	246,710,922	213,323,827
Corporate customers:				
Term deposits	248,578,930	195,144,884	226,427,755	170,424,225
Current deposits	630,485,374	587,035,190	579,302,343	524,862,214
	1,618,208,194	1,427,493,697	1,439,522,070	1,261,927,035
Current	1,616,284,159	1,423,715,711	1,439,520,778	1,261,920,726
Non-current	1,924,035	3,777,986	1,292	6,309

37 Debt securities issued

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Debt securities at amortized cost:				
Eurobond debt security	166,919,321	142,899,381	-	-
Corporate bonds	401,886	13,598,786	-	13,233,595
	167,321,207	156,498,167	-	13,233,595
Current	-	13,233,595	-	13,233,595
Non-current	167,321,207	143,264,572	-	-

Debt securities of N166,919,321,000 (USD 897,657,000) (December 2013: N142,899,381,000 (USD 900,367,000)) represents amortised cost of dollar guaranteed note issued by GTB B.V., Netherlands. The note of USD 500,000,000 (principal) was issued in May 2011 for a period of 5 years at 7.5% per annum payable semi-annually while the second tranche of 400,000,000 (principal) was issued in November 2013 for a period of 5 years at 6% .

The amount of N13,233,595,000 in prior year represents amortised cost of fixed rate (13.5%) senior unsecured non-convertible bonds issued by the Bank in December 2009. The amount represents the first tranche of a N200 billion debt issuance programme. The debt security matured and was redeemed by the Bank in December 2014.

38 Other liabilities

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Cash settled share based payment liability (Note 38(d))	8,082,186	7,463,681	-	-
Liability for defined contribution obligations (Note 38(a))	53,824	50,569	-	-
Deferred income on financial guarantee contracts	93,907	256,823	65,785	181,296
Certified cheques	8,353,368	8,071,482	7,016,047	7,552,390
Lease obligation (Note 38(b))	2,528,236	2,769,235	2,528,236	2,769,235
Customers' deposit for foreign trade (Note 38(c))	24,843,092	30,071,820	31,406,600	30,071,820
Other current liabilities	13,034,335	12,022,944	6,493,752	8,131,777
Deposit for shares	211,513	308,400	204,075	301,948
	57,200,461	61,014,954	47,714,495	49,008,466
Current	24,287,614	51,038,998	24,259,841	46,616,798
Non-current	32,912,847	9,975,956	23,454,654	2,391,668

(a) The Bank and its employees each contribute a minimum of 8% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators.

(b) The lease obligation relates to other transportation equipment held under a finance lease arrangement. The net carrying amount of the assets, included within property, plant and equipment is N1,594,950,000 (December 2013: N2,056,758,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2013:Nil)

Notes to the financial statements

The future minimum lease payments extend over a number of years. This is analysed as follows:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Not more than one year	669,346	768,168	669,346	768,168
Over one year but less than five years	2,156,783	2,432,531	2,156,783	2,432,531
Over five years	-	-	-	-
	2,826,129	3,200,699	2,826,129	3,200,699
Less future finance charges	(297,893)	(431,464)	(297,893)	(431,464)
	2,528,236	2,769,235	2,528,236	2,769,235

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Dec-2014	Dec-2013	Dec-2014	Dec-2013
Not more than one year	549,307	593,110	549,307	593,110
Over one year but less than five years	1,978,929	2,176,125	1,978,929	2,176,125
Over five years	-	-	-	-
	2,528,236	2,769,235	2,528,236	2,769,235

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in foreign banks - Cash Collateral in other assets.

(d) Movements in the number of Share Appreciation Rights (SAR) outstanding and their related weighted average exercise prices are as follows:

	Dec-2014		Dec-2013	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	18.36	406,626	17.13	428,420
Granted	10.46	28,690	9.26	12,060
Forfeited	-	-	-	-
Exercised	22.22	(33,901)	21.31	(33,853)
Expired	-	-	-	-
At at end of the year	**20.13**	**401,415**	**18.36**	**406,626**

Out of the 401,415,000 outstanding SARs (2013: 406,626,000 SARs), 285,243,397 SARs (2013: 207,229,682) were exercisable. SARs exercised in 2014 resulted in 33,901,000 shares (2013:33,853,000) being issued at a weighted average price of N22.22 each (2013: N21.31 each).

The fair value of Share Appreciation Right was determined using a multi-factor model which entails using average share price for vested shares and multiple combination of 14.69% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

Notes to the financial statements

Share Appreciation Rights (SAR) outstanding at the end of the year have the following grant date, vest date and exercise prices:

Naira	Exercise price		Share options (thousands)	
Grant-Vest	**Dec-2014**	**Dec-2013**	**Dec-2014**	**Dec-2013**
2004-2009	22.89	22.17	4,630,195	4,473,667
2004-2017	16.33	9.76	58,012	31,758
2005-2010	20.06	21.35	459,300	423,593
2005-2011	23.53	22.86	64,744	62,909
2005-2013	23.40	19.65	489,344	410,886
2006-2011	20.48	21.06	161,620	203,003
2006-2014	20.82	11.94	188,613	235,593
2007-2012	19.07	19.62	535,479	530,405
2007-2013	15.13	19.22	35,464	27,734
2007-2014	19.96	11.75	166,651	91,082
2007-2015	20.41	11.63	105,800	57,927
2007-2016	18.35	10.52	284,866	248,361
2008-2013	16.62	18.85	201,742	237,725
2008-2014	18.07	11.50	65,850	36,731
2008-2015	15.28	10.66	27,717	15,490
2008-2016	17.18	10.39	30,791	18,617
2008-2017	14.76	9.63	24,113	13,542
2009-2014	19.62	10.93	90,919	46,961
2009-2015	15.68	9.35	7,569	4,514
2009-2016	20.18	9.85	3,363	1,641
2010-2015	12.91	9.24	70,149	43,267
2010-2016	12.94	8.89	28,638	29,893
2010-2017	15.36	8.48	22,838	12,193
2010-2018	12.17	7.92	30,799	19,055
2010-2019	9.50	6.87	19,383	10,588
2011-2016	10.30	8.01	103,060	61,432
2011-2017	7.46	7.20	7,422	2,760
2011-2018	6.62	7.00	9,261	9,731
2011-2019	9.55	6.72	21,722	12,193
2011-2020	9.82	6.34	8,840	5,704
2011-2021	14.38	6.03	71,892	30,154
2012-2017	5.85	6.64	20,574	19,055
2012-2018	5.32	6.55	1,375	899
2012-2019	5.35	6.10	1,606	1,829
2012-2021	3.79	5.86	1,136	586
2012-2022	3.59	5.54	864	8,431
2013-2018	3.84	5.50	18,755	23,772
2014-2019	3.05	0.00	5,158	-
2014-2022	8.03	0.00	6,562	-
			8,082,186	7,463,681

39 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years.

(a) The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Unfunded obligations	-	-	-	-
Present value of funded obligations	(2,300,259)	(1,780,666)	(2,300,259)	(1,780,666)
Total present value of defined benefit obligations	(2,300,259)	(1,780,666)	(2,300,259)	(1,780,666)
Fair value of plan assets	7,947,358	7,560,108	7,947,358	7,560,108
Recognized asset/(liability) for defined benefit obligations	5,647,099	5,779,442	5,647,099	5,779,442

The bank's surplus in defined benefit plan is the same as figure determined using asset ceiling.

The bank has a right to surplus on its plan assets. There are no unrecognised actuarial gains and losses.

(b) Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
(Deficit)/surplus on defined benefit obligations, beginning of year	5,779,442	4,672,628	5,779,442	4,672,628
Net (Expense) / Income recognised in profit and loss[1]	608,525	402,337	608,525	402,337
Re-measurements recognised in other comprehensive income[2]	(796,000)	655,768	(796,000)	655,768
Contributions paid	55,132	48,709	55,132	48,709
(Deficit)/surplus for defined benefit obligations, end of year	5,647,099	5,779,442	5,647,099	5,779,442

[1]Net (Expense) / Income recognised in profit and loss is analysed on page 289

Net (Expense) / Income recognised in profit and loss is analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Interest cost on Net defined benefit obligation[a]	738,070	558,923	738,070	558,923
Current service costs	(129,545)	(156,586)	(129,545)	(156,586)
	608,525	402,337	608,525	402,337

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Interest income on assets	982,814	814,120	982,814	814,120
Interest cost on defined benefit obligation	(244,744)	(255,197)	(244,744)	(255,197)
	738,070	558,923	738,070	558,923

[2]Remeasurements recognised in other comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Return on plan assets, excluding amounts included in interest expense/income	(595,564)	132,505	(595,564)	132,505
Gain/(loss) from change in financial assumptions	357,340	383,521	357,340	383,521
Gain/(loss) from change in demographic assumptions	(557,776)	139,742	(557,776)	139,742
	(796,000)	655,768	(796,000)	655,768

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Equity securities:				
- Quoted	2,439,658	2,662,989	2,439,658	2,662,989
- Unquoted	-	-	-	-
Government securities				
- Quoted	-	-	-	-
- Unquoted	225,376	99,623	225,376	99,623
Offshore investments				
- Quoted	1,411,734	1,267,974	1,411,734	1,267,974
- Unquoted	-	-	-	-
Cash and bank balances				
- Quoted	-	-	-	-
- Unquoted	3,870,590	3,529,522	3,870,590	3,529,522
	7,947,358	7,560,108	7,947,358	7,560,108

Group

In thousands of Nigerian Naira	Dec-2014		Dec-2013	
Equity securities	2,439,658	30%	2,662,989	34%
Government securities	225,376	3%	99,623	1%
Offshore investments	1,411,734	18%	1,267,974	17%
Cash and bank balances	3,870,590	49%	3,529,522	47%
	7,947,358	100%	7,560,108	100%

Notes to the financial statements

Parent *In thousands of Nigerian Naira*	**Dec-2014**		**Dec-2013**	
Equity securities	2,439,658	30%	2,662,989	34%
Government securities	225,376	3%	99,623	1%
Offshore investments	1,411,734	18%	1,267,974	17%
Cash and bank balances	3,870,590	49%	3,529,522	47%
	7,947,358	100%	7,560,108	100%

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited and First Pension Custodian Nigeria Limited.

Plan assets include the Group's ordinary shares with a fair value of N2,271,540,000 (2013: N2,480,521,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2015 are 142,019,000 (December 2014: N132,297,000) while gratuity payments are estimated to be 142,019,000 (December 2014: N132.297,000)

(d) Defined benefit cost for year ending December 2015 is expected to be as follows:

	Group Dec-2015	**Parent Dec-2015**
Current service cost	168,486	129,545
Net Interest on Net benefit liability	(826,893)	(743,085)
Income recognised in profit or loss	(658,407)	(613,540)

Components of net interest on defined benefit liability for year ending December 2015 is estimated to be as follows:

	Group Dec-2015	**Parent Dec-2015**
Interest cost on defined benefit obligation	357,263	239,729
Interest income on assets	(1,184,156)	(982,814)
Total net interest cost	(826,893)	(743,085)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Fair value of plan assets, beginning of the year	7,560,108	6,613,483	7,560,108	6,613,483
Contributions paid into the plan	55,132	48,709	55,132	48,709
Benefits paid by the plan	(55,132)	(48,709)	(55,132)	(48,709)
Actuarial gain/(loss)	(595,564)	132,505	(595,564)	132,505
Expected return on plan assets	982,814	814,120	982,814	814,120
Fair value of plan assets, end of the year	7,947,358	7,560,108	7,947,358	7,560,108

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

Notes to the financial statements

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Present value of obligation, beginning of the year	1,780,666	1,940,855	1,780,666	1,940,855
Interest cost	244,744	255,197	244,744	255,197
Current service cost	129,545	156,586	129,545	156,586
Benefits paid	(55,132)	(48,709)	(55,132)	(48,709)
Actuarial (gain)/loss on obligation	200,436	(523,263)	200,436	(523,263)
Present value of obligation at end of the year	2,300,259	1,780,666	2,300,259	1,780,666

(g) Expense recognised in profit or loss:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Current service costs	129,545	156,586	129,545	156,586
Interest on obligation	(738,070)	(558,923)	(738,070)	(558,923)
To profit or loss	(608,525)	(402,337)	(608,525)	(402,337)

(h) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2014	2013
Discount rate	14.90%	13.00%
Salary increase rate	10%	10%
Inflation	8%	10%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 14%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 2% per annum. The inflation component has been worked out at 10% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(i) Reasonably possible changes at the reporting date of discount rate, salary increase rate and mortality rate would have affected the defined benefit obligation by the amounts shown below:

Group

Dec-2014

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,141,016)	2,478,872
Salary increase rate	1.00%	2,489,285	(2,129,719)
Mortality rate	1 year	2,303,568	(2,297,239)

Group
Dec-2013

In thousands of Nigerian Naira except percentages	**Impact on defined benefit obligation**		
	Change in assumption	**Defined benefit obligation Increase**	**Decrease**
Discount rate	1.00%	(1,657,394)	1,918,933
Salary increase rate	1.00%	1,926,994	(1,648,648)
Mortality rate	1 year	1,783,228	(1,778,328)

Parent
Dec-2014

In thousands of Nigerian Naira except percentages	**Impact on defined benefit obligation**		
	Change in assumption	**Defined benefit obligation Increase**	**Decrease**
Discount rate	1.00%	(2,141,016)	2,478,872
Salary increase rate	1.00%	2,489,285	(2,129,719)
Mortality rate	1 year	2,303,568	(2,297,239)

Parent
Dec-2013

In thousands of Nigerian Naira except percentages	**Impact on defined benefit obligation**		
	Change in assumption	**Defined benefit obligation Increase**	**Decrease**
Discount rate	1.00%	(1,657,394)	1,918,933
Salary increase rate	1.00%	1,926,994	(1,648,648)
Mortality rate	1 year	1,783,228	(1,778,328)

In practice, changing an actuarial assumption while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

(j) Expected maturity analysis of undiscounted pension and post-employement medical benefits:

In thousands of Nigerian Naira	**Less than 1 year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Present value of the defined benefit obligation	-	2,596	2,700	12,895,092	12,900,388
	-	2,596	2,700	12,895,092	12,900,388

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

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

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

40 Other borrowed funds

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Due to IFC (see note (i) below)	26,689,891	26,987,714	26,534,084	26,987,714
Due to ADB (see note (ii) below)	11,656,689	12,969,344	11,656,689	12,969,344
Due to FMO	5,231,164	207,544	-	-
Due to BOI (see note (iii) below)	40,916,461	40,236,112	40,916,461	40,236,112
Due to GTBV (see note (iv) below)	-	-	166,919,321	142,899,381
Due to CAC (see note (v) below)	3,693,901	5,500,000	3,693,901	5,500,000
Due to Proparco (see note (vi) below)	3,110,439	4,447,557	3,110,439	4,447,557
Due to KfW	-	128,174	-	-
Due to EDIF	-	458,033	-	-
Due to SCHT	-	1,200,394	-	-
	91,298,545	92,134,872	252,830,895	233,040,108
Current	22,323,380	12,325,555	17,092,216	11,888,623
Non-current	68,975,165	79,809,317	235,738,679	221,151,485

i). The amount of N26,534,084,000 (USD 142,695,000) (December 2013: N26,987,714,000 ; USD 168,618,000) represents the balances on various facilities granted by the International Finance Corporation (IFC) between January 2007 and December 2011, repayable over 7 to 9 years at interest rates varying from 2.75% to 3.5% above LIBOR rates.

ii). The amount of N11,656,689,000 (USD 62,687,000) (December 2013: N12,969,344,000; USD 81,032,000) represents the outstanding balance on a dollar facility of $130,000,000 by the African Development Bank (ADB) between September 2007 and December 2011 repayable over 7 years. Interest is payable half yearly at a rate per annum determined by the Bank to range between the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum and 5.157%.

iii). The amount of N40,916,461,000 (December 2013: N40,236,112,000) represents the outstanding balance on a naira facility granted (BOI) in August 2010 for a period of 15 years. The facility (an on-lending loan) is an initiative of the Central Bank of Nigeria to unlock the credit market in the country through the revamping of power projects and the refinancing and restructuring of bank loans. The principal amount is repayable in quarterly instalments as specified against each beneficiary customer in the schedule attached to the offer letter. There is no interest repayable on the facility.

Notes to the financial statements

iv). The amount of N166,919,321,000 (USD 897,657,000) (December 2013: N142,899,381,000; USD892,828,000) represents amortisec cost of dollar guaranteed notes issued by GTB Finance B.V., Netherlands. It represents the 2nd tranche of $500,000,000 issued in May 2011 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.5% per annum and . $400,000,000 (principal) was issued in November 2013 for a period of 5 years at 6% .

v). The amount of N3,693,901,000 (December 2013: N5,500,000,000) represents the outstanding balance on a facility granted by the Debt Management Office in tranches between April and August 2010 for 7 years. It is an initiative of Central Bank of Nigeria and Federal Ministry of Agriculture and Water resources aimed at the growth and development of commercial agriculture enterprise in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agriculture enterprise at a maximum rate of 9.00% p.a.

vi). The amount of N3,110,439,000 (USD 16,727,000) (December 2013: N4,447,557,000; USD27,788,000)represents the outstanding balance on a dollar term loan facility granted by Proparco in December 2011 for a period of 5 years. Interest is payable half yearly at 4.46% over the tenure of the facility.

41 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group

	In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
(a)	Authorised -				
	50,000,000,000 ordinary shares of 50k each				
	(31 December 2013: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2013: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

Notes to the financial statements

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
26,269,336,687 ordinary shares of 50k each (31 December 2013: 26,046,264,387)	13,134,669	13,023,133	13,134,669	13,023,133
3,161,842,537 ordinary shares (GDR) of 50k each (31 December 2013: 3,384,914,837)	1,580,921	1,692,457	1,580,921	1,692,457
	14,715,590	14,715,590	14,715,590	14,715,590

The movement on the issued and fully paid-up share capital account during the year was as follows:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Balance, beginning of year	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the year	-	-	-	-
Bonus shares capitalized	-	-	-	-
Balance, end of year	14,715,590	14,715,590	14,715,590	14,715,590

Share capital

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2013	29,431,180	14,715,590	123,471,114	(2,046,714)
Proceeds from shares issued	-	-	-	-
Bonus capitalised	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	-
At 31 December 2013/1 January 2014	**29,431,180**	**14,715,590**	**123,471,114**	**(2,046,714)**
Bonus capitalised	-	-	-	-
Proceeds from shares issued	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	(1,940,861)
At 31 December 2014	**29,431,180**	**14,715,590**	**123,471,114**	**(3,987,575)**

Notes to the financial statements

Share premium
Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves
The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

(i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The bank appropriated N28,029,481,000 representing 30% of its Profit after tax to statutory reserve.

(ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. The bank did not make any appropriation to this reserve during the period.

(iii) **Treasury shares**
Treasury shares represent the Bank's shares of 1,240,674,231 units (31 December 2013 : 1,170,674,231 units) held by the Staff Investment Trust as at 31 December 2014.

(iv) **Bonus reserves**
Subsequent to the balance sheet date, the Board of Directors has approved the transfer of Nil (2013: Nil) bonus shares.

(v) **Fair value reserve**
The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) **Regulatory risk reserve**
The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria as opposed to the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines is the inclusion of 1% General Loan Loss provisioning of performing loans in the entity impairment figures, this 1% provision amounting to N11,510,805,000 is not required by IAS 39. The total Parent's balance in regulatory risk reserve is N28,349,056,000

(vii) **Retained earnings**
Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(viii) **Non-controlling interest**
The entities accounting for the non-controlling interest balance is shown below:

Notes to the financial statements

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
GTB (Gambia) Limited	372,605	372,727	-	-
GTB (Sierra Leone) Limited	438,790	360,971	-	-
GTB (Ghana) Limited	607,503	659,825	-	-
GTB Liberia	16,290	13,285	-	-
GTB Kenya Limited	4,244,134	3,676,769	-	-
	5,679,322	5,083,577	-	-

42 **Dividends**

The following dividends were declared and paid by the Group during the year ended:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Balance, beginning of year	-	-	-	-
Final dividend declared	42,675,208	38,260,533	42,675,208	38,260,533
Interim dividend declared	7,357,795	7,357,795	7,357,795	7,357,795
Payment during the year	(50,033,003)	(45,618,328)	(50,033,003)	(45,618,328)
Balance, end of year	-	-	-	-

Subsequent to the balance sheet date, the board of directors proposed a final dividend of 150k per share subject to the approval of the shareholders at the next annual general meeting. (31 December 2013: 145k per share) on the issued ordinary shares of 29,431,179,224 of 50k each. Dividend per share for year ended 31 December 2014 is 175k (December 2013: 170k)

43. Leasing

As lessor

The Group acts as lessor under finance leases, providing financing for its customers and leasing assets for their own use. In addition, assets leased by the Group may be sublet to other parties.

The income from the lease is recognized as interest income on the Group's income statement, representing the Group's return on investment in the capital lease while a receivable is recognized for the Lease amount outstanding at the reporting period.

As lessee

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognized on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable.
For finance lease agreements in which the group is lessee, details of the resulting commitments have been included in other liabilities.

44. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 394 cases as a defendant (31 December 2013: 310) and 176 cases as a plaintiff (31 December 2013: 133). The total amount claimed in the 394 cases against the Bank is estimated at N469,469,029,610.76K and $135,418,536.23 (31 December 2013: N304,620,174,907 and $133,520,449) while the total amount claimed in the 176 cases instituted by the Bank is N66.4 Billion (31 December 2013: N50.24 Billion). However, the solicitors of the Bank are of the view that the probable liability arising from the cases pending against the Bank is not likely to exceed N93,601,044.81K (31 December 2013: N27,310,000).

Based on the advice of the solicitors, the Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and they are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

Notes to the financial statements

Contingent liabilities and commitments

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

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties, are on production of documents, which usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk.

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

a. These comprise:

In thousands of Nigerian Naira	**Group Dec-2014**	**Group Dec-2013**	**Parent Dec-2014**	**Parent Dec-2013**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	-	-	-
Transaction related bonds and guarantees	497,857,280	438,406,221	483,566,238	431,691,415
	497,857,280	438,406,221	483,566,238	431,691,415
Commitments:				
Short term foreign currency related transactions	23,086,579	28,169,581	20,103,363	27,469,212
Clean line facilities and letters of credit	153,494,479	91,820,634	145,470,036	77,388,975
Other commitments	8,485,425	8,727,345	-	-
	185,066,483	128,717,560	165,573,399	104,858,187

b. 61% (N294,975,405,000) of all the transaction related bonds and guarantees are collaterised (December 2013: N280,599,420,000 - 65%). The cash component of the collaterised bond and guarantee balance ₦85,297,099,000 (31 December 2013: N48,301,206,000) while the balance of N209,678,306,000 (December 2013: N232,298,214,000) is non-cash

45. Group entities

The Group is controlled by Guaranty Trust Bank Plc "the ultimate Parent" (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

i. Significant subsidiaries

		Country of incorporation	Ownership interest Dec-14	NCI Dec-14	Ownership interest Dec-13	NCI Dec-14
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	84.24%	15.76%	84.24%	15.76%
3	Guaranty Trust Bank Ghana Limited	Ghana	95.37%	4.63%	95.37%	4.63%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	0.00%	100.00%	0.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	0.57%	99.43%	0.57%
7	Guaranty Trust Bank Cote D'Ivoire Limited	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
8	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	30.00%	70.00%	30.00%
	Special purpose entities:					
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%
	Guaranty Trust Bank Finance BV	Netherlands	100.00%	0.00%	100.00%	0.00%

ii. Indirect investment in Sub-subsidiaries

		Country of incorporation	Ownership interest Dec-14	NCI Dec-14	Ownership interest Dec-13	NCI Dec-14
1	Guaranty Trust Bank Rwanda Limited	Rwanda	64.00%	64.00%	64.00%	64.00%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	70.00%	70.00%	70.00%

The subsidiaries and sub-subsidiaries of the Group are all involved in the Banking business only.

(a) GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.

(b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.

(c) Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.

(d) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.

(e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(f) Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank has been licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public. Banking operations commenced at the new subsidiary on April 16, 2012.

(g) In December 2013, the Group extended its regional presence in Africa by acquiring a 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been rebranded as Guaranty Trust Bank Kenya Limited.

(h) GTB Finance B.V was incorporated in December 2006 as a special purpose entity with the principal purpose of providing funding, through the international capital markets, to the ultimate parent. A share premium obligation of N417.4 million ($2,608,000) exists between GTB Finance B.V. and the Bank. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for year ended December 31, 2014:

Significant subsidiaries						
		Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
			Dec-14	Dec-13	Dec-14	Dec-13
1	Guaranty Trust Bank Gambia Limited	Gambia	372,605	372,727	102,877	51,322
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	438,790	360,971	140,298	59,752
3	Guaranty Trust Bank Ghana Limited	Ghana	607,502	659,825	185,612	83,864
4	Guaranty Trust Bank Liberia Limited	Liberia	16,290	13,285	1,881	883
5	Guaranty Trust Bank Kenya Limited	Kenya	4,244,134	3,676,769	266,966	-

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Gambia) Limited paid dividend in the sum of N98,102,000, N47,622,000 and N62,537,000 respectively (December 2013: N38,133,000, N12,657,000 and N32,666,000 respectively) to non-controlling interest.

46. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the entity	Terra Kulture Limited	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	96%	70%	51%
Nature of entity	Arts & Culture	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment	Government-induced investment
Activities of entity	Promotion of Nigerian culture and art through its gallery, restaurant, language and craft book, reading room and multi-purpose hall	Provision of hospitality services	Rearing of birds and production of table eggs
***Carrying amount**	N469,998,600 (Dec. 2013: N829,353,865)	N515,041,000 (Dec-2013: N1,945,108,572)	N40,500,000
Line item in SOFP	Investment securities- AFS	Investment securities-AFS	Investment securities- AFS
Loans granted	- (Dec-2013: N43,657,177)	N2,058,620,550 (Dec-2013: N2,167,093,184)	-
****Maximum exposure to loss**	N469,998,600 (Dec-2013: N513,655,777)	N3,074,652,550 (Dec-2013: N3,183,124,184)	N40,500,000 (Dec-2013: N40,500,000)
Source of Financing	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions

* Carrying amount is investment amount net of impairment or where information is available, represents fair value
** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.

The Bank does not provide financial support to these unconsolidated structured entities and has no plans to provide financial support to these entities in the future. However, the bank extended loans to the entities in the normal course of business at arm's length.

47. Fina Bank Acquisition

In the prior year, GTBank Plc acquired a 70% shareholding in Fina Bank Limited, a commercial bank incorporated in Kenya which operates two subsidiaries in Rwanda and Uganda.

The acquisition was based on completion accounts as of October 31, 2013 and represents a stepping stone to the Group's entry into the East African market through a multi-country platform thus achieving a significant presence in the region. In addition, this acquisition would help in further diversifying the Group's revenue stream by leveraging on the growth potential of the East African banking industry fuelled by rapid GDP expansion.

The transaction took the form of an offer for subscription resulting in a capital injection of USD30 million and an offer for sale from existing shareholders resulting in GTBank acquiring a 70% stake.

The allocation of the consideration to the carrying value of net assets resulted to a positive goodwill of N8.5 billion; this goodwill is not deductible for tax purposes. The main reasons for the recognition of this goodwill are the expected synergies, anticipated additional income as well as market presence in the commercial banking landscape in Kenya, Rwanda and Uganda. The goodwill has been allocated first, by geography and thereafter to GTBank's business operating segments which constitute cash generating units that are likely to benefit from the synergies of the business combination. The goodwill was allocated as follows: Corporate Banking – 50 per cent, Commercial Banking – 24 per cent, Retail Banking – 17 per cent, SME Banking – 5 per cent and Public sector – 4 per cent. Non controlling interest (NCI) in the acquiree at the acquisition date has been determined as NCI' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

Differences in accounting policies were deemed immaterial to the GTBank Group. The fair value of assets and liabilities arising from the acquisition are as shown below:

In thousands of Nigerian naira

Assets acquired

	Fair Value
Cash and cash equivalents	6,509,601
Investment securities:	
– Available for sale	10,667,896
– Held to maturity	4,754,108
Loans and advances to customers	31,633,118
Current income tax assets	21,626
Property and equipment	1,225,687
Intangible assets	80,238
Deferred tax assets	515,075
Other assets	805,336
Assets	**56,212,685**

Liabilities assumed:

Deposits from banks	1,192,160
Deposits from customers	46,295,649
Other borrowed funds	502,072
Deferred tax liabilities	35,509
Current income tax liabilities	58,667
Other liabilities	756,415
Liabilities	**48,840,472**
Net assets	**7,372,213**
Cash on subscription shares	**4,868,729**
Net assets acquired	**12,240,942**
Non-controlling interest (@ approx. 30 per cent)	3,664,522
Net assets acquired (@ approx. 70 per cent)	**8,576,420**

Contingent assets and liabilities as at acquisition date amounted to ₦4.69 billion. These relate to Acceptances and letter of credit and Guarantees in the sum of ₦1.95 billion and Guarantees and performance bonds in the sum of ₦2.73 billion.

As part of the acquisition, the Group acquired loans and advances with a fair value of ₦31, 633,118,000 with gross contractual amount receivable of N35, 290,715,000. Discounting this contractual cash flows receivable to present value, management's estimate an amount in the sum of ₦828, 271,000 might not be collectible.

Acquisition related costs in the sum of ₦250, 000,000 have been included under other operating expenses as part of professional fees and other consulting costs.

Net cash flow on acquisition of subsidiaries is analyzed below:

In thousands of Nigerian naira	
Cash outflow on acquisition of subsidiary	17,131,482
Cash and cash equivalent at acquisition date:	
- Cash and cash equivalent (without inflow on subscription share)	(6,509,601)
- Cash and cash equivalent (Inflow to acquired entity on subscription shares)	(4,868,729)
Cash Outflow on acquisition of subsidiaries (net of cash acquired)	**5,753,152**

Details of goodwill are as follows:

In thousands of Nigerian naira	**On acquisition**
Purchase consideration (cash)	17,131,482
Share of fair value of net assets acquired (see below)	8,576,420
Goodwill	**8,555,062**

Acquisition related costs in the sum of ₦ 250,000,000 have been included under other operating expenses as part of professional fees and other consulting costs.

48. Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group’s pension schemes, as well as key management personnel.

(b) **Subsidiaries**

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the period, the Bank received Dividends from subsidiaries totalling ₦2,477,882,000. Of this amount, dividend from GTBank Ghana was ₦2,003, 979, 000, dividend from GTBank Sierra Leone was ₦254,639,000, while dividend from GTBank Gambia accounted for ₦219,264,000.

The Bank also has receivables from GTBank Gambia, GTBank Sierra Leone, GTBank Liberia, GTBank Ghana and GTBank Kenya in the sum of ₦1,596,000, ₦121,156,000, ₦3,352,000, ₦14,577,000 and ₦3,711,000 respectively as at 31st Dec 2014 (December 2013: Nil, ₦32,496,000, ₦10,439,000, ₦27,705,000 and Nil respectively.

(c)(i) **Transactions with key management personnel**

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(c)(ii) **Directors' interest in Contracts**

Agusto & company Limited carried out an issuer risk rating on GTBank's Plc's N 13.165 Billion 3-year fixed rate senior unsecured non-convertible corporate bonds issued in 2010. The transaction during the period relates to payment of annual monitoring fee of N 2,100,000 to this firm in respect of the bond rating.

(d) Risk assets outstanding 31 December 2014

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦881,920,000 (31 December 2013: ₦2,371,690,000) was outstanding on these facilities at the end of the period. The status of performance of each facility is as shown below:

Name of company /individual	Relationship	Director Name	Facility type	Status	Nature of Security	**Parent**	**Parent**
In thousands of Nigerian Naira						**Dec-2014**	**Dec-2013**
Afren Resources Limited	Director Related	Egbert Imomoh	Custom Duty Bond	Performing	Corporate Guarantee / Cash	-	831,674
Emzor Pharmaceuticals	Director Related	Stella Okoli	Letter Of Credit/Overdraft/Time Loan	Performing	Tripartite Legal Mortgage, Cash A	-	715,999
International Travel Express Ltd	Director Related	Bayo Adeola	Overdraft	Performing	Personal Guarantee, Domiciliatior	113,033	149,429
Olanrewaju Kalejaiye	Insider Related	Adeola Ogunyemi	Gt Mortgage/Max Advance/Overdraft	Performing	Legal Mortgage, Domiciliation	-	86,153
IBFC Agusto	Director Related	Bode Agusto	Bond Line	Performing	Personal Guarantee, Cash	-	-
Ademola Kuye & Company	Insider Related	Ronke Kuye	Time Loan	Performing	Equitable Mortgage	-	50,000
Discovery House Mont.Sch. Ltd	Insider Related	Adeola Ogunyemi	Term Loan	Performing	Tripartite Legal Mortgage	-	41,667
Jaykay Pharmacy Ltd	Director Related	Segun Agbaje	Overdraft/Term Loan	Performing	Asset Debenture/Real Estate	29,512	40,187
Polystyrene Industries Ltd	Director Related	Bayo Adeola	Term Loan	Performing	Mortgage Debenture/Corporate G	96,881	35,667
Mediabloc Consulting Nigeria Ltd.	Insider Related	Simi Osinuga	Overdraft	Performing	Personal Guarantee, Domiciliatior	15,263	21,937
Enwereji Nneka Stella	Director Related	Cathy Echeozo	Gt Mortgage	Performing	Legal Mortgage	19,800	21,600
Cubic Contractors Limited	Director Related	Bayo Adeola	Overdraft	Performing	Mortgage Debenture, Personal Gu	128,351	15,294
Payless Butchers And Supermart	Director Related	Cathy Echeozo	Overdraft	Performing	Tripartite Legal Mortgage	8,714	10,197
Adam And Eve Nigeria Ltd.	Insider Related	Ibukun Odegbaike	Overdraft	Performing	Tripartite Legal Mortgage	-	7,088
Augusto Enterprises	Director Related	Cathy Echeozo	Term Loan	Performing	Equitable Mortgage	-	5,667
Touchdown Travels Limited	Director Related	Bayo Adeola	Performance Bond	Performing	Cash	-	1,875
Jumoke Ogundare	Ex-Director Related	Jide Ogundare	GT Auto	Performing	Chattle Mortgage	-	-
Adeola, Razack Adeyemi	Director Related	Bayo Adeola	Time Loan	Performing	Equitable Mortgage	-	250,000
Agbaje, Olufemi Augustus	Director Related	Segun Agbaje	Maxplus	Performing	Domiciliation	14,551	18,450
Adeoye, Busola	Insider Related	Adebanji Adeniyi	Max Advance	Performing	Domiciliation	-	2,453
Kresta Laurel Ltd.	Director Related	Bayo Adeola	Bond Line	Performing	Personal Guarantee, Cash	-	66,353
Fola Adeola	Director Related	Bayo Adeola	Overdraft	Performing	Equitable Mortgage	337,294	-
IBFC Alliance Limited	Director related	Bode Agusto	Overdraft	Performing	Treasury Bills	11,886	-
Olanrewaju Kalejaiye	Insider Related	Adeola Ogunyemi	Gt Mortgage / Max Advance	Performing	Legal Mortgage	106,635	-
						881,920	2,371,690

Notes to the financial statements

(e) Director/insiders related deposit liabiilties

Name of company/Individual *In thousands of Nigerian Naira*	*Relationship*	*Type of Deposit*	***Parent*** **Dec-2014**	***Parent*** **Dec-2013**
Agusto & Co. Limited	Director related	Demand Deposit	48,634	33,695
Alliance Consulting	Director related	Demand Deposit	318	761
Comprehensive Project Mgt. Servic	Director related	Demand Deposit	15,260	8,466
Cubic Contractors Limited	Director related	Demand Deposit	2,315	2,625
Eterna Plc	Director related	Demand Deposit	3,522	7,411
F & C Securities Limited	Director related	Demand Deposit	51,054	11,540
IBFC Agusto Training	Director related	Demand Deposit	-	4,975
IBFC Limited	Director related	Demand Deposit	6	6
Jaykay Pharmacy Limited	Director related	Demand Deposit	11	14
Kresta Laurel Limited	Director related	Demand Deposit and Time Deposit	6,559	11,661
Main One Cable Company Ltd	Director related	Demand Deposit	2,778	39,986
Mayfield Finance Company	Director related	Demand Deposit	58	85
Mayfield Ventures Limited	Director related	Demand Deposit	93	11
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	91	210
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	3	3
WSTC Financial Services Ltd	Director related	Demand Deposit and Time Deposit	1,286,798	190,692
WSTC Nominee Limited	Director related	Demand Deposit	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	61	53
International Travel Express Ltd	Director related	Demand Deposit	10	9
Afren Onshore Ltd	Director related	Demand Deposit	1	1
Afren Resources Limited	Director related	Demand Deposit and Time Deposit	13,249	12,428
Mediabloc Consulting Nig Ltd	Insider Related	-	-	-
Ademola Kuye & Company	Insider Related	Demand Deposit and Time Deposit	9,948	61,322
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	100	71
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	3,526	794
Polystyrene Industries Ltd	Director related	Demand Deposit	8,422	21,853
Touchdown Travels Limited	Insider Related	Demand Deposit and Time Deposit	11,870	13,297
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	14,861	7,925
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	5	2
Agbaje, Olufemi Augustus	Director related	Demand Deposit	7,222	-

Notes to the financial statements

Adeola Razack Adeyemi	Director related	Demand Deposit	12,427	-
Enwereji Nnneka Stella	Director related	Demand Deposit	1,260	-
IBFC Alliance	Director related	Demand Deposit	222	-
Jaykay Pharmaceutical & Chemist	Director related	Demand Deposit	8	-
Olanrewaju Kalejaiye	Insider Related	Demand Deposit	791	-
			1,501,914	430,327

There are no special considerations for the related party risk assets and deposits. Loans granted to and deposits from related parties were all at arm's length.

(f) Subsidiaries' deposit account balances

Name of company/Individual	*Relationship*	*Type of Deposit*	**Dec-2014**	**Dec-2013**
			₦	₦
GTB Sierra Leone	Subsidiaries	Domicilliary	688,208	592,361
GTB Ghana	Subsidiaries	Demand Deposit	2,144,859	3,461,859
GTB Ghana	Subsidiaries	Domicilliary	239,649	278,296
			3,072,716	4,332,516

Notes to the financial statements

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(g) **Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:**

Loans and advances:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Secured loans	881,920	2,371,690	881,920	2,371,690

Deposits:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Total deposits	1,501,914	430,327	1,501,914	430,327

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

216,910

(h) **Key management personnel compensation for the year comprises:**

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Wages and salaries	1,843,425	1,821,162	1,568,461	1,578,843
Post-employment benefits	4,061	17,593	4,061	17,593
Share-based payments	406,495	578,218	-	-
Increase /(decrease) in share appreciation rights	793,289	658,508	-	-
	3,047,270	3,075,481	1,572,522	1,596,436

(i) (i) **Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	Group Dec-2014	Group Dec-2013	Parent Dec-2014	Parent Dec-2013
Fees as directors	172,248	115,302	45,500	46,000
Other allowances	340,161	250,892	175,391	170,910
	512,409	366,194	220,891	216,910
Executive compensation	690,525	696,900	690,525	690,525
	1,202,934	1,063,094	911,416	907,435

Notes to the financial statements

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Dec-2014	Parent Dec-2013
Chairman	23,986	24,197
Highest paid director	183,412	183,412

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Dec-2014	Parent Dec-2013
N 6,500,001 - N11,000,000	-	-
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	1	-
N12,500,001 - N13,000,000	-	1
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	2	2
Above N22,500,001	12	12
	15	15

49 Contraventions

The bank paid penalties in respect of cntraventions during the period as outlined in the table below:

S/n	Nature of offence	Amount paid (₦)	Date paid
1	Appointment of top management staff without CBN's approval (2007 & 2009)	18,000,000	2/19/2014
2	Penalty in respect of review for the appointment of a staff to top management position (2003 - 2005)	2,000,000	5/16/2014
3	Infraction arising from AML/CFT spot checks as at 1/3/14	4,000,000	10/14/2014
	Total	24,000,000	

50 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

(b) The non-distributable reserve should be classified under Tier 1 as part of core capital.

The group has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. Loans other than Specialized Loans

The provisioning policy for 'loans other than specialized loans' covers the following:

i. Commercial Loans
ii. Commodities Financing
iii. Corporate Loans
iv. Retail & Consumer Credits
v. Neither past due nor impaired
vi. Facilities granted to Federal, State and Local governments and their parastatals.
vii. Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

No of Days Overdrawn	Classification	% Provision taken
90 – 180	Substandard	10
180 – 360	Doubtful	50
Over 360	Lost	100

As soon as an account is classified as non-performing, the interest is accounted for on non-accrual basis i.e. interest is not recognized as income but suspended.

Furthermore, if the occurrence of a loss event is certain, appropriate provisions will be made regardless of the fact that such loans does not fall in any of the above categories.

2. Specialized Loans

The provisioning policy for specialized loans covers the following:

i. Agriculture Finance
ii. Margin Loans
iii. Project Finance
iv. Object Finance
v. Real Estate Loans (Commercial and Residential)
vi. SME Loans

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

i. Agriculture Finance

a. Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance

4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. Agriculture Finance – long term facilities (Farm development finance, purchase of machinery, livestock financing)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

ii. Mortgage Loans

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Markup / interest or principal past due by 90days	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	As above	10% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	As above	Unprovided balance should not exceed 50% of the estimated net realisable value of the security.

3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	As above	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	As above	100% of total outstanding balance

iii. Margin Loans

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlining shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance

4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

v. Object Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. SME

a. SME Loans - SME short term facilities (Maturities of 1 year)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance

3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. SME Loans - SME Long term facilities (Maturities of more than 1 year)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

Operational risk Management

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as "the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events". This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

- **Loss Incident Reporting** – Loss incidents are reported to OpRisk Group by all business areas in the Bank. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has a robust OpRisk loss database detailing relevant OpRisk loss data for four years. Information collated is analyzed for identification of risk concentrations and appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide. All branches and Head-Office departments are required to complete related templates at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. These assessments enable risk profiling and risk mapping of prevalent operational risks.

  Risk Assessments of the Bank's new and existing products and services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Other Risk Assessments conducted include Process Risk Assessments, Product Risk Assessments, Vendor Risk Assessments, and Fraud Risk Assessments.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with BS 25999 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP). This plan assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. It is reviewed monthly and when necessary, it is updated to ensure reliability and relevance of information contained.

  The bank is currently in the process of being certified by the globally recognized by British Standards Institute.

- **Compliance and Legal Risk Management** – Compliance Risk Management involves close monitoring of KYC compliance by the Bank, escalation of Audit Non-conformances, Complaints Management, and observance of the Bank's zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

  Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium – High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors

  As a result, the following are conducted and monitored: Fire Risk Assessments, Quarterly Fire Drills, Burglaries and Injuries that occur within the Bank's premises.

- **Operational Risk Capital Calculation** – The Bank has adopted the Basel II Pillar 1 defined "Standardized Approach" for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to the Advanced Measurement Approach, it is mindful of investing in the additional resources required especially as the Central Bank of Nigeria has recommended the Basic Indicator Approach for all banks in Nigeria. The Estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

- **Operational Risk Reporting** – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

  To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk application – OFSAA, has been acquired by the Bank, and has been successfully implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Operational Risk Management Philosophy and Principles

Governance Structure

- The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.

- The Management Risk Committee monitors the activities of OpRisk and approves key decisions made before presentation to the Board. It ensures the implementation of the guiding OpRisk framework bank-wide, and ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.

- All process owners are responsible for the day-to-day management of OpRisks prevalent in respective Departments, Groups, Divisions and Regions of the Bank.

- The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Approach to Managing OpRisk

- Guaranty Trust Bank adopts operational risk procedures and practices that are "fit for purpose" and will increase the efficiency and effectiveness of the bank's resources, minimise losses and utilize opportunities.

- This outlook embeds OpRisk practices in the bank's day-to-day business activities.

- It also aligns with the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organisations (COSO) / Sarbanes-Oxley (SOX) standards, and some internationally accepted British Standards such as the BS 25999 for Business Continuity Management.

Principles

- Operational risks inherent in all products, activities, processes and systems are assessed periodically for timely identification of new risks and trending of prevalent risks. The Bank ensures that before any new products, processes, activities and systems are introduced or undertaken, the operational risks inherent are assessed and likely risks mitigated.

- In accordance with this, the Bank ensures regular monitoring of its operational risk profile and material exposure to losses.

- Pertinent information is reported regularly to Senior Management and the Board to ensure proactive management of operational risk bankwide.

- Furthermore, the Bank's Business Continuity Plan outlines the Bank's requirements for contingency and business continuity procedures to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Treatment of Operational Risks

- The OpRisk identification and assessment process provides a guide on the decision-making process for the extent and nature of risk treatment to be employed by the Bank. In line with best practices, the cost of risk treatments introduced must not exceed the reward.

- The following comprise the OpRisk treatments adopted by the Bank:

  - **Risk Acceptance and Reduction**: The Bank accepts the risk because the reward of engaging in the business activity far outweighs the cost of mitigating the risk. Residual risks retained by the business after deploying suitable mitigants are accepted

  - **Risk Transfer (Insurance)**: This involves another party or parties bearing the risk, by mutual consent. Relationships are guided by the use of contracts and insurance arrangements

  - **Risk Sharing (Outsourcing)**: Risk is shared with other parties that provide expert solutions required to mitigate risk or reduce risk burden whether operationally or financially

  - **Risk Avoidance**: Requires discontinuance of the business activity that gives rise to the risk

Strategy Risk Management

Strategic Risk Management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

In Guaranty Trust Bank, it is also regarded as the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process or the inadequate implementation of such strategies. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances.

A specialized template for monitoring Strategic Risk is deployed for tracking key business activities designed or defined by the Bank to monitor performance in the achievement of its strategic intent in the short, medium and long term.

Reputational Risk Management

Guaranty Trust Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly.

A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

List of Agents and Locations

List of Agents and Locations		
S/N	**Name**	**Location**
1	Prince Ebeano Supermarket	9, Northern Business District, Lekki Phase 1, Lagos
Select Forte Oil Filling Stations in Lagos		
2	Forte Oil, Bank Road	1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos
3	Forte Oil, Old Airport Road	Muritala Mohammed 2, Local Airport Road, Ikeja
4	Forte Oil, Kingsway Road Apapa	Kingsway Avenue Apapa, Lagos
5	Forte Oil, Mushin Isolo	259, Agege Motor Road, Mushin, Lagos
6	Forte Oil, Festac Town	21, Road, Festac Town, Lagos
7	Forte Oil, Shomolu	138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos
8	Forte Oil, Wharf Road Apapa	Barracks Bus Stop, Wharf Road, Apapa, Lagos
9	Forte Oil, Ikorodu Round About	2, Sagamu Road, Ikorodu
10	Forte Oil, Jebba	80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos
11	Forte Oil Campus Road	1, Igbosere Road, Campos Lagos Island
12	Forte Oil, Oshodi Apapa (Mile 2)	Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos
13	Forte Oil, Western Avenue	113/115, Funsho Williams Avenue, Surulere
14	Forte Oil, Boundary Apapa	82/84 Mobil Road, Boundary Bus stop Ajegunle Lagos
15	Forte Oil, Old Apapa Road, Costain	80, Old Apapa Road Ebute Metta West , Costain Lagos
16	Forte Oil, Ogba	Oba Ogunji Road, Pen Cinema, Ogba Lagos
17	Forte Oil, Oba-Akran	39, Oba Akran Avenue Ikeja Lagos
18	Forte Oil, Ladipo-Mushin	110, Ladipo Street , Matori Industrial Estate Mushin

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for the year ended 31st December 2014.

5.1. Table below shows a summary of transactions done on GTBank Cards

In Thousands	Number of Transactions	Value of Intl. Transactions	Value of Local Transactions
Naira denominated debit cards	154,975	235,884,494	1,638,088,435
Foreign currency credit cards	115	9,507,915	-
Foreign currency debit cards	274	10,526,404	-

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions		Local Transactions	
In Thousands	ATM	POS/Web	ATM	POS/Web
Naira MasterCard debit cards	2,129	4,575	140,723	7,547
Foreign Currency Denominated Cards				
MasterCard credit cards	2	20	-	-
Visa classic debit cards	42	232	-	-
Visa classic credit cards	11	75	-	-
World credit cards	0.5	6	-	-
Total	**2,185**	**4,908**	**140,723**	**7,547**

Breakdown of transactions done using GTBank Cards (Value of Transactions)

	International Transactions		Local Transactions	
In Thousands of Nigerian Naira	ATM	POS/Web	ATM	POS/Web
Naira MasterCard debit cards	127,142,282	108,742,213	1,547,223,361	90,865,074
Foreign Currency Denominated Cards				
MasterCard credit cards	158,176	1,150,114	-	-
Visa classic debit cards	2,738,873	7,787,531	-	-
Visa classic credit cards	1,429,001	5,017,587	-	-
World credit cards	42,779	1,710,258	-	-
Total	**131,511,112**	**124,407,702**	**1,547,223,361**	**90,865,074**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Secure Code/ Online Registration (Required for Card Safety and Fraud Prevention)	Inability to generate secure code.	Wrong Input of Secure code. Card Activation Code not uploaded.	Redesign of the Secure Code Platform on Internet Banking. Daily Reconciliation of activation code records. Commenced development of dynamic 3D authentication system
Settlement Issues with Card Transactions.	Debited and Blocked Funds	Funds not released after settlement of transaction.	Implementation of in-house transaction processing. Daily reconciliation of settled transactions
Dispense Error	Cash Not Dispensed	Cash not presented due to network issues.	Implement Acquirer Initiated Refunds
Declined transactions due to Network fluctuations from Third Party Processors	Declined Transactions	Network Fluctuation	Implementation of in-house transaction processing. Continue to engage Technology for improved network up-time.

Value Added Statements

For the year ended 31 December 2014

Group

In thousands of Nigerian Naira	Dec-2014	%	Dec-2013	%
Gross earnings	278,520,814		242,665,011	
Interest expense:				
-Local	(38,390,518)		(35,331,423)	
- Foreign	(19,820,037)		(13,113,045)	
	220,310,259		194,220,543	
Loan impairment charges / Net impairment loss on financial assets	(7,372,263)		(2,767,169)	
	212,937,996		191,453,374	
Bought in materials and services				
- Local	(56,181,109)		(50,158,030)	
- Foreign	(777,288)		(326,780)	
Total Value added	155,979,599	100	140,968,564	100
Distribution:				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	27,442,101	18	23,761,448	17
Government				
- Taxation	17,690,924	11	17,067,279	12
Retained in the Group				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	12,151,655	8	10,115,860	7
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	98,694,919	63	90,023,977	64
	155,979,599	100	140,968,564	100

Value Added Statements

For the period ended 31 December 2014

Parent

In thousands of Nigerian Naira	Dec-2014	%	Dec-2013	%
Gross earnings	249,007,051		221,600,284	
Interest expense:				
-Local	(38,361,555)		(35,323,994)	
- Foreign	(12,923,889)		(9,251,958)	
	197,721,607		177,024,332	
Loan impairment charges / Net impairment loss on financial assets	(6,458,104)		(2,794,482)	
	191,263,503		174,229,850	
Bought in materials and services				
- Local	(48,491,646)		(44,542,876)	
- Foreign	(777,288)		(326,780)	
Total Value added	141,994,569	100	129,360,194	100
Distribution:				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	21,036,543	15	19,625,269	15
Government				
- Taxation	16,936,247	12	14,916,219	12
Retained in the Bank				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	10,590,175	7	9,273,196	6
- Profit for the year (including statutory and regulatory risk reserves)	93,431,604	66	85,545,510	67
	141,994,569	100	129,360,194	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Dec-2014	Dec-2013	Dec-2012	Dec-2011	Dec-2010
Assets					
Cash and cash equivalents	246,939,868	307,395,676	276,856,206	349,060,323	273,074,591
Loans and advances to banks	5,695,592	5,596,476	4,864,824	158,616	186,480
Loans and advances to customers	1,275,681,135	1,002,370,638	779,050,018	706,893,133	603,906,669
Financial assets held for trading	9,415,919	17,223,667	271,073,896	173,297,556	148,872,254
Derivative financial assets	529,732	170,101	-	-	-
Investment securities:					
– Available for sale	344,701,935	374,673,147	15,765,789	3,744,970	10,629,568
– Held to maturity	35,160,640	84,741,890	129,490,810	161,196,356	22,896,774
Assets pledged as collateral	39,179,198	28,442,629	31,203,230	45,588,084	29,481,804
Investment properties	-	-	-	-	7,349,815
Property and equipment	76,236,447	68,306,197	60,886,728	57,510,622	47,092,669
Intangible assets	12,516,219	11,214,274	1,772,176	1,006,470	1,956,459
Deferred tax assets	2,358,280	1,945,629	991,791	96,820	587,881
Restricted deposits and other assets	307,461,561	200,766,091	162,922,392	100,320,495	22,017,933
	2,355,876,526	2,102,846,415	1,734,877,860	1,598,873,445	1,168,052,897
Assets classified as held for sale and discontinued operations	-	-	-	9,779,201	-
Total assets	2,355,876,526	2,102,846,415	1,734,877,860	1,608,652,646	1,168,052,897
Liabilities					
Deposits from banks	31,661,622	15,208,300	23,860,259	37,229,029	26,026,980
Deposits from customers	1,618,208,194	1,427,493,697	1,148,197,165	1,026,119,419	753,088,230
Derivative financial liabilities	253,374	3,883	-	-	-
Other liabilities	57,200,461	61,014,954	83,278,066	52,323,162	65,037,039
Current income tax liabilities	11,208,907	13,073,847	15,630,973	14,062,596	9,529,921
Deferred tax liabilities	4,391,668	5,065,625	2,596,405	3,407,652	4,884,484
Liabilities on insurance contracts	-	-	-	-	2,926,322
Debt securities issued	167,321,207	156,498,167	86,926,227	145,767,516	66,886,763
Other borrowed funds	91,298,545	92,134,872	92,561,824	93,230,139	23,033,947
	1,981,543,978	1,770,493,345	1,453,050,919	1,372,139,513	951,413,686
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	6,119,979	-
Total liabilities	1,981,543,978	1,770,493,345	1,453,050,919	1,378,259,492	951,413,686
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	11,658,594
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	119,076,565
Treasury shares	(3,987,575)	(2,046,714)	(2,046,714)	(2,046,714)	(1,562,603)
Retained earnings	61,043,431	55,205,142	39,766,597	25,130,520	13,329,100
Other components of equity	173,410,666	135,924,361	104,651,663	67,121,427	68,106,870
Total equity attributable to owners of the Bank	368,653,226	327,269,493	280,558,250	228,391,937	210,608,526
Non-controlling interests in equity	5,679,322	5,083,577	1,268,691	2,001,217	6,030,685
Total equity	374,332,548	332,353,070	281,826,941	230,393,154	216,639,211
Total equity and liabilities	2,355,876,526	2,102,846,415	1,734,877,860	1,608,652,646	1,168,052,897

- -

Five Year Financial Summary Cont'd

Statement of comprehensive income -

Group

In thousands of Nigerian Naira	**Dec-2014**	**Dec-2013**	**Dec-2012**	**Dec-2011**	**Dec-2010**
Interest income	200,602,653	185,383,473	170,295,193	126,471,509	112,396,831
Interest expense	(58,210,555)	(48,444,468)	(39,609,462)	(27,980,359)	(29,774,970)
Net interest income	**142,392,098**	**136,939,005**	**130,685,731**	**98,491,150**	**82,621,861**
Loan impairment charges	(7,098,448)	(2,886,005)	(738,786)	(19,503,412)	(10,368,326)
Net interest income after loan impairment charges	**135,293,650**	**134,053,000**	**129,946,945**	**78,987,738**	**72,253,535**
Fee and commission income	47,969,982	46,631,901	45,445,557	43,518,522	33,634,283
Fee and commission expense	(2,114,365)	(1,824,212)	(1,591,016)	(1,837,536)	(3,198,819)
Net fee and commission income	**45,855,617**	**44,807,689**	**43,854,541**	**41,680,986**	**30,435,464**
Net gains/(losses) on financial instruments classified as held for trading	28,274,332	10,538,095	3,940,524	6,843,478	7,935,040
Other income	1,673,847	111,542	3,383,611	5,575,053	(2,261,461)
Other income	**29,948,179**	**10,649,637**	**7,324,135**	**12,418,531**	**5,673,579**
Operating income	211,097,446	189,510,326	181,125,621	133,087,255	108,362,578
Net impairment reversal on financial asse	(273,815)	118,836	(96,869)	(1,181,354)	(228,910)
Net operating income after net impairment loss on financial assets	210,823,631	189,629,162	181,028,752	131,905,901	108,133,668
Personnel expenses	(27,442,101)	(23,761,448)	(23,660,091)	(22,374,358)	(16,932,927)
General and administrative expenses	(26,135,843)	(22,550,173)	(22,405,475)	(21,621,110)	(22,791,994)
Operating lease expenses	(913,085)	(837,218)	(791,433)	(677,886)	(594,272)
Depreciation and amortization	(12,151,655)	(10,115,860)	(8,891,796)	(7,608,215)	(6,539,171)
Other operating expenses	(27,795,104)	(25,273,207)	(22,252,034)	(17,544,126)	(15,000,112)
Operating expenses	(94,437,788)	(82,537,906)	(78,000,829)	(69,825,695)	(61,858,476)
Profit before income tax	116,385,843	107,091,256	103,027,923	62,080,206	46,275,192
Income tax expense	(17,690,924)	(17,067,279)	(16,341,043)	(14,277,068)	(7,666,836)
Profit for the year from continuing operations	**98,694,919**	**90,023,977**	**86,686,880**	**47,803,138**	**38,608,356**
Profit for the year from discontinued operations	-	-	609,077	3,938,482	995,668
Profit for the period	**98,694,919**	**90,023,977**	**87,295,957**	**51,741,620**	**39,604,024**

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

– Basic	3.47	3.17	3.05	1.69	1.36
– Diluted	3.47	3.17	3.05	1.69	1.36

Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

– Basic	0.00	0.00	0.02	0.13	0.04
– Diluted	0.00	0.00	0.02	0.13	0.04

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	Dec-2014	Dec-2013	Dec-2012	Dec-2011	Dec-2010
Assets					
Cash and cash equivalents	161,778,647	228,609,551	210,300,286	311,072,270	226,123,548
Loans and advances to banks	30,815	16,976	177,985	158,616	186,480
Loans and advances to customers	1,182,393,874	926,967,093	742,436,944	679,358,919	574,255,521
Financial assets held for trading	5,675,545	13,746,682	267,417,182	151,819,087	131,189,143
Derivative financial assets	529,732	170,101	-	-	-
Investment securities:					
– Available for sale	317,749,878	364,056,362	10,138,761	3,744,970	6,919,692
– Held to maturity	4,511,342	46,682,498	118,897,917	163,914,120	23,443,181
Assets pledged as collateral	39,173,640	28,440,947	31,203,230	45,588,084	29,481,804
Investment in subsidiaries	40,130,284	40,130,284	22,925,088	16,233,581	30,115,862
Property and equipment	68,042,098	61,419,683	55,496,808	52,494,230	42,538,693
Intangible assets	2,417,700	2,256,768	1,539,717	762,709	1,374,207
Deferred tax assets	-	-	-	-	-
Other assets	304,174,757	191,868,850	159,783,305	94,880,959	17,675,985
	2,126,608,312	1,904,365,795	1,620,317,223	1,520,027,545	1,083,304,116
Assets classified as held for sale and discontinued operations	-	-	-	3,500,000	-
Total assets	2,126,608,312	1,904,365,795	1,620,317,223	1,523,527,545	1,083,304,116
Liabilities					
Deposits from banks	143,713	88,729	7,170,321	21,636,242	5,361,654
Deposits from customers	1,439,522,070	1,261,927,035	1,054,122,573	962,486,292	711,038,787
Derivative financial liabilities	253,374	3,883	-	-	-
Other liabilities	47,714,495	49,008,466	72,178,426	45,275,666	47,761,799
Current income tax liabilities	12,657,634	12,632,975	15,340,116	13,760,343	8,686,276
Deferred tax liabilities	3,955,805	4,784,323	2,533,627	3,308,557	4,708,122
Debt securities issued	-	13,233,595	13,238,291	13,233,169	68,370,952
Other borrowed funds	252,830,895	233,040,108	169,194,418	229,647,220	20,931,341
Total liabilities	1,757,077,986	1,574,719,114	1,333,777,772	1,289,347,489	866,858,931
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	11,658,594
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	119,076,565
Retained earnings	58,442,378	55,079,117	45,944,146	31,560,746	19,976,375
Other components of equity	172,901,244	136,380,860	102,408,601	64,432,606	65,733,651
Total equity	369,530,326	329,646,681	286,539,451	234,180,056	216,445,185
Total equity and liabilities	2,126,608,312	1,904,365,795	1,620,317,223	1,523,527,545	1,083,304,116

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	Dec-2014	Dec-2013	Dec-2012	Dec-2011	Dec-2010
Interest income	179,984,274	172,433,167	160,124,580	119,016,532	104,114,184
Interest expense	(51,285,444)	(44,575,952)	(37,025,839)	(25,489,191)	(26,517,345)
Net interest income	**128,698,830**	**127,857,215**	**123,098,741**	**93,527,341**	**77,596,839**
Loan impairment charges	(6,184,289)	(2,913,318)	667,667	(18,661,992)	(9,771,893)
Net interest income after loan impairment charges	**122,514,541**	**124,943,897**	**123,766,408**	**74,865,349**	**67,824,946**
Fee and commission income	40,944,512	40,189,316	40,339,298	38,765,945	30,511,098
Fee and commission expense	(1,747,518)	(1,718,975)	(1,508,915)	(1,821,651)	(3,198,819)
Net fee and commission income	**39,196,994**	**38,470,341**	**38,830,383**	**36,944,294**	**27,312,279**
Net gains/(losses) on financial instruments classified as held for trading	24,104,531	7,923,744	2,339,332	4,878,110	7,001,436
Other income	3,973,734	1,054,057	2,646,041	9,940,364	(2,123,952)
Other income	**28,078,265**	**8,977,801**	**4,985,373**	**14,818,474**	**4,877,484**
Total operating income	189,789,800	172,392,039	167,582,164	126,628,117	100,014,709
Net impairment reversal on financial asse	(273,815)	118,836	(96,869)	(1,181,354)	(51,442)
Net operating income after net impairment loss on financial assets	189,515,985	172,510,875	167,485,295	125,446,763	99,963,267
Personnel expenses	(21,036,543)	(19,625,269)	(18,468,570)	(17,851,900)	(13,691,152)
General and administrative expenses	(22,236,943)	(20,077,522)	(20,285,783)	(19,779,440)	(17,942,774)
Operating lease expenses	(560,710)	(623,379)	(622,158)	(487,393)	(563,314)
Depreciation and amortization	(10,590,175)	(9,273,196)	(8,052,743)	(6,830,267)	(5,831,757)
Other operating expenses	(24,723,763)	(22,449,780)	(19,914,374)	(15,752,662)	(16,422,938)
Total expenses	(79,148,134)	(72,049,146)	(67,343,628)	(60,701,662)	(54,451,935)
Profit before income tax	110,367,851	100,461,729	100,141,667	64,745,101	45,511,332
Income tax expense	(16,936,247)	(14,916,219)	(14,877,841)	(13,091,850)	(7,099,720)
Profit for the year from continuing operations	**93,431,604**	**85,545,510**	**85,263,826**	**51,653,251**	**38,411,612**
Profit for the year from discontinued operations	-	-	-	-	-
Profit for the period	**93,431,604**	**85,545,510**	**85,263,826**	**51,653,251**	**38,411,612**

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

– Basic	3.17	2.91	2.90	1.77	1.65
– Diluted	3.17	2.91	2.90	1.77	1.65

Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

– Basic	0.00	0.00	0.00	0.00	0.00
– Diluted	0.00	0.00	0.00	0.00	0.00

Share Capitalisation History

YEAR	AUTHORISED INCREASE	CUMULATIVE	ISSUED INCREASE	CUMMULATIVE	NO. OF SHARES	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	CASH
1992	35,000,000	60,000,000	NIL	25,000,000	25,000,000	NIL
1993	NIL	60,000,000	25,000,000	50,000,000	50,000,000	SCRIP
1994	40,000,000	100,000,000	NIL	50,000,000	50,000,000	NIL
1995	NIL	100,000,000	50,000,000	100,000,000	100,000,000	SCRIP
1996	100,000,000	200,000,000	300,000,000	400,000,000	400,000,000	CASH
1997	300,000,000	500,000,000	600,000,000	1,000,000,000	1,000,000,000	SCRIP
1998	250,000,000	750,000,000	500,000,000	1,500,000,000	1,500,000,000	SCRIP
1999	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2000	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2001	250,000,000	1,000,000,000	500,000,000	2,000,000,000	2,000,000,000	Initial Public Offer
2002	1,000,000,000	2,000,000,000	500,000,000	2,500,000,000	2,500,000,000	SCRIP
2003	NIL	2,000,000,000	500,000,000	3,000,000,000	3,000,000,000	SCRIP
2004	1,000,000,000	3,000,000,000	1,000,000,000	4,000,000,000	4,000,000,000	SCRIP
2004	NIL	3,000,000,000	2,000,000,000	6,000,000,000	6,000,000,000	PUBLIC OFFER
2005	2,000,000,000	5,000,000,000	NIL	6,000,000,000	6,000,000,000	NIL
2006	NIL	5,000,000,000	2,000,000,000	8,000,000,000	8,000,000,000	SCRIP
2007	2,500,000,000	7,500,000,000	2,000,000,000	10,000,000,000	10,000,000,000	SCRIP
2007	NIL	7,500,000,000	3,679,415,650	13,679,415,650	13,679,415,650	GDR Underlying Shares
2008	7,500,000,000	15,000,000,000	1,243,583,241	14,922,998,890	14,922,998,890	SCRIP
2008	NIL	15,000,000,000	3,730,749,723	18,653,748,613	18,653,748,613	SCRIP
2009	NIL	15,000,000,000	4,663,437,153	23,317,185,766	23,317,185,766	SCRIP
2010	15,000,000,000	30,000,000,000	NIL	23,317,185,766	23,317,185,766	NIL
2010	20,000,000,000	50,000,000,000	5,829,296,442	29,146,482,207	29,146,482,207	SCRIP
2011	NIL	50,000,000,000	284,697,017	29,431,179,224	29,431,179,224	IFC Special Placement
2012	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2013	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2014	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

Dividend History

Ten-year dividend and unclaimed dividend history as at 31 December 2014

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31/12/2014	Percentage Dividend Amount Unclaimed
Payment 24	Interim	2/29/2004	750,000,000.00	25 kobo	4,833,641.10	0.64%
Payment 25	Final	2/29/2004	1,350,000,000.00	45 kobo	46,492,715.29	3.44%
Payment 26	Interim	2/28/2005	1,000,000,000.00	25 kobo	56,437,363.77	5.64%
Payment 27	Final	2/28/2005	2,700,000,000.00	45 kobo	79,501,573.03	2.94%
Payment 28	Interim	2/28/2006	1,500,000,000.00	25 kobo	65,705,032.92	4.38%
Payment 29	Final	2/28/2006	4,200,000,000.00	70 kobo	164,916,831.87	3.93%
Payment 30	Interim	2/28/2007	2,000,000,000.00	25 kobo	187,445,959.06	9.37%
Payment 31	Final	2/28/2007	4,000,000,000.00	50 kobo	213,237,864.67	5.33%
Payment 32	Interim	2/28/2008	3,419,853,912.50	25 kobo	209,624,260.874	6.13%
Payment 33	Final	2/28/2008	9,575,590,955.00	70 kobo	556,479,186.775	5.81%
Payment 34	Final	12/31/2008	14,922,998,891.00	100 kobo	902,707,917.7904	6.05%
Payment 35	Final	12/31/2009	13,990,311,460.50	75 kobo	854,772,070.6832	6.11%
Payment 36	Interim	12/31/2010	5,829,296,441.75	25 kobo	334,236,518.038	5.73%
Payment 37	Final	12/31/2010	17,487,889,325.37	75 kobo	1,010,762,787.251	5.78%
Payment 38	Interim	12/31/2011	7,286,620,552.30	25 Kobo	410,570,554.36	5.63%
Payment 39	Final	12/31/2011	25,016,502,340.40	85 Kobo	1,354,950,571.021	5.42%
Payment 40	Interim	12/31/2012	7,357,794,806.00	25 Kobo	399,907,644.68	5.44%
Payment 41	Final	12/31/2012	38,260,532,991.20	130 kobo	2,078,202,866.664	5.43%
Payment 42	Interim	12/31/2013	7,357,794,806.00	25 Kobo	469,934,761.484	6.39%
Payment 43	Final	12/31/2013	42,675,209,874.80	145 kobo	2,703,907,943.38	6.34%
Payment 44	Interim	12/31/2014	7,357,794,806.00	25 Kobo	508,253,903.83	6.91%

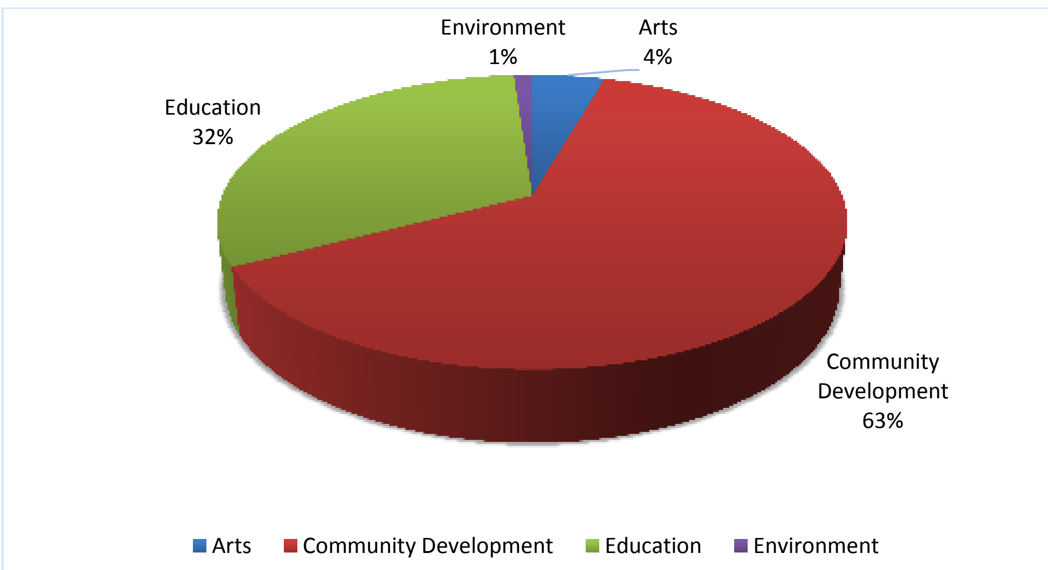
Corporate Social Responsibility Report 2015

At GTBank, we believe we can only grow and sustain the value of our business by what we give to our host communities. We also passionately believe that Corporate Social Responsibility (CSR) embodies our ardent commitment and social pact with all our stakeholders.

Our foot prints in Corporate Social Responsibility are projects are targeted towards the needs of the society and are sustainable. They are guided strategically by our decision to operate on the four major pillars of Education, Community Development, Arts and the Environment, which we believe are essential building blocks for the development of communities and prerequisites for economic growth.

In 2014, we invested the sum of **₦599,916,416.30** to develop our business community. This investment was made through our CSR initiatives with focus on the four main pillars of Education, Community Development, Arts and the Environment.

Pillar	Amount (N)	Percentage (%)
Education	188,845,872.59	32%
Community Development	378,022,931.96	63%
Arts	26,339,661.32	4%
Environment	6,707,950.43	1%



Our work in Education is guided by the conviction that quality education is important for both individual and societal advancement and aims to develop young people and ensure that they do not stop learning and make meaningful contributions to the society. This is achieved by creating conducive learning environment, equipping teachers to engage their students through effective teaching practices and motivating/encouraging the students through scholarships and extra-curricular activities.

We invest in Community Development initiatives to create societal awareness and acceptance of developmental disabilities and to stimulate community investment activities in child healthcare. We also work with in partnership with Non-Governmental Organizations and charity organizations that share our vision and values, to support victims of natural disasters and other humanitarian issues in the world.

We are a strong advocate of the Arts as a means of unlocking personal and professional innovation and creativity. We support Art in all forms which include painting, drama, poetry and music. At its most basic level we buy art work from talented Nigerian artists and display them at our offices and branches to promote the works of indigenous artists.

The effect of climate change being felt all over the world with debilitating consequences has called for concerted effort to address environmental issues. We take steps to safeguard our environment by ensuring the sustainable use of our resources.

(1) EDUCATION

Highlights for 2014
Adopt-a-school Initiative

- Renovated Government Day Secondary School, Bauchi in North East Nigeria.
- Awarded scholarships, which cover tuition, school uniform and textbooks to 38 students in 6 adopted schools across 5 geo-political zones in Nigeria.
- Donated 12,000 exercise books to school children on Children's Day.
- 612 hours of weekend coaching by GTBank staff through the GTBank Staff Volunteer Program.

Sports Education

- Sports Education for 613 schools in South West Nigeria through the Principals Cup and Masters Cup Program.
- Cash prize of N10,000,000 to 8 schools (winners of Principals Cup) for facility upgrade
- Cash prize of N3,200,000 to 3 schools (winners of Masters Cup) for facility upgrade

Other School Support

- Donated of 4 desktop computers to the top 2 schools in 2014 SSCE examination
- Supported extra-curricular activity such as athletics and vocations in schools
- Donated 1,350,000 optical marker readers forms to 16 universities across Nigeria
- Cash Prizes of N300,000 to outstanding students in Science and Mathematics in Nigeria.

Education Projects

Adopt-a-School Programme: The GTBank Adopt-a-School project is a child focused programme introduced by the Bank in 2004, to improve the quality of public education available to the Nigerian Child. This programme is designed to support schools in high density areas across the nation. There are currently 6 schools across 5 geo-political zones, adopted by the Bank.

The programme covers provision and/or upgrade of Infrastructure such as buildings, basic amenities, furniture and beautification of the environment; Capacity building for teachers and Students through trainings, scholarship programme for students, weekend coaching classes and extra-curricular education.

The scholarship programme **(Orange Excellence Scholarship Award)** is awarded to the best pupil in all class categories in all adopted schools. The award covers tuition fees, textbooks, school uniforms and entrance examination fees for the academic session.

Children's Day Initiative: This initiative is geared towards the celebration of children on children's day. This year, 12,000 Smart Kids Save (SKS) exercise books were distributed to students.

Sports Education through Football Tournaments: We are a major sponsor of sports education in Nigeria and our interest in supporting sport is borne out of our understanding that sport plays a major role in the development of life skills.

Our football programme include; The Principals Cup tournament, The Masters Cup (formerly known as Heritage Cup) tournament, The Super Cup tournament, Players Development Programme (known as CAMP GTBank) and Tournament Ambassadors Programme (TAP).

These competitions are aimed at actively engaging the youths through sports whilst promoting the values of excellence and fair play. It fosters camaraderie and provides a platform for identifying, nurturing and grooming young and talented players amongst students of Secondary Schools in both male and female categories.

- **The Principals Cup football tournament:** This competition currently runs in Lagos and Ogun and they are in their 6th and 3rd seasons respectively. The sports is for all Secondary Schools in the participating States and is coordinated in partnership with the State Ministry of Youth, Sports & Social development and the Ministry of Education.

  The winners of Lagos State 2014 Competition are Government Girls Secondary School, Agege and Dairy Farm Senior Secondary School, Agege in the female and male categories respectively while Alamuwa Grammar School, Ado Odo and Remo Divisional High School, Sagamu emerged victorious in the female and male categories in Ogun State.

- **The Masters Cup football tournament:** This tournament which was formerly known as the Heritage Cup tournament, was introduced in 2012 for non-Government managed schools which are under the Lagos State First Generation Colleges Association (LAFGECA). 24 schools participated in the 2014 season and the winners at the finals were Eko Boys High School, Mushin and Queen's College Yaba in male and female categories respectively.

Other School Support: These are education programmes targeted at other groups that are not under the adopt-a-school category. Projects carried out in 2014 in this category include;

Donation of 1,350,000 Optimal Marker Reader (OMR) forms to 16 Universities; Olabisi Onabanjo University, University of Lagos, Lagos State University, Adekunle Ajasin University, Osun State University, University of Ibadan, Imo State University, Abia State University, Nnamdi Azikiwe University, University of Nigeria, Nsukka, Ahmadu Bello University, Bayero University Kano, University of Benin, Kano State University of Science & Technology and Ondo State University of Science & Technology, in Nigeria. The OMR forms are used in conducting general studies and Post-JAMB examinations.

Financial and material support to schools and special homes is also a critical aspect of other school support.

(2) COMMUNITY DEVELOPMENT

Highlights for 2014
Orange Ribbon Initiative

- Trained 1,200 health practitioners, care givers, teachers and parents on the management and care for children living with autism.
- Provided free consultation service for 100 children living with autism.
- Strategic partnership with Special Olympics to support intellectually and physically challenged athletes.

Maternal and Child health Initiative

- Staff donation of N1,388,890.00 to support Sickle Cell Anaemia patients across Nigeria.
- Support for 40 children of Massey Children Hospital in Lagos.
- Supported displaced victims of terrorism in Northern Nigeria.

GTBank Orange Ribbon Initiative: The Orange Ribbon Initiative is an advocacy program designed to support children with developmental disabilities in Nigeria especially Autism Spectrum Disorders (ASD). Our aim is to create awareness about ASD, ensure autism is diagnosed early in children and provide the required support for caregivers, health practitioners, parents, teachers, and the society to help in proper management of ASD.

Our 2014 program involved a series of initiatives. ASD professionals from the United States and the College of Medicine, University of Lagos were available for a 5 day period (24th – 28th March) to give one-on-one consultation to children living with Autism. Also, 2-day seminar (31st March – 1st April) was held at MUSON, to teach and discuss focal and topical areas in the management of autism and demonstrate time tested techniques in areas such as Behaviour Modification, Education, Nutrition, Social support, Assessment and Psychology.

A radio talk series 'Let's talk Autism' was also aired on various radio stations to further enlighten the general public. In addition, ASD practitioners that participated at the seminar were offered the opportunity to enroll for an online certificate programme in collaboration with the University of Texas, Arlington. The certificate programme requires the completion of four core courses and a portfolio project and provides ASD practitioners with the introduction, background, aptitude and skills needed to work effectively with this growing 'special needs' population.

Maternal and Child health Initiative: This targets the Millennium Development Goals 4 (reducing child mortality), 5 (improving maternal health) and 6 (combating HIV, malaria and other diseases). We supported sick children in Massey Children's Hospital Lagos and victims of terror in Northern Nigeria.

Staff Charity Initiative: GTBank Staff have adopted a support for Sickle Cell project under the Staff Charity Initiative, where staff make voluntary donation on 14th February of every year to support this cause.

(3) ARTS

Highlights of 2014

- Strategic partnership with Tate Modern, UK to acquire and showcase the works of African Artist at the Tate Gallery and Deutsche Bank Museum.
- Trained African artists in Lagos, Nigeria on the series of programmes, through the Across the Board Project, to further expose them to the international community and current trends of contemporary art.

GTBank-TATE Partnership: The GTBank and Tate partnership was announced in 2011 to promote the value of African Art and Artists at local and international levels by bringing the works of African artists to the attention of new audiences both in Africa and international market, through a project-lead initiative.

The partnership includes; The creation of a dedicated curatorial post at Tate Modern to focus on African art, an Acquisition Fund to enable the Tate Gallery to enhance its holdings of work by African artists and the 'Across the Board' project that enables continuous exchanges between young artists, curators, collectors and cultural institutions in Africa and the rest of the world.

The projects held across four cities (London, Accra, Douala and Lagos) from 2012 to 2014, with each city inspiring the art event in which it is held. The Lagos event held on 18th April, 2014.

(4) ENVIRONMENT

Highlights of 2014

- Beautification and conservation of the environment through roundabout adoption in Kano and Lagos
- Adoption of a new roundabout in Sokoto.

Beautification and conservation: We take steps to safeguard our environment by ensuring the sustainable use of our resources through our concerted efforts to address environmental issues and take actions such as; Greening i.e planting of flowers to keep the environment as verdant as possible and putting up structures e.g roundabout, to beautify the environment.

We also invest in energy efficient solutions as part of our contribution to mitigating the effect of climate change in our environment, through renewable energy and resource efficient ways of conducting our business.

Solar Energy is used to power our e-branches and customers are encouraged to adopt the alternative channels such as point of sales (PoS), internet banking, mobile App, Automated Teller Machines (ATMs), to ensure time and energy conservation.

The social banking service as well as e-savers accounts are operated through electronic channels and reduces the filling of paper forms and there is a mandatory generator shut down time of 8pm in all branches nationwide to reduce fossil fuel consumption, hence carbon print reduction and transition to a low carbon economy.