GTBank

Guaranty Trust Bank Plc and Subsidiary Companies

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

December 2015

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 2015. 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.

Table of contents

Table of contents	Page
Corporate governance	1-23
Sustainability report	24
Complaints and feedback	25-28
Anti-money laundering and combating terrorist financing framework	29-32
Internal control and risk management systems in relation to the financial reporting	33-35
Directors' report	36-44
Statement of directors' responsibilities	45
Report of the audit committee	46
Auditor's Opinion	47-48
Financial Statements	49
Statement of financial position	50-51
Income statement	52
Statement of comprehensive income	53
Consolidated statement of changes in equity	54-55
Statement of changes in equity- parent	56-57
Statement of cash-flows	58-59
Reporting entity	60
Basis of preparation	60
Significant accounting policies	60-63
Other accounting policies	64-85
Financial risk management	86
Credit risk	92-150
Liquidity risk	151-168
Settlement risk	169
Market risk	169-194
Capital management and other risks	195-198
Use of estimates and judgments	198-211
Statement of prudential adjustment	212-213
Operating segments	214-225

Financial assets and liabilities	226-229
Notes to the statement of comprehensive income and the Statement of Financial position	230-299
Contingencies	300-301
Group entities	302-303
Unconsolidated interests in structured entities	304
Related parties	305-310
Regulatory requirements under the IFRS regime	314-319
Operational risk management	320-324
Agents and agents location	325
Activities of cards operations	326-328
Value-added statement	329-330
Five-year financial summary	331-334
Shareholders information	335-336
Corporate Social Responsibility Report	337-341

Corporate Governance

Introduction

Corporate Governance stands for responsible and transparent management and corporate control oriented towards a sustainable increase in value. We, at Guaranty Trust Bank Plc ("the Bank") are convinced that good corporate governance is an essential foundation for sustainable corporate success and enhances the confidence placed in the Bank by our shareholders, business partners, employees and the financial markets in which we operate. All these, we have enshrined in the Bank's "Orange rules" which are Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation signify the principal ideologies upon which the Bank was established and remain the foundation upon which we have built and developed our exemplary corporate governance practices. The 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 the Code, the Bank aggressively promotes its core values to employees of the Bank through its Code of Professional Conduct; its Ethics Policy as well as Communications 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. In compliance with the requirement of the CBN Code in respect of Board Appraisal, the Board engaged KPMG Professional Services, an Independent Consultant to conduct the annual Board Appraisal for the financial year ended December 31, 2015. The report of the Appraisal will be submitted to the CBN and also presented to Shareholders at the 26th Annual General Meeting of the Bank.

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. The belief that success is only worth celebrating when achieved the right way through a process supported and sustained with the right values remains one of the Bank's guiding principles. Our commitment to this principle is for us the key to keeping public trust and confidence in our Bank and the key to our continued long-term success.

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, Board Credit, Board Human Resources and Nominations, Board Remuneration, Board Information Technology Strategy, and the Board Audit. 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.
Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including banking, accounting, engineering, oil and gas as well as law. They possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board 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 to 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.

Three (3) 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. The 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 five (5) times during the financial year ended December 31, 2015.

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; all the Bank's Non-Executive Directors attended foreign and/or local courses during the course of the 2015 financial year.

Changes on the Board

During the period under review, the erstwhile Chairman of the Board, Mr. Egbert Imomoh retired from the Board at the end of the 25th Annual General Meeting held on March 31, 2015, as he attained the age of seventy (70) years. He joined the Board of the Bank in June 2005 and became the Chairman of the Board in April 2013. Subsequent to his retirement, the Board of Directors appointed Mrs. Osaretin Afusat Demuren as the Chairman of the Board, in line with the well defined succession plan of the Bank.

Also in the course of the year, Mr. Ohis Ohiwerei retired from the Board, having served as an Executive Director for four (4) years.

To fill the vacancies created on the Board by the retirement of Messrs. Imomoh and Ohiwerei, the Board appointed Ms. Imoni Akpofure as an Independent Non-Executive Director, and Mr. Haruna Musa as Executive Director of the Bank.

The appointments of Ms. Akpofure and Mr. Musa have been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this Meeting.

Profiles of the New Directors

- Profile of Ms. Imoni Akpofure

Ms. Akpofure holds a Bachelor of Engineering (B.Eng Honors) degree in Civil Engineering (1988) from the Imperial College, University of London, United Kingdom, and a Masters of Science (M.Sc) Degree in Environmental Engineering (1989) from the Newcastle University, United Kingdom. She also obtained an MBA from the INSEAD, France.

She is a seasoned professional with over eighteen (18) years work experience in the financial industry, having worked with International Finance Corporation from 1995 till 2013, where she rose through the ranks to become the Director, Western Europe, a position she held from 2009 till her retirement in 2013.

Ms. Akpofure also serves as member of several other boards, both locally and internationally, including as Member, Investment Committee, Fund for Agricultural Finance in Nigeria (FAFIN); Member, the Advisory Board, KINA Advisory Limited, United Kingdom; and is currently one of the two (2) Regional Directors for Africa of CDC Group Plc (formerly Commonwealth Development Corporation), responsible for working with CDC's investment teams in London to support investments in Anglophone and Francophone West Africa and Lusophone Africa.

- Profile of Mr. Haruna Musa

Mr. Haruna Musa holds a B.A. (Agriculture) degree from Ahmadu Bello University, Zaria, and a Masters in Business Administration from Bayero University, Kano. He also holds a Masters degree in Finance and Management from Cranfield University, United Kingdom. He worked in several financial institutions before joining Guaranty Trust Bank plc in 2001.

He has over eighteen (18) years' experience which covers various aspects of banking including banking operations, corporate banking, commercial banking, compliance and risk management. He joined the Bank in 2001 and rose through the ranks to become an Assistant General Manager and Group Head Public Sector, North East Division in 2006. He left the Bank briefly in 2008 to pursue a Masters Degree in Finance and Management at the Cranfield University, United Kingdom, after which he returned in 2009.

Prior to his appointment as Executive Director, Mr. Musa was the General Manager in charge of the North East Division.

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 46 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 Statutory 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.

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 period ended December 31, 2015.

The Board Risk Management Committee[1] comprised the following members during the period under review:

S/No	Name	Status	Designation
1	Mrs. A. O. Demuren[2]	Non-Executive Director	Chairman
2	Mr. H.A Oyinlola[3]	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. A. A. Odeyemi	Executive Director	Member
6.	Mrs. O.O. Omotola	Executive Director	Member

[1] One vacancy exists;
[2] Ceased to be a member of the Committee in April 2015 in compliance with the CBN Code which prohibits the Chairman of the Board from being a member of any Board Committee.
[3] Appointed as Chairman of the Committee following Mrs. Demuren's appointment as Chairman of the Board

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 five (5) times during the financial year period ended December 31, 2015.

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[1]	Executive Director	Member
7	Mr. A. A. Oyedeji	Executive Director	Member
8.	Mr. H. Musa[2]	Executive Director	Member

[1] Ceased to be a member of the Committee upon his retirement from the Board in October 2015;
[2] Appointed as member of the Committee in October 2015 following Mr. Ohiwerei's retirement

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	Mr. H.A Oyinlola	Non-Executive Director	Member
6	Mrs. O. O. Omotola	Executive Director	Member

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met four (4) times during the financial year ended

December 31, 2015.

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[1] comprised the following members during the period under review:

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. A. O. Demuren[2]	Non-Executive Director	Member
4	Mr. A. O. Akintoye	Non-Executive Director	Member

[1] One vacancy exists;
[2] Ceased to be a member of the Committee in April 2015 in compliance with the CBN Code which prohibits the Chairman of the Board from being a member of any Board Committee.

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 period.

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 Information Technology Strategy Committee include:

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

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

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

The Board Information Technology Strategy Committee[1] comprised the following members during the period under review:

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

[1] vacancy [ies] exists;
[2] Ceased to be a member of the Committee in April 2015 in compliance with the CBN Code which prohibits the Chairman of the Board from being a member of any Board Committee

The Committee is required to hold its Meetings bi-annually or at such other frequency as may be required. The Committee met two (2) times during the financial year ended December 31, 2015.

Board Audit Committee

The Board Audit Committee is 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.

The Terms of Reference of the Board Audit Committee include:

• To keep the effectiveness of the Bank's system of accounting, reporting and internal control under review and to ensure compliance with legal and agreed ethical requirements;

• To review the activities, findings, conclusions and recommendations of the external auditors relating to the Bank's annual audited financial statements;

• To review the Management Letter of the External Auditor and Management's response thereto;

• To review the appropriateness and completeness of the Bank's statutory accounts and its other published financial statements;

• To oversee the independence of the external auditors;

• To receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit;

• To ensure that the Bank's Investment Valuation Policy is updated to take into account changes in International Financial Reporting Standards (IFRS) as issued and/or amended from time to time by the International Accounting Standards Board and/or in valuation techniques as recommended by the European Venture Capital Association and best practices.

The Board Audit Committee comprised the following members during the period under review:

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

The Committee is required to hold its Meetings once every quarter. The Committee held its first meeting in April, 2015, and quarterly thereafter.

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 period.

The following members served on the Committee during the 2015 financial year:

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	4
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	4

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, 2015.

S/N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I. T. STRATEGY	BOARD AUDIT COMMITTE E
	DATE OF MEETINGS	28- Jan-2015 30-Mar-2015 15-Apr-2015 29-July-2015 21-Oct-2015	27-Jan-2015 14-Apr-2015 28-July-2015 20-Oct-2015 07-Dec-2015	27-Jan-2015 14-Apr-2015 28-July-2015 20-Oct-2015	30-Mar-2015 14-Apr-2015 28-July-2015 19-Oct-2015	28-Jan-2015	13-Apr-2015 19-Oct-2015	13-Apr-2015. 27-July-2015. 19-Oct-2015.
	NUMBER OF MEETINGS	5	5	4	4	1	2	3
1	Mr. E. U. Imomoh[1]	2	N/A	N/A	N/A	N/A	N/A	N/A
2	Mrs. O. A. Demuren[2]	5	N/A	2	N/A	1[2]	N/A	N/A
3	Mr. J. K. O Agbaje	4	N/A	3	4	N/A	1	N/A
4	Mrs. C. N. Echeozo	5	5	N/A	N/A	N/A	N/A	N/A
5	Mr. A O. Akintoye	5	5	N/A	4	1	N/A	N/A
6	Mr. A. F. Alli	4	N/A	3	4	N/A	N/A	2
7	Mr. O. M. Agusto	5	5	N/A	N/A	1	N/A	3
8	Mr. K. A. Adeola	5	5	N/A	N/A	1	2	N/A
9	Mr. I. Hassan	5	4	N/A	4	N/A	N/A	3
10	Mr. H. A. Oyinlola	5	N/A	4	4	N/A	N/A	N/A
11	Mr. A. A. Odeyemi	5	N/A	4	N/A	N/A	2	N/A
12	Mr. O. Ohiwerei[3]	5	3	N/A	N/A	N/A	1	N/A
13	Mrs. O. O. Omotola	5	N/A	4	4	N/A	N/A	N/A
14	Mr. A. Oyedeji	5	5	N/A	N/A	N/A	N/A	N/A
15	Mr. H. Musa	1	1	N/A	N/A	N/A	N/A	N/A
16	Ms. I. Akpofure[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1] Retired from the Board on March 31, 2015

[2] Ceased to be a member of the Committee in April 2015 in compliance with the CBN Code which prohibits the Chairman of the Board from being a member of any Board Committee

[3] Retired from the Board effective October, 2015

[4] Yet to attend any meetings following her appointment to the Board at the Board Meeting held in October, 2015

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 2015 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 2015 financial year will be presented to shareholders at the 26th Annual General 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

The Bank has adopted a policy regarding trading in its shares by its Directors and employees on the terms and conditions similar to the standards set out by the Nigerian Stock Exchange. The policy is periodically circulated on the Bank's internal communication network ("Intranet").

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 "lock up" 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 ("SEC") Rules and Regulations which stipulates that Directors, 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.

The Directors of the Bank comply strictly with the laid down procedure and policy regarding trading in the Bank's shares.

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 regular 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 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 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 36 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 stock from the Bank 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. It provides the structure through which performance objectives of the subsidiaries are set, the means through which the set objectives are achieved and how performance monitoring is conducted.

GTBank's 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 while remaining independent in the conduct of their business and abiding within the confines of local extant regulations.

The operations and management of the subsidiaries are monitored and controlled by GTBank Plc as described below.

Oversight function

The International Banking Directorate is responsible for the coordination and implementation of the Bank's international expansion strategy. It plays a pivotal role in driving and monitoring the performance of existing subsidiaries. In this respect, it performs an advisory role to the subsidiaries' senior management and serves as an interface between the parent and its subsidiaries, ensuring that synergies are derived between both parties.

Subsidiary Board Representation

GTBank Plc has controlling representation on the Board of each subsidiary. The Board representatives are seasoned professionals with high level of integrity and proven track records in their respective fields.

Local Board and Board Committees

A minimum of two non-executive directors representing GTBank Plc sit on the board/board committees of the subsidiaries. They perform an advisory role and provide strategic guidance on the direction of the bank. They also provide expert knowledge on expansion, consolidation strategy and proffer direction on appropriate technology to use to efficiently and effectively dominate the local market.

Management of Subsidiaries

The bank appoints one of its Management staff to run the subsidiary. This is achieved by appointing a staff from the parent company to act as the Managing Director of the subsidiary. In addition, another management staff is seconded to act as a backup to the managing director and Head of Support and Operations Divisions within the bank.

The objective is to ensure enculturation, adoption and continuity of GTBank Plc values in the subsidiary. It is also to ensure that the tried and tested approach to corporate governance, systems and controls, technology, credit approval processes and customer service excellence is applied in a seamless manner.

Monthly Management Reporting

Subsidiaries furnish GTBank Plc with reports on their business activities and operating environment on a monthly basis. The reports cover the subsidiaries' financial performance, risk assessment, regulatory activities among others.

Business Performance Review Session

The Managing Directors of the respective GTBank Subsidiaries attend the quarterly Group Business Performance Review sessions during which their performance is analyzed and recommendations made towards achieving continuous stability and improved profitability. This session also serves as a platform for sharing and dissemination of best practices and information among the subsidiaries' executives.

Annual System and Control Audit

An annual audit is carried out by the Systems and Control Group of GTBank Plc to review all operational areas of the offshore banks. This exercise is distinct from the daily operations audit carried out by the respective internal audit unit within the subsidiaries. Upon completion of the audit, a report is circulated to the Board members of the subsidiary and the International Banking Team which follows up on the required actions as the case may be.

Annual Risk Management Audit

This audit is carried out by the Credit Admin arm of GTBank Plc. The areas of concentration during this audit include asset quality, loan performance, review of security pledged, loan conformity with credit policy, documentation check and review of central liability report among others.

Group Compliance Function

To ensure an effective and consistent compliance culture across all entities, the Group Compliance function oversee compliance risk and promote training and best practice implementation across the subsidiaries, therefore affirming the group commitment to a zero tolerance for regulatory breach.

External Auditors' Report

GTBank Plc conducts a review of the management letters provided by the subsidiaries' auditors on completion of periodic audits. The objective is to ensure that all identified deficiencies are promptly corrected and recommendations implemented in line with approved best practices and local regulatory guidelines.

Sustainability Report

As a first-class financial services provider with an internal obligation to comply with international best practices, Guaranty Trust Bank continuously ensures that its business operations and activities are carried out in line with applicable Environmental and Social regulations. The Bank's commitment is evident in the entrenchment of environmental and social considerations in its activities and operations. These practices have also been extended to the activities of the Bank's stakeholders – customers, suppliers, workers and communities where the Bank operates.

Guaranty Trust Bank's business practices conform to the Nigerian Sustainable Banking Principles. Consequently, during the year, the Bank reviewed relevant business processes to ensure further integration of the Sustainability Principles into its business operations and activities. Integration and Implementation are being guided by the provisions of the Nigerian Sustainable Banking Principles. Monitoring of recommended action plans from Environmental and Social Risk Assessments is continuously carried out to ensure regularization, where applicable, based on agreed timelines.

In line with the Bank's continuous commitment to gender equality and women economic empowerment, the ratio of women in the employment of the Bank increased from 45% to 46% during the course of the year, while the ratio of women in the Senior Management cadre increased from 31%, as at 31st December 2014, to 33% in December 2015. This is a clear indication that women play a prominent role in the affairs of the Bank.

The drive for a safe and healthy work environment was further sustained by inculcating a culture that encourages staff to undertake full medical check-up. Additionally, a fitness walk was organized for staff in the course of the year. These activities complements other initiatives, such as the establishment of a staff gymnasium and a crèche, designed to promote work-life balance and ease the work pressure on nursing mothers.

As part of the Bank's continuous drive to reach the un-banked and under-banked in the community, the Bank launched its GTeasysavers product which enables customers to save for financial and non-financial goals. It also introduced a variation of the GTeasysavers product to enable customers open accounts by dialing a designated code. The account is available to all customers who fall within the CBN level 1 KYC requirement. Furthermore, the Bank's Agent banking outlets has continued to grow with an addition of twelve (12) new agent banking locations in the last one year to encourage financial inclusion.

As an International 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)

Our customers remain critical stakeholders in our business. As such, we pay particular attention to their needs and ensure that fair treatment of all our customers forms an integral part of our business processes.

In keeping with our vision to deliver the utmost in customer service, the treating customer's fairly policy was formulated in order to ensure customers' complaints are noted and appropriate feedback given promptly and in a timely manner.

This we achieve by implementing and maintaining a robust Complaints management process/platform. To further improve our services, periodic reviews of the complaints/feedback received are carried out including a root cause analysis, which is conducted, analysed and feedback forwarded to relevant stakeholders for learning purposes and prevention of reoccurrence of identified issues/complaints.

Complaints and Feedback Channels

To ensure the full integration of the complaints management and resolution process, the following channels have been provided for customers to enable them contact the Bank.

- 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;
- The Customer service desk at any of our branches.

Customers' opinion on products, services and processes

The Bank periodically evaluates public/customers' opinion about our services, products and policies in a bid to improve services to our customers. The evaluation is conducted in various ways, including:

- Customer feedback survey on the Bank's website;
- One-on-one focus meetings with customers;
- Interviews with randomly picked customers.

Complaints Handling and Resolution Structure

We are committed to resolving customer's complaints if and when they arise. Our complaints and feedback structure ensures the prompt resolution of customers' complaints. There is a dedicated Complaints Unit responsible for receiving, ensuring prompt investigation and resolution of customers' complaints. The Unit serves as the liaison between the Bank and its customers as well as regulatory authorities in ensuring that complaints are satisfactorily resolved.
When a complaint is received, it is allocated a unique identifier number for tracking purposes and acknowledged. A review is conducted to confirm if it could be resolved at the point of receipt. Where a resolution can be provided, a feedback is provided to the customer immediately if not the

complaint is referred to the appropriate team in the Bank to handle. The Complaints received are categorised to ensure proper monitoring and efficient management.

Upon resolution, the customer is contacted and the resolution provided to the customer. The complaint is closed and marked as resolved.

Reports to the Central Bank of Nigeria

We provide periodic 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 2015 pursuant to CBN circular dated August 16, 2011.

	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
		2015	**2014**	**2015**	**2014**	**2015**	**2014**
1	Pending Complaints brought forward from prior period	129	97	2,976,536	515,671	-	-
2	Received Complaints	6,011	5,772	1,328,997	8,531,677	-	-
3	Resolved Complaints	6,026	5,740	3,428,757	6,070,812	161,505	94,282
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward	114	129	876,776	2,976,536	-	-

*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, 2015 also constitute unauthorised International card transaction that are yet to be resolved by International card operators and International dispense errors (which requires a minimum of 45 working days for investigation and resolution).

The tables below show Complaints received and resolved by the Bank in other currencies during 2014 and 2015 Financial Years respectively.

RECEIVED COMPLAINTS (Per Currency)

	CURRENCY	Amount Claimed	
		2015	2014
1	United States Dollars	$359,122	$78,688,778
2	Great Britain Pounds	£23,700	£75,991
3	Euros	£67,008	£32,306

RESOLVED COMPLAINTS (Per Currency)

	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		2015	2014	2015	2014
1	United States Dollars	$378,068	$78,668,354	$229,297	$288,221
2	Great Britain Pounds	£25,200	£35,986	£20,254	£32,391
3	Euros	£67,008	£32,306	£7,373	£13,106

UNRESOLVED COMPLAINTS (Per Currency)

	Description	Amount Claimed	
		2015	2014
1	United States Dollars	$1,478	$20,424
2	Great Britain Pounds	-	£1,500

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

Guaranty Trust Bank plc is fully committed to the global fight against all forms of financial crimes, including money laundering and terrorist financing. In this regard, the Bank has implemented 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.

The framework assures adherence to AML/CFT legislation and regulations in Nigeria as well as leading best practices including but not limited to the Financial Action Task Force (FATF) 40 Recommendations.

Structure of the framework

The Bank has in place policies and procedural guidelines that are regularly reviewed/revised to ensure that they remain in line with the ever evolving regulatory requirements and leading practices. The Bank has moved away from a "rule based and tick box" approach for combating financial crime risk, to a risk based approach. Thus, the Bank identifies and assesses the risks from a proactive stance and allocates the requisite resources which center around 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. The Board ensures that the Bank's Management and all employees conform strictly with all regulatory and internal procedures relating to AML/CFT and that the Bank maintains a zero tolerance to regulatory infraction. The "tone is set from the top".

(ii) Reports to Senior Management and the Board:
AML & CFT reports are submitted monthly and quarterly to senior management and the Board respectively. These reports provide the Board and Management with information to enable them assess how the Bank is complying with its regulatory responsibilities as well keeping them abreast on current trends and developments in the financial industry, particularly in the area of risk management.

(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 (EDD) is conducted on high risk customers including politically exposed persons. The approval of senior management and Compliance is required prior to commencement of banking relationship with such high risk customers.

The Bank takes requisite and regulatory measures when embarking on relationships with Designated Non-Financial Business and Professionals (DNFBPs) due to their perceived risk and in compliance with regulatory requirements.

The Bank as part of its KYC and CDD procedures, requests and obtains identification documents 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 as directed by the CBN made it mandatory for our customers to acquire a Bank Verification Number (BVN) to transact on their accounts and have access to loans and purchase of foreign exchange.

The Bank will continue to ensure compliance with applicable laws and regulations, while ensuring that customers continue with their banking transactions.

(iv) Transaction Monitoring:

A compliance culture is firmly entrenched within the Bank and thus all members of staff understand that compliance is a collective responsibility.

Transaction monitoring occurs on a manual and automated basis. The former is performed by all members of staff, who are regularly provided with red flags to look out for and the latter resides within the Compliance Unit.

All members of staff are aware of the fact that suspicious activities/ transactions should be immediately referred to the Compliance Unit.

(v) Transaction Reporting:

Regulatory and statutory requirements provide that certain reports and returns are made to regulatory bodies. In Nigeria, the Nigerian Financial Intelligence Unit (NFIU) is the agency charged with the responsibility of receiving 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 understands that part of its corporate and social role is to cooperate with law enforcement agencies in the fight against financial crime. To this end, the Bank maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Bank promptly complies with all requests made, pursuant to the law, and provides information to regulators including the NFIU, the CBN and other relevant agencies.

(vii) Sanctions Compliance Management:

The Bank as a policy, does not enter into any relationships with sanctioned individuals/entities. All employees, as applicable to their functions, are required to screen names of individuals and organizations who have or plan to enter a business relationship or carry out a transaction with/through the Bank against the Bank's Internal watch list.

The internal watch list contains the names of individuals and entities, who have been blacklisted by various sanctions bodies. Employees are required, as part of the Bank's policy, to refrain from any relationship and/or transaction which yield a true or positive match and follow the escalation procedure. Sanctions screening is done at account opening and on a real time basis for all SWIFT transactions.

(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 due diligence measures are applied to PEPs, as with other high risk customers to mitigate the AML/CFT risk they pose. 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 an automated monitoring tool in identifying and monitoring PEPs transactions. This is achieved through the thorough review of information provided by the customer and their 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 and the Compliance Unit.

(ix) AML/CFT principles for Correspondent Banking:

As is the global best practice, the Bank only enters into and maintains correspondent banking relationships with financial institutions that have implemented sufficient 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 premium on the training of its employees. Trainings are carried out to ensure employees are conversant 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 are done via e-learning or face to face media. Ad hoc training also takes place by way of the dissemination of topical national and international findings.

(xi) AML/CFT Audits:

To ensure an ever evolving fit for use Compliance function, 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 are circulated to various levels of senior management. A follow-up to the audits takes place to ensure that the relevant issues are closed out and highlighted recommendations have been implemented.

(xii) Record Retention:

As provided for within the "Act", 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 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 financial year ended December 31, 2015

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, 2015.

Legal form and principal activity

Guaranty Trust Bank Plc was incorporated as a private limited liability company on July 20, 1990, and obtained a license to operate as a commercial bank on August 1, 1990. The Bank commenced operations on February 11, 1991. It became a public limited company on April 2, 1996, with the listing of its shares 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.

The Bank was issued a Commercial Banking License with International Scope on December 20, 2012, by the Central Bank of Nigeria, following the 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'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, 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 2015 are as follows:

	Group Dec-2015 N'000	Group Dec-2014 N'000	Parent Dec-2015 N'000	Parent Dec-2014 N'000
Gross Earnings	301,850,111	278,520,814	268,876,290	249,007,051
Profit before income tax	120,694,804	116,385,843	113,027,057	110,367,851
Taxation	(21,257,923)	(21,951,751)	(18,718,934)	(21,197,074)
Profit for the year	99,436,881	94,434,092	94,308,123	89,170,777
Non-controlling interests	758,454	697,633	-	-
Profit attributable to equity holders of the Bank	98,678,427	93,736,459	94,308,123	89,170,777
Earnings Per Share (Kobo) - Basic	351	332	335	303
Earnings Per Share (Kobo) - Diluted	351	332	335	303

Dividends

During the 2015 financial year, Directors declared and paid an interim dividend of 25 Kobo per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each, for the half–year ended June 30, 2015.

Withholding tax was deducted at the time of payment.

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.

The Directors recommend the payment of a final dividend of ₦1.52 k (one naira fifty two kobo only) per ordinary share of 50 Kobo (bringing the total dividend for the financial year ended December 31, 2015 to ₦1.77k (2014: ₦1.75k per share). Withholding tax would be deducted at the point of payment.

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 2015	*Indirect Holding December 2015	Direct Holding December 2014	*Indirect Holding December 2014
		Shares of 50k each		Shares of 50k each	
1	Mr. Egbert Imomoh[1]	1,102,972	6,243,128[2]	1,102,972	6,243,128[2]
2	Mrs. O. A. Demuren	356,581	0	356,581	0
3	Mr. Olusegun Agbaje	32,146,651	9,481,350	32,146,651	9,481,350
4	Mrs. Cathy Echeozo	5,608,118	2,940,300*	2,505,118	2,940,300*
5	Mr. Andrew Alli	1,163,975	0	1,163,975	0
6	Mr. Akindele Akintoye	13,800	0	13,800	0
7	Mr. Adebayo Adeola	3,281,640	0	4,869,492	0
8	Mr. Ibrahim Hassan	630,838	0	630,838	0
9	Mr. Olabode Agusto	500,000	0	200,000	0
10	Mr. H. A. Oyinlola	0	0	0	0
11	Ms. Imoni Akpofure	0	0	0	0
12	Mrs. Olutola Omotola	452,531	234,350*	452,531	234,350*
13	Mr. Demola Odeyemi	7,661,601	1,688,550*	7,661,601	1,688,550*
14	Mr. Wale Oyedeji	492,787	0	492,787	0
15	Mr. Ohis Ohiwerei[3]	2,000,000	0	2,000,000	0
16	Mr. Haruna Musa	2,873	12,500	2,873	12,500

*Indirect includes indirect shareholding and/or GDR (Global Depository Receipts)
[1] Retired from the Board in March, 2015
[2] Shares jointly owned together with his spouse
[3] Retired from the Board in October, 2015

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

Changes on the Board

During the period under review, the erstwhile Chairman of the Board, Mr. Egbert Imomoh retired from the Board at the end of the 25th Annual General Meeting held on March 31, 2015, as he attained the age of seventy (70) years. He joined the Board of the Bank in June 2005 and became the Chairman of the Board in April 2013. Subsequent upon his retirement, the Board of Directors appointed Mrs. Osaretin Afusat Demuren as the Chairman of the Board, in line with the well defined succession plan of the Bank.

Also in the course of the year, Mr. Ohis Ohiwerei retired from the Board, having served as an Executive Director for four (4) years.

To fill the vacancies created on the Board by the retirement of Messrs. Imomoh and Ohiwerei, the Board appointed Ms. Imoni Akpofure as an Independent Non-Executive Director, and Mr. Haruna Musa as Executive Director of the Bank.

The appointments of Ms. Akpofure and Mr. Musa have been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this Meeting.

Profiles of the New Directors

- **Profile of Ms. Imoni Akpofure**

Ms. Akpofure holds a Bachelor of Engineering (B.Eng Honors) degree in Civil Engineering (1988) from the Imperial College, University of London, United Kingdom, and a Masters of Science (M.Sc) Degree in Environmental Engineering (1989) from the Newcastle University, United Kingdom. She also obtained an MBA from the INSEAD, France.

She is a seasoned professional with over eighteen (18) years work experience in the financial industry, having worked with International Finance Corporation from 1995 till 2013, where she rose through the ranks to become the Director, Western Europe, a position she held from 2009 till her retirement in 2013.

Ms. Akpofure also serves as member of several other boards, both locally and internationally, including as Member, Investment Committee, Fund for Agricultural Finance in Nigeria (FAFIN); Member, the Advisory Board, KINA Advisory Limited, United Kingdom; and is currently one of the two (2) Regional Directors for Africa of CDC Group Plc (formerly Commonwealth Development Corporation), responsible for working with CDC's investment teams in London to support investments in Anglophone and Francophone West Africa and Lusophone Africa.

- **Profile of Mr. Haruna Musa**

Mr. Haruna Musa holds a B.A. (Agriculture) degree from Ahmadu Bello University, Zaria, and a Masters in Business Administration from Bayero University, Kano. He also holds a Masters degree in Finance and Management from Cranfield University, United Kingdom. He worked in several financial institutions before joining Guaranty Trust Bank plc in 2001.

He has over eighteen (18) years' experience which covers various aspects of banking including banking operations, corporate banking, commercial banking, compliance and risk management. He joined the Bank in 2001 and rose through the ranks to become an Assistant General Manager and Group Head Public Sector, North East Division in 2006. He left the Bank briefly in 2008 to pursue a Masters Degree in Finance and Management at the Cranfield University, United Kingdom, after which he returned in 2009. Haruna's experience.

Prior to his appointment as Executive Director, Mr. Musa was the General Manager in charge of the North East Division.

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act (2004), Mr. K. A. Adeola disclosed to the Board his indirect interest in Touchdown Travels Limited, a company in which his brother serves as director.

Touchdown Travels Limited provided airline tickets to the Bank in the course of the year on an ad-hoc basis.

The selection and conduct of the company is in conformity with rules of ethics and acceptable standards. In addition, the Bank ensures that all transactions with the company 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, 2015, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	252,062	75.0531	785,016,361	2.6673
10,001	-	50,000	62,575	18.6321	1,355,953,184	4.6072
50,001	-	100,000	10,055	2.9939	707,040,272	2.4024
100,001	-	500,000	8,818	2.6256	1,794,638,000	6.0977
500,001	-	1,000,000	1,025	0.3052	714,823,240	2.4288
1,000,001	-	5,000,000	996	0.2966	1,993,818,764	6.7745
5,000,001	-	10,000,000	140	0.0417	957,647,999	3.2539
10,000,001	-	50,000,000	121	0.0360	2,534,151,022	8.6104
50,000,001	-	100,000,000	23	0.0068	1,652,648,219	5.6153
100,000,001	-	500,000,000	22	0.0066	4,884,253,578	16.5955
500,000,001	-	1,000,000,000	3	0.0009	2,002,759,769	6.8049
1,000,000,001	-	2,000,000,000	3	0.0009	3,850,698,907	13.0837
2,000,000,001	-	5,000,000,000	1	0.0003	3,097,126,522	10.5233
SUB TOTAL :-			335,844	99.9997	26,330,575,837	89.4649
GTBANK GDR UNDERLYING SHARES			1	**0.0003**	3,100,603,387	10.5351
TOTAL			335,845	100	29,431,179,224	100

According to the Register of Members as at December 31, 2015, 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)*	3,100,603,387	10.5351%
Stanbic Nominees Nigeria Limited**	7,621,489,029	25.8957%

* Citibank Nigeria Limited held the 3,100,603,387 units 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 25.8957% 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 ₦398, 211, 628 (Dec. 2014: ₦599, 916, 416) as donations and charitable contributions during the period. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others. A listing of the beneficiary organizations and the amounts donated to them is shown below:

SECTOR	BENEFICIARY/PROJECT	AMOUNT (N)
Arts	Tate Partnership	18,339,831
	Virtual Arts Gallery	3,859,830
	Support for Judita Silva show	2,000,000
	YELLOW SUN	2,000,000
	LAGOS OPEN PROJECT	250,000
Community Development	Orange Ribbon Initiative - Autism	40,618,723
	Ebola Intervention Support	39,896,102
	Swiss Red Cross	36,427,262
	Lagos Motor Boat Club Support	7,000,000
	SHE LEADS AFRICA ETREPRENEUR PROGRAM	6,672,859
	Special Olympics	2,500,000
	Massey Hospital Support	2,360,925
	Support for Chike Okoli Foundation health programme	1,000,000
	Sickle Cell Support	700,000
	Entrepreneur Support - Bridge Program	500,000
	Lindy's Gem support	500,000
	Honey Bee Foundation support	437,371
	Entrepreneur Support - Purpose Summit	200,000
	NYSC Ogun	80,000
	Orange Valentine Initiative	52,500
	Support for special persons association	50,000
Education	Principals Cup	113,046,359
	Financial Literacy Day Initiative	39,657,450
	Masters Cup	24,350,230
	Day Waterman College	20,000,000
	Camp GTBank	12,469,623
	Super Cup	7,246,917
	Support for St. Augustine University	2,500,000
	JAMB Support	1,800,000
	Adopt-a-school	1,510,785
	Holy Child College Support	1,000,000
	Loyola Jesuit College	1,000,000
	Support for Table Tennis	500,000
	OMR forms Donation	468,000
	Stellenboch Business School Support	227,000
Environment	Roundabout Maintenance	4,317,660
	CSR PROFILING	1,570,950
	Global Reporting Initiative	851,250

Laspark Sponsorship	250,000
Grand Total	**398,211,628**

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, 2015 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 average number and percentage of males and females employed during the year ended December 31, 2015 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		**%**	
Employees	1,827	1,516	**3,343**	55%	45%

Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
		Number		**%**	
Board	10	4	14	71%	29%
Top Management (AGM - GM)	39	18	57	68%	32%
Total	**49**	**22**	**71**	**69%**	**31%**

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

	Male	Female	Total	Male	Female
		Number		**%**	
Assistant General Manager	15	7	22	68%	32%
Deputy General Manager	16	5	21	76%	24%
General Manager	8	6	14	57%	43%
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**	**22**	**71**	**69%**	**31%**

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 and Assistant General 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 three 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.

(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 our Head Office and have plans to expand to other locations shortly. There is a state-of-the-art gymnasium for staff at our 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.

BY ORDER OF THE BOARD

Olutola Omotola
Company Secretary
FRC/2013/ICSAN/00000001781
Plot 635, Akin AdesolaStreet, Victoria Island, Lagos
27 January, 2016

Statement of Directors' Responsibilities in Relation to the Financial Statements for year ended December 31, 2015

The Directors accept responsibility for the preparation of the financial statements set out from pages 49-314 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
FRC/2013/ICAN/00000001319
27 January, 2016

SEGUN AGBAJE
FRC/2013/CIBN/00000001782
27 January, 2016

Report of the Audit Committee

For the year ended 31 December, 2015

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, 2015 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 N 1,585,455,000 (31 December, 2014: N881,920,000) was outstanding as at 31 December, 2015. The status of performance of insider related credits is as disclosed in Note 46(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
25 January, 2016

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 } Shareholder's Representatives
4. Mr. Bode Agusto
5. Ibrahim Hassan
6. Andrew Alli

In attendance:
Mr. Segun Fadahunsi - Secretary

pwc

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"). These financial statements comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Report on other legal requirements

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

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

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

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

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 46 to the financial statements;

v) except for the contraventions disclosed in Note 47 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

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

25 February 2016

Engagement Partner Daniel Asapokhai
FRC/2013/ICAN/00000000946

Financial statements

Statements of financial position

As at 31 December 2015

In thousands of Nigerian Naira	***Notes***	**Group Dec-2015**	**Group[1] Dec-2014**	**Group[1] Jan-2014**	**Parent Dec-2015**	**Parent[1] Dec-2014**	**Parent[1] Jan-2014**
Assets							
Cash and cash equivalents	4, 8, 23	254,633,215	246,939,868	307,395,676	173,133,109	161,778,647	228,609,551
Financial assets held for trading	4, 8, 24	34,626,186	9,415,919	17,223,667	25,075,618	5,675,545	13,746,682
Derivative financial assets	25	-	529,732	170,101	-	529,732	170,101
Investment securities:							
– Available for sale	4, 8, 26	364,180,150	344,701,935	374,673,147	327,585,822	317,749,878	364,056,362
– Held to maturity	4, 8, 26	29,408,045	35,160,640	84,741,890	3,210,575	4,511,342	46,682,498
Assets pledged as collateral	4, 8, 27	61,954,777	39,179,198	28,442,629	61,946,270	39,173,640	28,440,947
Loans and advances to banks	4, 8, 28	1,051,521	5,695,592	5,596,476	638,817	30,815	16,976
Loans and advances to customers	4, 8, 29	1,371,925,547	1,275,681,135	1,002,370,638	1,265,207,443	1,182,393,874	926,967,093
Investment in subsidiaries	30	-	-	-	41,905,781	40,130,284	40,130,284
Property and equipment	31	87,988,778	76,236,447	68,306,197	79,192,748	68,042,098	61,419,683
Intangible assets	32	12,470,612	12,516,219	11,214,274	2,492,959	2,417,700	2,256,768
Deferred tax assets	33	3,244,141	2,358,280	1,945,629	-	-	-
Restricted deposits and other assets	34	303,110,737	307,461,561	200,766,091	297,240,082	304,174,757	191,868,850
Total assets		**2,524,593,709**	**2,355,876,526**	**2,102,846,415**	**2,277,629,224**	**2,126,608,312**	**1,904,365,795**
Liabilities							
Deposits from banks	4, 8, 35	26,256,839	31,661,622	15,208,300	39,941	143,713	88,729
Deposits from customers	4, 8, 36	1,610,349,689	1,618,208,194	1,427,493,697	1,422,550,125	1,439,522,070	1,261,927,035
Derivative financial liabilities	25	-	253,374	3,883	-	253,374	3,883
Other liabilities	8, 38	104,605,713	57,200,461	61,014,954	85,126,211	47,714,495	49,008,466
Current income tax liabilities	21	17,739,676	20,827,157	18,431,270	19,378,526	22,275,884	17,990,398
Deferred tax liabilities	33	6,839,522	4,391,668	5,065,625	6,345,773	3,955,805	4,784,323
Debt securities issued	4, 8, 37	180,117,424	167,321,207	156,498,167	-	-	13,233,595
Other borrowed funds	4, 8, 40	165,122,908	91,298,545	92,134,872	338,580,300	252,830,895	233,040,108
Total liabilities		**2,111,031,771**	**1,991,162,228**	**1,775,850,768**	**1,872,020,876**	**1,766,696,236**	**1,580,076,537**

[1]Restated, refer to note 49 for reporting changes.

Statements of financial position (Continued)
As at 31 December 2015

In thousands of Nigerian Naira	**Notes**	**Group Dec-2015**	**Group[1] Dec-2014**	**Group[1] Jan-2014**	**Parent Dec-2015**	**Parent[1] Dec-2014**	**Parent[1] Jan-2014**
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	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(4,754,156)	(3,987,575)	(2,046,714)	-	-	-
Retained earnings		51,089,585	51,425,181	49,847,719	46,048,031	48,824,128	49,721,694
Other components of equity		222,651,255	173,410,666	135,924,361	221,373,613	172,901,244	136,380,860
Total equity attributable to owners of the Parent		**407,173,388**	**359,034,976**	**321,912,070**	**405,608,348**	**359,912,076**	**324,289,258**
Non-controlling interests in equity		6,388,550	5,679,322	5,083,577	-	-	-
Total equity		**413,561,938**	**364,714,298**	**326,995,647**	**405,608,348**	**359,912,076**	**324,289,258**
Total equity and liabilities		**2,524,593,709**	**2,355,876,526**	**2,102,846,415**	**2,277,629,224**	**2,126,608,312**	**1,904,365,795**

Approved by the Board of Directors on 27 January 2016:

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

[1]Restated, refer to note 49 for reporting changes.

The accompanying notes are an integral part of these financial statements

Income statements

For the year ended 31 December 2015

In thousands of Nigerian Naira	***Notes***	**Group Dec-2015**	**Group[1] Dec-2014**	**Parent Dec-2015**	**Parent[1] Dec-2014**
Interest income	9	229,236,715	200,602,653	206,478,499	179,984,274
Interest expense	10	(69,289,592)	(58,210,555)	(61,445,632)	(51,285,444)
Net interest income		**159,947,123**	**142,392,098**	**145,032,867**	**128,698,830**
Loan impairment charges	11	(12,408,194)	(7,098,448)	(11,769,374)	(6,184,289)
Net interest income after loan impairment charges		**147,538,929**	**135,293,650**	**133,263,493**	**122,514,541**
Fee and commission income	12	51,865,608	47,969,982	44,034,897	40,944,512
Fee and commission expense	13	(3,079,439)	(2,114,365)	(2,689,751)	(1,747,518)
Net fee and commission income		**48,786,169**	**45,855,617**	**41,345,146**	**39,196,994**
Net gains/(losses) on financial instruments classified as held for trading	14	12,237,394	12,084,108	9,189,686	8,344,350
Other income	15	8,510,394	17,864,071	9,173,208	19,733,915
Net impairment on financial assets	16	-	(273,815)	-	(273,815)
Personnel expenses	17	(27,721,723)	(27,442,101)	(20,727,835)	(21,036,543)
Operating lease expenses	18	(1,124,691)	(913,085)	(674,958)	(560,710)
Depreciation and amortization	19	(12,594,522)	(12,151,655)	(10,787,370)	(10,590,175)
Other operating expenses	20	(54,937,146)	(53,930,947)	(47,754,313)	(46,960,706)
Profit before income tax		**120,694,804**	**116,385,843**	**113,027,057**	**110,367,851**
Income tax expense	21	(21,257,923)	(21,951,751)	(18,718,934)	(21,197,074)
Profit for the year		**99,436,881**	**94,434,092**	**94,308,123**	**89,170,777**
Profit attributable to:					
Equity holders of the parent entity		98,678,427	93,736,459	94,308,123	89,170,777
Non-controlling interests		758,454	697,633	-	-
		99,436,881	**94,434,092**	**94,308,123**	**89,170,777**
		-			
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	3.51	3.32	3.35	3.03
– Diluted	22	3.51	3.32	3.35	3.03

[1]Restated, refer to note 49 for reporting changes.

The accompanying notes are an integral part of these financial statements

Statements of comprehensive income

For the year ended 31 December 2015

In thousands of Nigerian Naira	**Notes**	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Profit for the year		99,436,881	94,434,092	94,308,123	89,170,777
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent years:					
Actuarial gains and losses		(1,342,733)	(795,999)	(1,342,733)	(795,999)
Income tax relating to actuarial gains and losses		402,820	238,800	402,820	238,800
		(939,913)	(557,199)	(939,913)	(557,199)
Other comprehensive income to be reclassified to profit or loss in subsequent years:					
Foreign currency translation differences for foreign operations		(1,653,527)	(1,452,369)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	496,058	435,711	-	-
Net change in fair value of available for sale financial assets		5,303,424	(4,601,247)	5,231,517	(4,710,827)
Income tax relating to Net change in fair value of available for sale financial assets	21	(1,420,464)	1,720,197	(1,398,892)	1,753,071
		2,725,491	(3,897,708)	3,832,625	(2,957,756)
Other comprehensive income for the year, net of tax		1,785,578	(4,454,907)	2,892,712	(3,514,955)
Total comprehensive income for the year		**101,222,459**	**89,979,185**	**97,200,835**	**85,655,822**
Total comprehensive income attributable to:					
Equity holders of the parent entity		100,409,556	89,096,771	97,200,835	85,655,822
Non-controlling interests		812,903	882,414	-	-
Total comprehensive income for the year		**101,222,459**	**89,979,185**	**97,200,835**	**85,655,822**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
December 2015
Group

In thousands of Nigerian Naira	Share capital	Share premium	Statutory reserves	SMEEIS reserves	Regulatory risk reserve	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 2015	**14,715,590**	**123,471,114**	**144,180,561**	**4,232,591**	**28,540,673**	**(3,987,575)**	**127,688**	**(3,670,847)**	**51,425,181**	**359,034,976**	**5,679,322**	**364,714,298**
Total comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	-	-	98,678,427	98,678,427	758,454	99,436,881
Other comprehensive income, net of tax										-		
Foreign currency translation difference	-	-	-	-	-	-	-	(1,140,087)	-	(1,140,087)	(17,382)	(1,157,469)
Actuarial gains	-	-	-	-	-	-	-	-	(939,913)	(939,913)	-	(939,913)
Fair value adjustment	-	-	-	-	-	-	3,811,129	-	-	3,811,129	71,831	3,882,960
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3,811,129**	**(1,140,087)**	**(939,913)**	**1,731,129**	**54,449**	**1,785,578**
Total comprehensive income	-	-	-	-	-	-	**3,811,129**	**(1,140,087)**	**97,738,514**	**100,409,556**	**812,903**	**101,222,459**
Transactions with equity holders, recorded directly in equity:												
Transfers for the year	-	-	21,317,115	-	25,252,432	-	-	-	(46,569,547)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	-	(766,581)	-	-	-	(766,581)	-	(766,581)
Dividend to equity holders	-	-	-	-	-	-	-	-	(51,504,563)	(51,504,563)	(103,675)	(51,608,238)
	-	**-**	**21,317,115**	**-**	**25,252,432**	**(766,581)**	-	-	**(98,074,110)**	**(52,271,144)**	**(103,675)**	**(52,374,819)**
Balance at 31 December 2015	**14,715,590**	**123,471,114**	**165,497,676**	**4,232,591**	**53,793,105**	**(4,754,156)**	**3,938,817**	**(4,810,934)**	**51,089,585**	**407,173,388**	**6,388,550**	**413,561,938**

Consolidated Statement of Changes in Equity
Dec-2014
Group

In thousands of Nigerian Naira	Share capital	Share premium	Statutory reserves	SMEEIS reserves	Regulatory risk reserve	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at the beginning of the reporting period as previously reported	14,715,590	123,471,114	114,076,865	4,232,591	17,075,575	(2,046,714)	3,025,907	(2,486,577)	55,205,142	327,269,493	5,083,577	332,353,070
Restatement[1]	-	-	-	-	-	-	-	-	(5,357,423)	(5,357,423)	-	(5,357,423)
Restated balance at 1 January 2014	**14,715,590**	**123,471,114**	**114,076,865**	**4,232,591**	**17,075,575**	**(2,046,714)**	**3,025,907**	**(2,486,577)**	**49,847,719**	**321,912,070**	**5,083,577**	**326,995,647**
Total comprehensive income for the period:												
Profit for the year	-	-	-	-	-	-	-	-	93,736,459	93,736,459	697,633	94,434,092
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 incom	-	-	-	-	-	-	**(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)**	**93,179,260**	**89,096,771**	**882,414**	**89,979,185**
Transactions with equity holders, recorded directly in equity:												
Transfers for the year	-	-	30,103,696	-	11,465,098	-	-	-	(41,568,794)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	-	(1,940,861)	-	-	-	(1,940,861)	-	(1,940,861)
Dividends to equity holders	-	-	-	-	-	-	-	-	(50,033,004)	(50,033,004)	(286,669)	(50,319,673)
	-	**-**	**30,103,696**	**-**	**11,465,098**	**(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**	**144,180,561**	**4,232,591**	**28,540,673**	**(3,987,575)**	**127,688**	**(3,670,847)**	**51,425,181**	**359,034,976**	**5,679,322**	**364,714,298**

[1]Refer to note 49 for reporting changes.

Statement of Changes in Equity
December 2015
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Statutory reserves	SMEEIS reserves	Regulatory risk reserve	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2015	**14,715,590**	**123,471,114**	**140,386,849**	**4,232,478**	**28,349,056**	**(67,139)**	**48,824,128**	**359,912,076**
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	94,308,123	94,308,123
Other comprehensive income, net of tax								
Actuarial gains	-	-	-	-	-	-	(939,913)	(939,913)
Fair value adjustment	-	-	-	-	-	3,832,625	-	3,832,625
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**3,832,625**	**(939,913)**	**2,892,712**
Total comprehensive income	-	-	-	-	-	**3,832,625**	**93,368,210**	**97,200,835**
Transactions with equity holders, recorded directly in equity:								
Transfers for the year	-	-	20,747,787	-	23,891,957	-	(44,639,744)	-
Dividend to equity holders	-	-	-	-	-	-	(51,504,563)	(51,504,563)
	-	**-**	**20,747,787**	**-**	**23,891,957**	-	**(96,144,307)**	**(51,504,563)**
Balance at 31 December 2015	**14,715,590**	**123,471,114**	**161,134,636**	**4,232,478**	**52,241,013**	**3,765,486**	**46,048,031**	**405,608,348**

Statement of Changes in Equity
Dec-2014
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Statutory reserves	SMEEIS reserves	Regulatory risk reserve	Fair value reserve	Retained earnings	Total equity
Balance at the beginning of the reporting period as previously reported	14,715,590	123,471,114	112,357,368	4,232,478	16,900,397	2,890,617	55,079,117	329,646,681
Restatement[1]	-	-	-	-	-	-	(5,357,423)	(5,357,423)
Restated balance at 1 January 2014	**14,715,590**	**123,471,114**	**112,357,368**	**4,232,478**	**16,900,397**	**2,890,617**	**49,721,694**	**324,289,258**
Total comprehensive income for the period:								
Profit for the year	-	-	-	-	-	-	89,170,777	89,170,777
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)**	**88,613,578**	**85,655,822**
Transactions with equity holders, recorded directly in equity:								
Transfers for the year	-	-	28,029,481	-	11,448,659	-	(39,478,140)	-
Dividend to equity holders	-	-	-	-	-	-	(50,033,004)	(50,033,004)
	-	-	**28,029,481**	-	**11,448,659**	-	**(89,511,144)**	**(50,033,004)**
Balance at 31 December 2014	**14,715,590**	**123,471,114**	**140,386,849**	**4,232,478**	**28,349,056**	**(67,139)**	**48,824,128**	**359,912,076**

[1]Refer to note 49 for reporting changes.

Statements of cash flows

For the year ended 31 December 2015

In thousands of Nigerian Naira	***Notes***	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Cash flows from operating activities					
Profit for the period		99,436,881	94,434,092	94,308,123	89,170,777
Adjustments for:					
Depreciation of property and equipment	19, 31	11,417,644	10,999,115	9,858,957	9,774,010
Amortisation of Intangibles		1,176,878	1,152,540	928,413	816,165
Gain on disposal of property and equipment		(87,966)	(78,130)	(71,709)	(75,216)
Impairment on financial assets		12,848,841	8,359,842	11,874,199	6,588,716
Net interest income		(159,947,123)	(142,392,098)	(145,032,867)	(128,698,830)
Foreign exchange gains	15	(5,195,652)	(16,190,224)	(4,632,908)	(15,760,181)
Fair value changes for FVTPL		(2,854,509)	(6,272)	(2,854,509)	(6,272)
Derivatives fair value changes		276,358	(110,140)	276,358	(110,140)
Dividend received		(99,740)	(81,391)	(1,614,082)	(2,559,273)
Income tax expense	21	21,257,923	21,951,751	18,718,934	21,197,074
Other non-cash items		406,691	(382,871)	406,691	(382,871)
		(21,363,774)	(22,343,786)	(17,834,400)	(20,046,041)
Net changes in:					
Financial assets held for trading		(21,784,261)	8,088,076	(16,545,564)	8,077,409
Assets pledged as collateral		(22,775,784)	(10,736,531)	(22,772,630)	(10,732,693)
Loans and advances to banks		4,752,092	415,894	(608,245)	(13,849)
Loans and advances to customers		(52,137,312)	(196,458,208)	(46,762,811)	(200,276,509)
Restricted deposits and other assets		5,415,252	(104,963,379)	7,847,473	(111,226,606)
Deposits from banks		(5,075,276)	14,789,683	(103,772)	54,984
Deposits from customers		(32,289,055)	145,997,158	(44,042,116)	132,631,158
Other liabilities		42,478,592	(4,820,728)	31,828,021	(2,499,697)
		(81,415,752)	(147,688,035)	(91,159,644)	(183,985,803)
Interest received		224,019,106	199,524,558	201,260,889	178,906,180
Interest paid		(69,459,262)	(56,749,590)	(61,615,302)	(49,824,478)
		51,780,318	(27,256,853)	30,651,543	(74,950,142)
Income tax paid		(23,307,163)	(15,132,105)	(20,222,395)	(12,632,976)
Net cash/(used in) provided by operating activities		**28,473,155**	**(42,388,958)**	**10,429,148**	**(87,583,118)**

Statements of cash flows

For the year ended 31 December 2015

In thousands of Nigerian Naira	***Notes***	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Cash flows from investing activities					
Redemption of investment securities		798,990,946	391,978,006	798,990,946	391,978,006
Purchase of investment securities		(808,879,886)	(320,560,979)	(801,889,906)	(308,485,008)
Dividends received		99,740	81,391	1,614,082	2,559,273
Purchase of property and equipment	31	(23,155,245)	(18,832,978)	(21,078,594)	(16,460,793)
Proceeds from the sale of property and equipment		143,928	81,998	140,696	139,584
Purchase of intangible assets	32	(1,198,372)	(2,480,827)	(1,003,673)	(977,097)
Additional investment in subsidiary		-	-	(1,775,497)	-
Net cash provided by/(used in) investing activities		(33,998,889)	50,266,611	(25,001,946)	68,753,965
Cash flows from financing activities					
Increase in debt securities issued		1,057,751	898,026	-	-
Repayment of debt securities issued		-	(13,233,595)	-	(13,233,595)
Repayment of long term borrowings		(27,471,139)	(37,721,242)	(16,030,387)	(17,345,856)
Increase in long term borrowings		87,044,828	6,600,000	87,044,828	6,600,000
Finance lease repayments		(790,947)	(689,079)	(790,947)	(689,079)
Purchase of treasury shares		(766,581)	(1,940,861)	-	-
Dividends paid to owners	43	(51,504,563)	(50,033,004)	(51,504,563)	(50,033,004)
Dividends paid to non-controlling interest		(103,675)	(286,669)	-	-
Net cash provided by financing activities		7,465,674	(96,406,424)	18,718,931	(74,701,534)
Net (decrease) /increase in cash and cash equivalents		1,939,940	(88,528,771)	4,146,133	(93,530,687)
Cash and cash equivalents at beginning of period		246,939,868	307,395,676	161,778,647	228,609,551
Effect of exchange rate fluctuations on cash held		5,753,407	28,072,963	7,208,329	26,699,783
Cash and cash equivalents at end of the year		254,633,215	246,939,868	173,133,109	161,778,647

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 2015, 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 27 January 2016.

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

It is important to note that no standard nor amendment to existing standard took effect during the reporting period. Hence, there was no impact on the accounting policies, financial position or performance of the Group.

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 11	Joint arrangements	1-Jan-16
Amendments to IAS 1	Presentation of financial statements	1-Jan-16
Amendments to IAS 27	Separate financial statements	1-Jan-16
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 IAS 16	Property, Plant and Equipment	1-Jan-16
Amendments to IAS 38	Intangible Assets	1-Jan-16
Amendments to IAS 41	Agriculture	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-17
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
IFRS 10	Consolidated Financial Statements	1-Jan-16
IFRS 9	Financial instruments	1-Jan-18

Commentaries on these new standards/amendments are provided below.

- **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).

- **Amendments to IAS 1 - Presentation of financial statements**
  Amends IAS 1 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- **Amendments to IAS 27 - Separate financial statements**
  Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **Amendments to IFRS 7 - Financial Instruments: Disclosures**
  Amends IFRS 7 to remove the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that offsetting disclosures is not required in the condensed interim financial report . However, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, an entity is required to include the disclosures in the condensed interim financial report.

  On servicing contract, it clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

- **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).

- **IAS 16 – Property, Plant and Equipment**
  Amends IAS 16 to clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- **IAS 38 – Intangible Assets**
  Amends IAS 38 to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is required to overcome the presumption.

- **IAS 41 – Agriculture**
  The amendment seek to move biological assets that meet the definition of a "Bearer Plant" away from the fair value measurement approach as prescribed by IAS 41, Agriculture and bring it within the scope of IAS 16, Property, Plant and Equipment. This will enable entities to measure bearer plants at cost subsequent to initial recognition or at revaluation. The amendment also introduced an appropriate definition of a bearer plant.
  The Group does not have any operational business related to Agriculture and therefore is not in any way impacted by the standard or its amendments.

- **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 10 - Consolidated Financial Statements**
  The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. These amendments do not have any impact on the Group as no member of the Group is an investment entity.

- **IFRS 9 - Financial instruments**
  IFRS 9 is part of the IASB's project to replace IAS 39. It addresses classification, measurement and impairment of financial assets as well as hedge accounting.

  IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through OCI and fair value through profit or loss. It includes the guidance on accounting for and presentation of financial liabilities and derecognition of financial instruments which was previously in IAS 39. Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

  IFRS 9 also requires that credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss be reflected in impairment allowances. The bank is yet to quantify the impact of this change although it is expected to lead to an increased impairment charge than recognized under IAS 39.

  Furthermore, the IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The bank is yet to quantity the impact of these changes on its financial statements.

  Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2016, as shown on page 61, 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;

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

Acquisition of subsidiaries

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. 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 at its fair value, or at its proportionate share of the acquiree's identifiable net assets. 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.

(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 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 and liabilities 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 held for trading' and 'Derivative financial assets'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains/(losses) on financial instruments classified as held for trading'.

(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 fair 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) in the separate financial statement of the Bank.

(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
Leasehold 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 assetcategory. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Cost of leasehold 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.

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 rate of contribution by the Bank and its employee is 10% and 8% respectively of basic salary, housing and transport allowance. 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) Assests ssets acquired in exchange for loans

Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as assets held for sale and reported in ‘Other assets’ if the carrying amounts of the assets are recovered principally through sale, the assets are available for sale in their present condition and their sale is highly probable.

The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. No depreciation is charged in respect of assets held for sale. Any subsequent write-down of the acquired asset to fair value less costs to sell is recognised in the income statement, in ‘Other operating income’. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative write-down, is also recognised in ‘Other operating income’, together with any realised gains or losses on disposal.

(w) 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.

(x) 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.

(y) 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 strong risk culture and follows best practice enterprisewide risk management, which aligns strategy, policies, people, processes, technology and business intelligence in order to evaluate, manage and optimize the opportunities and threats it may face in its efforts to maximize sustainable stakeholders' value within the defined risk appetite.

To continually sustain this strong risk culture, the bank adopted the COSO definition of Enterprise Risk Management which depicts ERM as a process driven by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the entity's objectives.

This involves the application of risk management principles and processes in every business activity to determine potential threats, and adopt appropriate control measures, to contain risks with the aim of achieving its objectives.

The Bank has recognised its major risk areas as Credit, Operational, Information Technology, Market and Liquidity Risks. Risk identification these areas is carried out by the relevant risk owners, in collaboration with the ERM Division.

(b) Risk Management Philosophy

GTBank's Risk Management Philosophy describes its attitude to risk taking. It is the driving force behind its officers' behavior in the conduct of business activities and operations from a risk perspective. This is summarized in the statement:

"To enhance shareholders' value by creating and maintaining a culture of intelligent risk-taking".
This philosophy is further cascaded into working statements via the following risk principles:

- The Bank's decisions will be based on careful analysis of its operating environment as well as the implications of risks to the achievement of its strategic goals.
- The Bank will not take any action that will compromise its integrity
- Risk control will not constitute an impediment to the achievement of strategic objectives.
- The Bank will always comply with all government regulations and embrace global best practice.
- Risk management will form an integral part of the Bank's strategy setting process
- The Bank will only assume risks that fall within its risk appetite with commensurate returns.
- The Bank shall adhere to the risk management cycle of identifying, measuring, controlling and reporting risks.
- The Bank shall continually review its activities to determine the level of risks inherent in them and adopt appropriate risk responses at all time.

Risk Appetite

The bank recognises that there are risk elements associated with the pursuit of growth opportunities to achieve its strategic objectives. While its risk philosophy articulates how inherent risks are considered when making decisions, the Board and management of the bank determine the risks that are acceptable based on its capabilities in terms of capital, technology and people.

Risk Appetite Statement

"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 unnecessary risks."

The bank's risk appetite statement expresses the opinion of the Board and Management on the approach to risk that will be be adopted across all business levels, in relation to the Bank's set strategic objectives. This statement is interpreted in both quantitative and qualitative risk factors that measure the bank's risk profile at any time. These risk factors include: Adequacy

- Earnings growth (Profit Before Tax)
- Earnings quality (Net Interest Margin)
- Return on Asset
- Issuer Debt Rating
- Return on Equity
- Cost-to-Income
- Asset quality (Non-Performing Loan),
- Coverage
- Cost of Risk
- Liquidity
- Risk Asset Funding
- Staff Attrition

Risk Tolerance

To cascade the risk appetite statement across all business levels, the management of the bank defines the risk tolerances applicable to risk factor. The tolerances are measured via a three leg limit system which measures an extreme upper region suggesting high risk or unacceptable risk level, a middle range region known as trigger point and a lower region suggesting a low risk or acceptable risk level. This establishes the acceptable level of variation relative to the bank's desired objective.

In setting the risk tolerances, the bank adopts the interview session approach wherein Management of the bank are questioned to ascertain their position on the degree of risk the bank is willing to take. The set risk acceptance levels are subject to the approval of the Board of Driectors and can be changed at the discretion of the Board and Management, when there are compelling regulatory and operating factors.

The risk tolerance limit is monitored periodically using a dashboard which establishes the status of each risk factor at any given point in time. The results of the dashboard is made available to the Management and board of directors to enable them take appropriate decisions regarding the acceptability of the risk tolerance level.

(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.

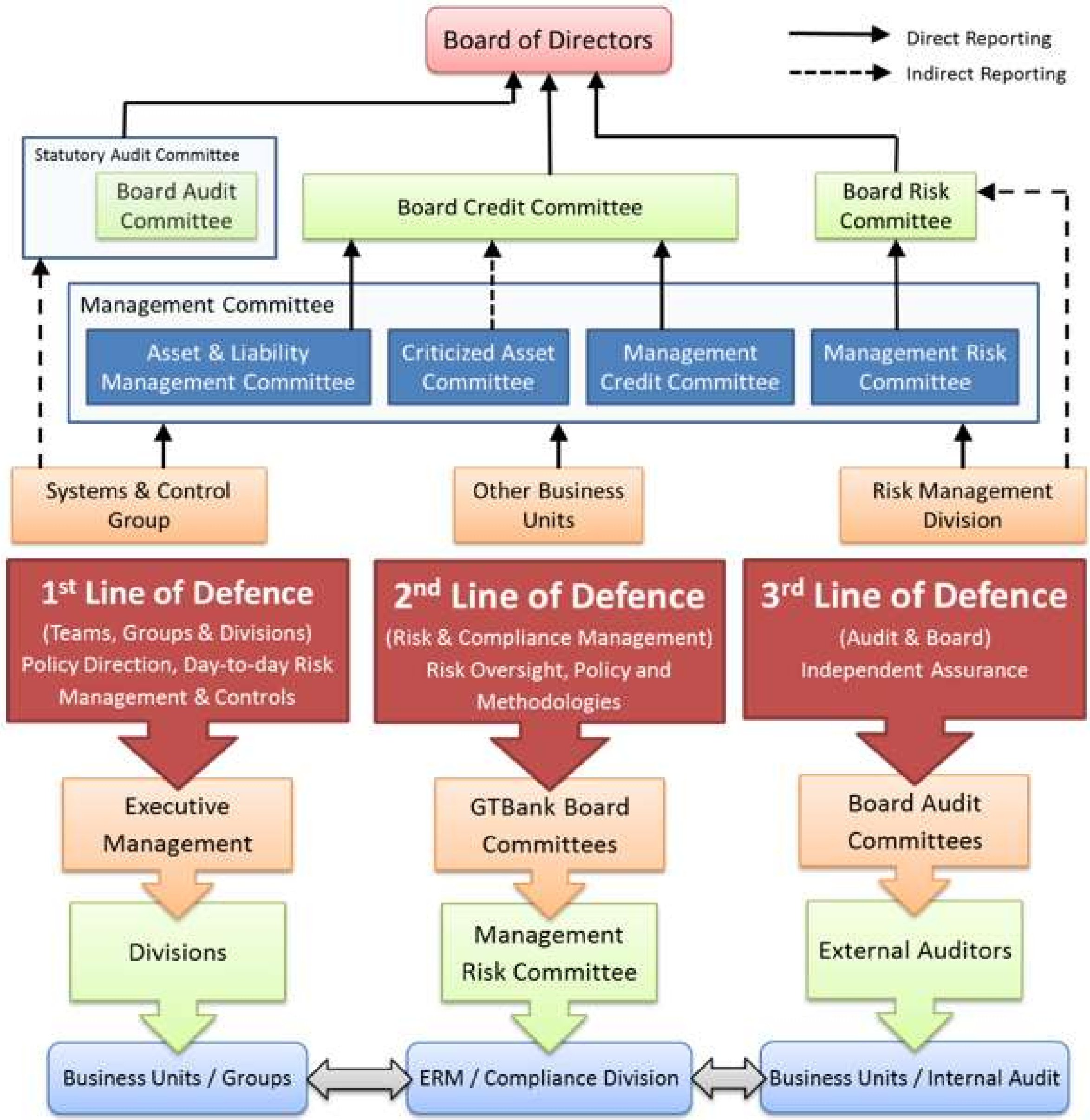
The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees 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 three lines of defense model differentiated among the three groups involved in effective risk management include:

- Functions that own and manage risks.
- Functions that oversee risks.
- Functions that provide independent assurance.

First Line of Defense: Owns and manage the risks. They are responsible for implementing corrective actions to address process and control deficiencies; maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. They also identify, assess, control and mitigate risks to ensure the achievement of set goals and objectives.

Second Line of Defense: Established to perform a policy-setting and monitoring role. It is a risk management function (and/or committee) that facilitates and monitors the implementation of effective risk management practices and a compliance function that monitors various specific risks such as non-compliance with applicable laws and regulations. Other functions include identifying known and emerging issues, providing risk management framework, assisting management in developing processes and controls to manage risks, monitoring the adequacy and effectiveness of internal control, accuracy and completeness of reporting and timely remediation of deficiencies.

Third Line of Defense: Provides objective assurance on the effectiveness of governance, risk management and internal controls. The scope of the assurance, which is reported to senior management and Board covers a broad range of objectives, including efficiency and effectiveness of operations, safeguarding of assets, reliability and integrity of reporting processes, and compliance with laws, regulations, policies, procedures and contracts. It also includes all elements of the risk management and internal control framework.

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 Enterprise-wide Risk Management (ERM) Division is responsible for optimising the risks and returns opportunities inherent in the business. The risk management infrastructure encompasses a comprehensive and integrated approach to identifying, managing, monitoring and reporting risks with focus on the following:

(i) the 5 main inherent risk groups – Credit, Market, Operational, Liquidity and Technology.
(ii) additional risk areas such as Reputation and Strategy risks

In compliance with the Central Bank of Nigeria's 'Risk-based Supervision' guidelines, best global practices, and to align with Basel II Capital requirements, the Group 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 using Oracle Financial Services Analytical Applications. 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 the 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 and it is updated annually.

Lead to Loan is an integrated credit solution software which handles credit customers' profiles, rating scores, documents and collateral management, credit workflow processes, disbursement, recoveries and collection. The deployment of 'Lead to Loan' has further enhanced the credit processes of the Group and guarantee data integrity towards achieving the CBN required sets of disclosures and the seamless application of Internal Rating Based – Advanced in 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 bank's core application and generate different required management reports for decision.

For capital adequacy computation under Basel ll Pillar l, the Group has implemented the Standardized Approach for the three risk areas – credit, market & operational risk and the Advanced Internal Rating Based (AIRB) Approah using the OFSAA Basel II solution software. The advanced measurement approach for credit risk uses PD, LGD and EAD as the input parameters.

(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.

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 (eg 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 2015 and 31 December 2014.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Cash and cash equivalents:				
- Unrestricted balances with central banks	40,213,238	33,346,313	25,453,036	19,823,983
- Balances held with other banks	146,072,187	91,993,886	100,404,743	42,561,912
- Money market placements	34,982,217	88,484,240	20,178,228	74,476,317
Loans and advances to banks	1,051,521	5,695,592	638,817	30,815
Loans and advances to customers[1]:				
- Loans to individuals	105,789,389	86,807,479	77,647,274	70,451,246
- Loans to non-individuals	1,266,136,158	1,188,873,656	1,187,560,169	1,111,942,628
Financial assets held for trading				
- Debt securities	34,626,186	9,415,919	25,075,618	5,675,545
Investment securities:				
- Debt securities	389,366,088	376,211,822	326,579,262	318,615,630
Assets pledged as collateral:				
- Debt securities	61,954,777	39,179,198	61,946,270	39,173,640
Restricted deposits and other assets[2]	283,807,374	285,852,911	281,222,375	288,505,504
Total	**2,363,999,135**	**2,205,861,016**	**2,106,705,792**	**1,971,257,220**
Loans exposure to total exposure	58%	58%	60%	60%
Debt securities exposure to total exposure	21%	19%	20%	18%
Other exposures to total exposure	21%	23%	20%	22%

As shown above, 58% (Parent: 60%) of the total maximum exposures is derived from loans and advances to banks and customers (2014: 58% ; Parent: 60%); while 21% (Parent: 20%) represents exposure to investments in debt securities (2014: 19% ; Parent: 18%). The Directors are confident in their ability to continue control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

[1] Further classification of Loans and advances to Customers along product lines is provided on the next page.

[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 have been excluded.

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	Maximum exposure Group		Maximum exposure Parent	
	Dec-2015	**Dec-2014**	**Dec-2015**	**Dec-2014**
Financial guarantees	463,573,112	497,857,280	454,123,077	483,566,238
Other contingents	100,847,366	185,066,483	73,260,543	165,573,399
Total	**564,420,478**	**682,923,763**	**527,383,620**	**649,139,637**

Contingencies are disclosed on Note 43.

Classification of Maximum Exposure on Loans to Customers by Product

Loans and advances have been classified into Overdraft, Loans and Others through out the Financials Statement.
- 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 Usances and Usance Settlement.

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

	Group		Parent	
	Dec-2015	**Dec-2014**	**Dec-2015**	**Dec-2014**
Loans to individuals:				
Overdraft	10,008,765	7,857,152	4,858,203	5,477,656
Loans	95,714,099	78,944,450	72,789,071	64,973,590
Others	66,525	5,877	-	-
	105,789,389	86,807,479	77,647,274	70,451,246
Loans to non-individuals:				
Overdraft	164,952,987	165,556,533	146,975,737	133,888,888
Loans	1,051,504,543	927,699,201	990,932,164	890,481,755
Others	49,678,628	95,617,922	49,652,268	87,571,985
	1,266,136,158	1,188,873,656	1,187,560,169	1,111,942,628

Credit quality of Financial Assets

IFRS 7 requires information about the credit quality of financial assets. This information is provided below for balances held with counterparties, money market placements, financial assets held for trading and investment securities.

Unrestricted balances with central banks, Balances held with other banks, Money Market placements, financial assets held for trading and Investment Securities

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.

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Sovereign Ratings (Fitch)				
Nigeria (BB-)	25,453,036	19,823,983	25,453,036	19,823,983
B-	6,294,405	6,165,482	-	-
B+	3,600,120	5,699,451	-	-
unrated	4,865,677	1,657,397	-	-
	40,213,238	**33,346,313**	**25,453,036**	**19,823,983**

A significant portion of the group's unrated financial assets relates to cash balances held with central banks of the various countries in which the Group operates for which no external ratings are available.

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.**

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Counterparties with external credit rating (S&P)				
A	995,250	-	995,250	-
A-1	138,887,690	91,521,463	80,766,329	30,852,822
A-1+	1,765,234	24,996	1,765,234	3,725
A-2	4,130,687	95,733	4,130,687	55,909
A-3	240,781	-	240,781	-
B	-	39,510	-	39,510
Unrated	52,545	312,184	12,506,462	11,609,946
	146,072,187	**91,993,886**	**100,404,743**	**42,561,912**

Money Market placements

The credit quality of Money Market placements are assessed by reference to external credit ratings information about counterparty default rates.

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Counterparties with external credit rating (S&P)				
A-1+	998,800	19,496,575	998,800	19,496,575
A-1	4,585,715	28,757,263	4,585,715	28,757,263
A-2	99,527		99,527	-
	5,684,042	**48,253,838**	**5,684,042**	**48,253,838**
Counterparties with external credit rating (Fitch)				
B	-	-	-	10,005,753
	-	**-**	**-**	**10,005,753**
Counterparties with external credit rating (Agusto)				
A-	3,400,094	-	3,400,094	-
	3,400,094	**-**	**3,400,094**	**-**
Sovereign Ratings				
Nigeria (B+) S&P	7,500,822	7,502,260	7,500,822	7,502,260
A-1+	-	22,741,700	-	-
B	9,041,653	4,611,833	-	-
BB-	-	4,966,055	-	-
Unrated	4,494,227	408,554	-	-
	21,036,702	**40,230,402**	**7,500,822**	**7,502,260**
Counterparties without external credit rating				
Foreign Subsidiaries	-	-	3,593,270	8,714,466
	-	**-**	**3,593,270**	**8,714,466**
	30,120,838	**88,484,240**	**20,178,228**	**74,476,317**

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.

	Group		Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Sovereign Ratings				
Nigeria (B+) S&P	25,063,732	5,675,545	25,063,732	5,675,545
Unrated	9,562,454	3,740,374	11,886	-
	34,626,186	**9,415,919**	**25,075,618**	**5,675,545**

Investment Securities

The credit quality of investment securities are assessed by reference to external credit ratings information about counterparty default rates.

	Credit quality		Credit quality	
	Group		Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Counterparties with external credit rating (S&P):				
A-1+	10,150,342	8,567,971	-	-
B+	327,857,847	-	320,919,037	-
B	33,633,646	320,159,469	2,449,650	310,734,048
BB-	-	26,099,333	-	-
B-	284,912	-	-	-
unrated	14,228,766	13,503,467	-	-
Counterparties with external credit rating (Agusto):				
A	3,210,575	1,511,342	3,210,575	1,511,342
BBB-	-	3,000,000	-	3,000,000
B	-	3,370,240	-	3,370,240
	389,366,088	**376,211,822**	**326,579,262**	**318,615,630**

Of the Parent's Investment Securities of N326,579,262,000 (Dec 2014: N318,615,630,000) the sum of N317,510,416,000 (2014: N310,734,048,000) relate 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 B+ (S&P).

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.

	Group		Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Sovereign Ratings				
Nigeria (B+) S&P	61,946,270	39,173,640	61,946,270	39,173,640
B	8,507	5,558	-	-
	61,954,777	**39,179,198**	**61,946,270**	**39,173,640**

Restricted deposits and other assets

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

	Group		Parent	
In thousands of Nigerian naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Sovereign Ratings				
Nigeria (B+) S&P	273,873,799	257,098,961	273,873,799	257,098,961
B	115,476	167,997	-	-
BB-	1,106,493	1,609,747	-	-
Unrated	1,466,280	2,133,172	-	-
Counterparties with external credit rating (S&P)				
A-1	6,325,897	23,229,921	2,104,780	28,092,916
A-1+	47,091	327,795	47,091	327,795
A-2	362,163	718,254	362,163	718,254
A-3	44,531	-	44,531	-
B	-	101,421	-	101,421
Unrated	465,644	465,643	4,790,011	2,166,157
	283,807,374	**285,852,911**	**281,222,375**	**288,505,504**

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

External credit rating (Fitch)

B : Speculative credit rating

External credit rating (Agusto):

A : Strong capacity to meet its obligation
BBB- : Satisfactory financial condition an
adequate capacity to meet obligat
B : Weak Financial condition but obligati
are still being met as and when they

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.

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

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.

Credit risk exposure relating to On-Balance Sheet

Group

Dec-2015

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	25,453,036	14,760,202	-	40,213,238
- Balances held with other banks	55,874	13,008,957	133,007,356	146,072,187
- Money market placements	10,900,915	18,397,259	5,684,043	34,982,217
Loans and advances to banks	638,817	331,474	81,230	1,051,521
Loans and advances to customers [1] :				
- Loans to individuals	77,647,273	11,125,293	17,016,823	105,789,389
- Loans to non-individuals	1,184,596,284	81,539,874	-	1,266,136,158
Financial assets held for trading				
- Debt securities	25,075,618	9,550,568	-	34,626,186
Investment securities:				
- Debt securities	320,720,991	52,636,483	16,008,614	389,366,088
Assets pledged as collateral:				
- Debt securities	61,946,270	8,507	-	61,954,777
Restricted deposits and other assets[2]	273,584,085	3,010,582	7,212,707	283,807,374
	1,980,619,163	**204,369,199**	**179,010,773**	**2,363,999,135**

Of the Group's Credit risk exposure outside Africa relating to On-balance sheet, 58% relates to exposures in United States of America, 39% relates to exposures in United Kingdom and 3% relates to exposures in other countries

[1] Further classification of Loans and advances to Customers along product lines is provided on the next page.

[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 have been excluded.

Credit risk exposure relating to Off-Balance Sheet

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

Group
Dec-2015

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	454,123,077	9,267,276	182,759	463,573,112
Other contingents	73,260,543	22,056,466	5,530,357	100,847,366
	527,383,620	**31,323,742**	**5,713,116**	**564,420,478**

Contingencies are disclosed on Note 43.

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below:

Group
Dec-2015

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	4,858,203	5,132,834	17,729	10,008,766
Loans	72,789,070	5,925,935	16,999,094	95,714,099
Others	-	66,524	-	66,524
	77,647,273	11,125,293	17,016,823	105,789,389
Loans to non-individuals:				
Overdraft	144,011,853	20,941,134	-	164,952,987
Loans	990,932,162	60,572,381	-	1,051,504,543
Others[1]	49,652,269	26,359	-	49,678,628
	1,184,596,284	81,539,874	-	1,266,136,158

[1] Others include usance and usance settlement.

Credit risk exposure relating to On-Balance Sheet

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**

Of the Group's Credit risk exposure outside Africa relating to On-balance sheet, 23% relates to exposures in United States of America, 75% relates to exposures in United Kingdom and 2% relates to exposures in other countries

[1] Further classification of Loans and advances to Customers along product lines is provided on the next page.

[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 have been excluded.

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2014

Group

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	165,573,399	17,853,849	1,639,235	185,066,483
	649,139,637	**27,034,938**	**6,749,188**	**682,923,763**

Contingencies are disclosed on Note 43.

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below:

Group

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[1]	87,571,986	8,045,936	-	95,617,922
	1,109,543,667	79,329,989	-	1,188,873,656

[1] Others include usance and usance settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2015

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	25,453,036	-	-	25,453,036
- Balances held with other banks	-	1,298,769	99,105,974	100,404,743
- Money market placements	10,900,915	-	9,277,313	20,178,228
Loans and advances to banks	638,817	-	-	638,817
Loans and advances to customers [1] *:*				
- Loans to individuals	77,647,274	-	-	77,647,274
- Loans to non-individuals	1,187,560,169	-	-	1,187,560,169
Financial assets held for trading:				
- Debt securities	25,075,618	-	-	25,075,618
Investment securities:				
- Debt securities	320,720,991	-	5,858,271	326,579,262
Assets pledged as collateral:				
- Debt securities	61,946,270	-	-	61,946,270
Restricted deposits and other assets[2]	273,873,798	425,581	6,922,996	281,222,375
	1,983,816,888	**1,724,350**	**121,164,554**	**2,106,705,792**

Of the Parent's Credit risk exposure outside Africa relating to On-balance sheet, 58% relates to exposures in United States of America, 39% relates to exposures in United Kingdom and 3% relates to exposures in other countries

[1] Further classification of Loans and advances to Customers along product lines is provided on the next page.

[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 have been excluded.

Credit risk exposure relating to Off-Balance Sheet

Parent

Dec-2015

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	454,123,077	-	-	454,123,077
Other contingents	73,260,543	-	-	73,260,543
	527,383,620	**-**	**-**	**527,383,620**

Contingencies are disclosed on Note 43.

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below:

Parent

Dec-2015

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	4,858,203	-	-	4,858,203
Loans	72,789,071	-	-	72,789,071
Others	-	-	-	-
	77,647,274	-	-	77,647,274
Loans to non-individuals:				
Overdraft	146,975,737	-	-	146,975,737
Loans	990,932,164	-	-	990,932,164
Others[1]	49,652,268	-	-	49,652,268
	1,187,560,169	-	-	1,187,560,169

[1] Others include usance and usance settlement.

Credit risk exposure relating to On-Balance Sheet

Dec-2014

Parent

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**

Of the Parent's Credit risk exposure outside Africa relating to On-balance sheet, 23% relates to exposures in United States of America, 75% relates to exposures in United Kingdom and 2% relates to exposures in other countries

[1] Further classification of Loans and advances to Customers along product lines is provided on the next page.

[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 have been excluded.

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2014

Parent

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 43.

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below:

Dec-2014
Parent

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[1]	87,571,985	-	-	87,571,985
	1,111,942,628	-	-	1,111,942,628

[1] Others include usance and usance settlement.

(ii) Industry 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-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial 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 banks	-	-	-	-	-	40,213,238	-	-	-	-	-	40,213,238
- Balances held with other banks	-	146,072,187	-	-	-	-	-	-	-	-	-	146,072,187
- Money market placements	-	34,982,217	-	-	-	-	-	-	-	-	-	34,982,217
Loans and advances to banks	-	1,051,521	-	-	-	-	-	-	-	-	-	1,051,521
Loans and advances to customers3:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	105,789,389	-	105,789,389
- Loans to non-individuals	53,000,525	30,857,113	121,249,461	6,299,600	97,978,853	49,879,660	244,604,812	421,352,204	130,726,894	-	110,187,036	1,266,136,158
Financial assets held for trading												
- Debt securities	-	-	-	-	-	34,626,186	-	-	-	-	-	34,626,186
Investment securities:												
- Debt securities	-	5,858,270	-	-	199,050	383,308,768	-	-	-	-	-	389,366,088
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	61,954,777	-	-	-	-	-	61,954,777
Restricted deposits and other assets[4]	-	7,348,576	-	-	-	276,458,798	-	-	-	-	-	283,807,374
	53,000,525	**226,169,884**	**121,249,461**	**6,299,600**	**98,177,903**	**846,441,427**	**244,604,812**	**421,352,204**	**130,726,894**	**105,789,389**	**110,187,036**	**2,363,999,135**

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

2 Logistics, Maritime and Haulage.

3 Further classification of Loans and Advances 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 have been excluded.

Credit Risk Exposure to off-balance sheet items

Group

Dec-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,134,139	2,057,490	292,903,162	272,213	8,580,977	1,743,633	10,144,272	100,361,215	4,025,004	-	42,351,007	463,573,112
Other contingents	3,896,042	15,220,737	1,307,676	41,235	15,317,869	1,349,179	27,411,909	17,421,513	126,289	-	18,754,917	100,847,366
Total	**5,030,181**	**17,278,227**	**294,210,838**	**313,448**	**23,898,846**	**3,092,812**	**37,556,181**	**117,782,728**	**4,151,293**	**-**	**61,105,924**	**564,420,478**

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

[2] Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group

Dec-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	10,008,766	-	10,008,766
Loans	-	-	-	-	-	-	-	-	-	95,714,099	-	95,714,099
Others	-	-	-	-	-	-	-	-	-	66,524	-	66,524
	-	-	-	-	-	-	-	-	-	105,789,389	-	105,789,389
Loans to non-individuals:												
Overdraft	8,707,541	5,733,552	22,106,408	852,377	21,080,021	522,161	30,738,819	50,244,663	8,971,886	-	15,995,559	164,952,987
Loans	41,992,130	25,123,561	98,976,312	5,447,223	66,212,238	49,357,499	205,139,561	343,341,090	121,750,043	-	94,164,886	1,051,504,543
Others	2,300,854	-	166,741	-	10,686,594	-	8,726,432	27,766,451	4,965	-	26,591	49,678,628
	53,000,525	30,857,113	121,249,461	6,299,600	97,978,853	49,879,660	244,604,812	421,352,204	130,726,894	-	110,187,036	1,266,136,158

Credit Risk Exposure to on-balance sheet items

Group

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market nancial 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 banks	-	-	-	-	-	33,346,313	-	-	-	-	-	33,346,313
- Balances held with other banks	-	91,993,886	-	-	-	-	-	-	-	-	-	91,993,886
- Money market placements	-	83,078,497	-	-	-	5,405,743	-	-	-	-	-	88,484,240
Loans and advances to banks	-	5,695,592	-	-	-	-	-	-	-	-	-	5,695,592
Loans and advances to customers3:												
- 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	-	-	-	357,829,860	1,511,342	-	-	-	-	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	**230,034,802**	**101,419,919**	**11,788,129**	**77,276,043**	**749,593,702**	**215,193,871**	**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 and Advances 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 have been excluded.

Credit Risk Exposure to off-balance sheet items

Group

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial 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**

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial 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

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-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial 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 banks	-	-	-	-	-	25,453,036	-	-	-	-	-	25,453,036
- Balances held with other banks	-	100,404,743	-	-	-	-	-	-	-	-	-	100,404,743
- Money market placements	-	20,178,228	-	-	-	-	-	-	-	-	-	20,178,228
Loans and advances to banks	-	638,817	-	-	-	-	-	-	-	-	-	638,817
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	77,647,274	-	77,647,274
- Loans to non-individuals	48,048,185	32,985,514	109,586,192	5,618,625	75,081,270	49,364,351	225,656,642	418,664,599	130,726,894	-	91,827,897	1,187,560,169
Financial assets held for trading												
- Debt securities	-	-	-	-	-	25,075,618	-	-	-	-	-	25,075,618
Investment securities:												
- Debt securities	-	5,858,270	-	-	-	320,720,992	-	-	-	-	-	326,579,262
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	61,946,270	-	-	-	-	-	61,946,270
Restricted deposits and other assets[4]	-	7,348,576	-	-	-	273,873,799	-	-	-	-	-	281,222,375
	48,048,185	**167,414,148**	**109,586,192**	**5,618,625**	**75,081,270**	**756,434,066**	**225,656,642**	**418,664,599**	**130,726,894**	**77,647,274**	**91,827,897**	**2,106,705,792**

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

[2] Logistics, Maritime and Haulage.

[3] Further classification of Loans and Advances 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 have been excluded.

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	-	2,056,441	290,949,086	200,000	6,559,810	170,115	9,534,874	100,315,461	4,025,004	-	40,312,286	454,123,077
Other contingents	348,736	15,220,737	742,273	-	13,406,595	-	26,071,155	17,300,557	126,289	-	44,201	73,260,543
Total	**348,736**	**17,277,178**	**291,691,359**	**200,000**	**19,966,405**	**170,115**	**35,606,029**	**117,616,018**	**4,151,293**	**-**	**40,356,487**	**527,383,620**

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	4,858,203	-	4,858,203
Loans	-	-	-	-	-	-	-	-	-	72,789,071	-	72,789,071
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	77,647,274	-	77,647,274
Loans to non-individuals:												
Overdraft	7,127,986	7,861,953	17,589,199	609,750	19,035,977	6,852	24,640,548	47,972,815	8,971,886	-	13,158,771	146,975,737
Loans	38,619,345	25,123,561	91,830,252	5,008,875	45,358,699	49,357,499	192,289,662	342,925,333	121,750,043	-	78,668,895	990,932,164
Others	2,300,854	-	166,741	-	10,686,594	-	8,726,432	27,766,451	4,965	-	231	49,652,268
	48,048,185	32,985,514	109,586,192	5,618,625	75,081,270	49,364,351	225,656,642	418,664,599	130,726,894	-	91,827,897	1,187,560,169

Credit Risk Exposure to on-balance sheet items

Parent

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market ıancial 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 banks	-	-	-	-	-	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	-	-	-	311,359,706	1,511,342	-	-	-	-	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**	**674,515,492**	**206,075,005**	**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 and Advances 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 have been excluded.

Credit Risk Exposure to off-balance sheet items

Parent

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial 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**

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial 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	-	-	-	-	-	-	-	-	-	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

(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 significant 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 96-97

(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.

Categorization of Loans and advances

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

Group

In thousands of Nigerian naira

	Dec-2015				Dec-2014			
	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	87,785,077	1,079,407,317	1,026,500	1,168,218,894	82,461,427	1,004,569,179	5,695,609	1,092,726,215
Past due but not impaired	209	3,422,335	-	3,422,544	281,596	2,044,778	-	2,326,374
Individually impaired	1,351,200	40,287,500	-	41,638,700	858,991	38,123,321	-	38,982,312
Collectively Impaired	17,899,061	172,121,866	25,285	190,046,212	4,240,806	173,721,288	4	177,962,098
Gross Loans and Advances	**107,035,547**	**1,295,239,018**	**1,051,785**	**1,403,326,350**	**87,842,820**	**1,218,458,566**	**5,695,613**	**1,311,996,999**
Less allowances for impairment:								
Individually impaired	474,946	21,485,367	-	21,960,313	350,648	22,122,052	-	22,472,700
Portfolio allowance	771,212	7,617,493	264	8,388,969	684,693	7,462,858	21	8,147,572
Total allowance	**1,246,158**	**29,102,860**	**264**	**30,349,282**	**1,035,341**	**29,584,910**	**21**	**30,620,272**
Net Loans and Advances	**105,789,389**	**1,266,136,158**	**1,051,521**	**1,372,977,068**	**86,807,479**	**1,188,873,656**	**5,695,592**	**1,281,376,727**

The total impairment for loans and advances is N30,349,282,000 (2014: N30,620,272,000) of which 21,960,313,000 (2014: N22,472,700,000) represents the impairment on individually impaired loans and the remaining amount of N8,388,969,000 (2014: N8,147,572,000) represents the portfolio allowance.
Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Group

In thousands of Nigerian naira

	Dec-2015				Dec-2014			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	81,442,742	927,962,409	1,013,444	1,010,418,595	77,280,890	808,841,357	17,518	886,139,765
Overdrafts	6,284,496	106,228,952	13,056	112,526,504	5,180,537	117,649,185	5,678,091	128,507,813
Others	57,839	45,215,956	-	45,273,795	-	78,078,637	-	78,078,637
Neither past due nor impaired	87,785,077	1,079,407,317	1,026,500	1,168,218,894	82,461,427	1,004,569,179	5,695,609	1,092,726,215
Loans	171	2,645,064	-	2,645,235	32,833	529,088	-	561,921
Overdrafts	38	776,837	-	776,875	247,912	1,304,588	-	1,552,500
Others	-	434	-	434	851	211,102	-	211,953
Past due but not impaired	209	3,422,335	-	3,422,544	281,596	2,044,778	-	2,326,374
Loans	1,272,032	21,441,932	-	22,713,964	49,155	22,053,350	-	22,102,505
Overdrafts	78,245	18,843,299	-	18,921,544	808,561	13,994,802	-	14,803,363
Others	923	2,269	-	3,192	1,275	2,075,169	-	2,076,444
Individually impaired	1,351,200	40,287,500	-	41,638,700	858,991	38,123,321	-	38,982,312
Loans	13,742,054	112,256,821	4	125,998,879	1,966,223	115,031,116	4	116,997,343
Overdrafts	4,148,213	55,163,342	25,281	59,336,836	2,269,761	42,042,420	-	44,312,181
Others	8,794	4,701,703	-	4,710,497	4,822	16,647,752	-	16,652,574
Collectively Impaired	17,899,061	172,121,866	25,285	190,046,212	4,240,806	173,721,288	4	177,962,098

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

	Dec-2015				Dec-2014			
	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	411,556	9,063,530	-	9,475,086	32,741	14,066,172	-	14,098,913
Overdrafts	62,594	12,420,930	-	12,483,524	317,057	7,013,627	-	7,330,684
Others	796	907	-	1,703	850	1,042,253	-	1,043,103
	474,946	**21,485,367**	**-**	**21,960,313**	**350,648**	**22,122,052**	**-**	**22,472,700**
Portfolio allowance:								
Loans	331,344	3,738,153	4	4,069,501	351,910	4,689,538	4	5,041,452
Overdrafts	439,633	3,638,513	260	4,078,406	332,562	2,420,835	17	2,753,414
Others	235	240,827	-	241,062	221	352,485	-	352,706
	771,212	**7,617,493**	**264**	**8,388,969**	**684,693**	**7,462,858**	**21**	**8,147,572**

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-2015				Dec-2014			
	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	63,317,528	1,022,941,662	613,796	1,086,872,986	68,049,426	945,094,967	30,832	1,013,175,225
Past due but not impaired	-	2,126,983	-	2,126,983	-	1,307,074	-	1,307,074
Individually impaired	960,706	33,523,238	-	34,483,944	437,409	30,871,528	-	31,308,937
Collectively Impaired	14,178,683	154,467,428	25,285	168,671,396	2,645,834	160,045,807	4	162,691,645
Gross Loans and Advances	**78,456,917**	**1,213,059,311**	**639,081**	**1,292,155,309**	**71,132,669**	**1,137,319,376**	**30,836**	**1,208,482,881**
Less allowances for impairment:								
Individually impaired	138,049	18,781,373	-	18,919,422	69,838	18,479,842	-	18,549,680
Portfolio allowance	671,594	6,717,769	264	7,389,627	611,585	6,896,906	21	7,508,512
Total allowance	**809,643**	**25,499,142**	**264**	**26,309,049**	**681,423**	**25,376,748**	**21**	**26,058,192**
Net Loans and Advances	**77,647,274**	**1,187,560,169**	**638,817**	**1,265,846,260**	**70,451,246**	**1,111,942,628**	**30,815**	**1,182,424,689**

The total impairment for loans and advances is N26,309,049,000 (2014: N26,058,192,000) of which 18,919,422,000 (2014: N18,549,680,000) represents the impairment on individually impaired loans and the remaining amount of N7,389,627,000 (2014: N7,508,512,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Parent

In thousands of Nigerian naira

	Dec-2015				Dec-2014			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	61,511,077	884,434,366	600,740	946,546,183	63,536,720	780,165,765	17,518	843,720,003
Overdrafts	1,806,451	93,310,283	13,056	95,129,790	4,512,706	89,901,066	13,314	94,427,086
Others[1]	-	45,197,013	-	45,197,013	-	75,028,136	-	75,028,136
Neither past due nor impaired	63,317,528	1,022,941,662	613,796	1,086,872,986	68,049,426	945,094,967	30,832	1,013,175,225
Loans	-	1,646,507	-	1,646,507	-	168,120	-	168,120
Overdrafts	-	480,476	-	480,476	-	1,138,954	-	1,138,954
Others[1]	-	-	-	-	-	-	-	-
Past due but not impaired	-	2,126,983	-	2,126,983	-	1,307,074	-	1,307,074
Loans	953,929	16,227,522	-	17,181,451	-	18,504,950	-	18,504,950
Overdrafts	6,777	17,295,716	-	17,302,493	437,409	12,366,578	-	12,803,987
Others[1]	-	-	-	-	-	-	-	-
Individually impaired	960,706	33,523,238	-	34,483,944	437,409	30,871,528	-	31,308,937
Loans	10,711,373	98,647,431	4	109,358,808	1,780,255	108,339,520	4	110,119,779
Overdrafts	3,467,310	51,124,217	25,281	54,616,808	865,579	38,971,905	-	39,837,484
Others[1]	-	4,695,780	-	4,695,780	-	12,734,382	-	12,734,382
Collectively Impaired	14,178,683	154,467,428	25,285	168,671,396	2,645,834	160,045,807	4	162,691,645

[1] Others include Usances and Usance Settlement.

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

	Dec-2015				Dec-2014			
	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	137,114	6,979,085	-	7,116,199	-	12,283,990	-	12,283,990
Overdrafts	935	11,802,288	-	11,803,223	69,838	6,195,852	-	6,265,690
Others	-	-	-	-	-	-	-	-
	138,049	18,781,373	-	18,919,422	69,838	18,479,842	-	18,549,680
Portfolio allowance:								
Loans	250,194	3,044,577	4	3,294,775	343,386	4,412,610	4	4,756,000
Overdrafts	421,400	3,432,667	260	3,854,327	268,199	2,293,763	17	2,561,979
Others	-	240,525	-	240,525	-	190,533	-	190,533
	671,594	6,717,769	264	7,389,627	611,585	6,896,906	21	7,508,512

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(d) under market risk above.

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-2015
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					Aggregate
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	2,677,089	1,429,270	9,689	43,824,197	44,190,580	1,081,633	-	-	93,212,458
Very strong capacity	1,567,753	52,782,785	9,689	12,943,496	257,530,802	9,581,818	-	-	334,416,343
Strong repayment capacity	1,777,723	25,802,860	38,461	33,403,577	513,175,380	25,014,756	-	1,013,444	600,226,202
Acceptable risk	261,931	1,427,827	-	16,057,682	113,065,647	9,537,749	13,056	-	140,363,891
Total	**6,284,496**	**81,442,742**	**57,839**	**106,228,952**	**927,962,409**	**45,215,956**	**13,056**	**1,013,444**	**1,168,218,894**

Group
Dec-2014
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					Aggregate
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	2,973,271	66,312,494	-	34,626,568	471,074,383	63,974,560	5,288	15,017	638,981,581
Acceptable risk	881,019	1,286,977	-	31,260,578	71,346,173	1,030,919	7,951	2,501	105,816,118
Total	**5,180,537**	**77,280,890**	**-**	**117,649,185**	**808,841,357**	**78,078,637**	**5,678,091**	**17,518**	**1,092,726,215**

Parent
Dec-2015
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					Aggregate
Rating	Overdraft	Loans	Others	Overdraft	Loans	Others	Overdraft	Loans	Total
Exceptional capacity	199,462	-	-	34,719,980	41,670,906	-	-	-	76,590,348
Very strong capacity	1,052,994	52,294,112	-	8,090,172	256,495,245	9,460,438	-	-	327,392,961
Strong Repayment Capacity	429,175	8,748,900	-	35,395,436	473,418,338	30,809,573	-	600,740	549,402,162
Acceptable risk	124,820	468,065	-	15,104,695	112,849,877	4,927,002	13,056	-	133,487,515
Total	**1,806,451**	**61,511,077**	**-**	**93,310,283**	**884,434,366**	**45,197,013**	**13,056**	**600,740**	**1,086,872,986**

Parent
Dec-2014
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					Aggregate
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	2,895,286	53,940,991	-	33,554,676	469,958,600	63,972,930	5,318	15,017	624,342,818
Acceptable risk	857,911	1,046,874	-	30,757,779	71,204,941	1,030,897	7,996	2,501	104,908,899
Total	**4,512,706**	**63,536,720**	**-**	**89,901,066**	**780,165,765**	**75,028,136**	**13,314**	**17,518**	**1,013,175,225**

(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-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	209	2,785,785	2,785,994
91 - 180 days	-	27,154	27,154
181 - 365 days	-	609,396	609,396
	209	**3,422,335**	**3,422,544**
FV of collateral	209	69,693,577	69,693,786
Amount of undercollateralisation	-	-	-

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

Group
Dec-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	171	2,163,907	2,164,078
91 - 180 days	-	27,132	27,132
181 - 365 days	-	454,025	454,025
	171	2,645,064	2,645,235
Overdrafts			
0 - 90 days	38	621,470	621,508
91 - 180 days	-	-	-
181 - 365 days	-	155,367	155,367
	38	776,837	776,875
Others			
0 - 90 days	-	408	408
91 - 180 days	-	22	22
181 - 365 days	-	4	4
	-	434	434

FV of collateral[1]			
Loans	172	7,979,588	7,979,760
Overdrafts	37	61,512,666	61,512,703
Others	-	201,323	201,323
	209	69,693,577	69,693,786
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	1	-	-
Others	-	-	-
	-	-	-

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

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	-	-	-

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
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:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	1,490,433	1,490,433
91 - 180 days	-	27,154	27,154
181 - 365 days	-	609,396	609,396
	-	**2,126,983**	**2,126,983**
FV of collateral	-	68,173,187	68,173,187
Amount of undercollateralisation	-	-	-

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

Parent
Dec-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	1,482,353	1,482,353
91 - 180 days	-	18,238	18,238
181 - 365 days	-	145,916	145,916
	-	1,646,507	1,646,507
Overdrafts			
0 - 90 days	-	8,080	8,080
91 - 180 days	-	8,916	8,916
181 - 365 days	-	463,480	463,480
	-	480,476	480,476
FV of collateral[1]			
Loans	-	6,790,026	6,790,026
Overdrafts	-	61,383,161	61,383,161
Others	-	-	-
	-	68,173,187	68,173,187
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

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
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:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

(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-2015
In thousands of Nigerian naira

	Loans to Individual	**Loans to Non-individual**	**Loans to Banks**	**Total**
Gross loans:				
Loans	1,272,032	21,441,932	-	22,713,964
Overdraft	78,245	18,843,299	-	18,921,544
Others	923	2,269	-	3,192
	1,351,200	40,287,500	-	41,638,700
Impairment:				
Loans	411,556	9,063,530	-	9,475,086
Overdraft	62,594	12,420,930	-	12,483,524
Others	796	907	-	1,703
	474,946	21,485,367	-	21,960,313
Net Amount:				
Loans	860,476	12,378,402	-	13,238,878
Overdraft	15,651	6,422,369	-	6,438,020
Others	127	1,362	-	1,489
	876,254	18,802,133	-	19,678,387
FV of collateral[1]:				
Loans	2,826,562	36,551,026	-	39,377,588
Overdraft	173,867	32,646,319	-	32,820,186
Others	2,051	11,315	-	13,366
FV of collateral	3,002,480	69,208,660	-	72,211,140
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	876,254	18,802,133	-	19,678,387
Amount of undercollateralisation on net loans	-	-	-	-

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

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
FV of collateral	914,577	44,967,579	-	45,882,156
Amount of undercollateralisation:				
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 summary of collaterals pledged against loans and advances.

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

Parent
Dec-2015
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	953,929	16,227,522	-	17,181,451
Overdraft	6,777	17,295,716	-	17,302,493
Others	-	-	-	-
	960,706	33,523,238	-	34,483,944
Impairment:				
Loans	137,114	6,979,085	-	7,116,199
Overdraft	935	11,802,288	-	11,803,223
Others	-	-	-	-
	138,049	18,781,373	-	18,919,422
Net Amount:				
Loans	816,815	9,248,437	-	10,065,252
Overdraft	5,842	5,493,428	-	5,499,270
Others	-	-	-	-
	822,657	14,741,865	-	15,564,522
FV of collateral[1]:				
Loans	947,506	26,415,253	-	27,362,759
Overdraft	6,777	29,485,439	-	29,492,216
Others	-	-	-	-
FV of collateral	954,283	55,900,692	-	56,854,975
Amount of undercollateralisation:				
Loans	6,423	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	6,423	-	-	-
Net Loans	822,657	14,741,865	-	15,564,522
Amount of undercollateralisation on net loans	-	-	-	-

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

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	-	-	-	-
FV of collateral	-	35,618,665	-	35,618,665
Amount of undercollateralisation:				
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 summary of collaterals pledged against loans and advances.

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

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Past due and impaired:				
Gross loans	41,638,700	38,982,312	34,483,944	31,308,937
Collateral	72,211,140	45,882,156	56,854,975	35,618,665
Undercollaterisation	-	-	-	-
Collectively impaired				
Gross loans	190,020,927	177,962,094	168,646,111	162,691,641
Collateral	249,182,122	234,191,264	191,518,786	192,658,227
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.

Summary of collaterals pledged by customers 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-2015

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	41,638,700	72,211,140	-	-
Against collectively impaired	190,020,927	249,182,122	25,285	24,026
Against past due but not impaired	3,422,544	69,693,786	-	-
Against neither past due nor impaired	1,167,192,394	1,684,526,794	1,026,500	904,044
Total	1,402,274,565	2,075,613,842	1,051,785	928,070

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	177,962,094	234,191,264	4	-
Against past due but not impaired	2,326,374	77,952,567	-	-
Against neither past due nor impaired	1,087,030,606	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

Parent
Dec-2015

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	34,483,944	56,854,975	-	-
Against collectively impaired	168,646,111	191,518,786	25,285	24,026
Against past due but not impaired	2,126,983	68,173,187	-	-
Against neither past due nor impaired	1,086,259,190	1,600,219,067	613,796	788,000
Total	1,291,516,228	1,916,766,015	639,081	812,026

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	162,691,641	192,658,227	4	-
Against past due but not impaired	1,307,074	71,122,000	-	-
Against neither past due nor impaired	1,013,144,393	2,433,040,393	30,832	188,000
Total	1,208,452,045	2,732,439,285	30,836	188,000

Group

The type of Collaterals and Other Security enhancement held against the various loan classifications are disclosed in the table below:

	Loans and advances to customers		Loans and advances to banks	
In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Against individually impaired:				
Property	58,512,177	30,475,670	-	-
Cash	1,014,925	131,207	-	-
Guarantees	1,448,190	-	-	-
ATC*, stock hypothecation and ISPO*	1,036,249	43,093	-	-
Others #	10,199,599	15,232,186	-	-
Total	**72,211,140**	**45,882,156**	**-**	**-**
Against collectively impaired:				
Property	119,326,691	175,192,873	-	-
Equities	940,536	1,065,562	-	-
Treasury bills	139,577	-	-	-
Cash	5,598,655	956,767	-	-
Guarantees	13,645,651	314,810	-	-
Negative pledge	299,774	-	-	-
ATC*, stock hypothecation and ISPO*	5,536,736	1,003,812	-	-
Others #	103,694,502	55,657,440	24,026	-
Total	**249,182,122**	**234,191,264**	**24,026**	**-**
Against past due but not impaired:				
Property	8,693,786	12,432,567	-	-
Others #	61,000,000	65,520,000	-	-
Total	**69,693,786**	**77,952,567**	**-**	**-**
Against neither past due nor impaired:				
Property	710,861,326	863,021,869	304,044	8,280,559
Debt securities	-	-	-	-
Equities	54,356,283	56,599,907	-	-
Treasury bills	333,609	1,062,927	-	-
Cash	16,158,524	17,857,771	-	-
Guarantees	78,477,930	86,698,012	-	-
Negative pledge	-	41,860,000	-	-
ATC*, stock hypothecation and ISPO*	12,366,207	3,072,524	-	-
Others #	811,972,915	1,442,149,328	600,000	-
Total	**1,684,526,794**	**2,512,322,338**	**904,044**	**8,280,559**
Grand total	**2,075,613,842**	**2,870,348,325**	**928,070**	**8,280,559**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Parent

In thousands of Nigerian Naira	Loans and advances to customers Dec-2015	Loans and advances to customers Dec-2014	Loans and advances to banks Dec-2015	Loans and advances to banks Dec-2014
Against individually impaired:				
Property	44,288,300	20,504,300	-	-
Guarantees	1,440,772	-	-	-
ATC*, stock hypothecation and ISPO*	985,000	-	-	-
Others #	10,140,903	15,114,365	-	-
Total	56,854,975	35,618,665	-	-
Against collectively impaired:				
Property	72,328,747	152,396,205	-	-
Equities	940,536	1,065,562	-	-
Treasury bills	139,577	-	-	-
Cash	4,365,688	100,210	-	-
Guarantees	13,645,651	314,810	-	-
ATC*, stock hypothecation and ISPO*	5,536,736	1,003,812	-	-
Others #	94,561,851	37,777,628	24,026	-
Total	191,518,786	192,658,227	24,026	-
Against past due but not impaired:				
Property	7,173,187	5,602,000	-	-
Others #	61,000,000	65,520,000	-	-
Total	68,173,187	71,122,000	-	-
Against neither past due nor impaired:				
Property	640,974,203	802,757,229	188,000	188,000
Equities	54,356,283	56,599,907	-	-
Treasury bills	333,609	1,062,927	-	-
Cash	15,182,895	16,046,212	-	-
Guarantees	73,077,722	74,913,670	-	-
Negative pledge	-	41,860,000	-	-
ATC*, stock hypothecation and ISPO*	10,900,423	3,072,524	-	-
Others #	805,393,932	1,436,727,924	600,000	-
Total	1,600,219,067	2,433,040,393	788,000	188,000
Grand total	1,916,766,015	2,732,439,285	812,026	188,000

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group
Dec-2015

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	31,482,313	27,017,484	12,380	58,512,177	-	-	-	-
Cash	794,088	219,953	883	1,014,924	-	-	-	-
Guarantees	5,804	1,442,380	6	1,448,190	-	-	-	-
ATC*, stock hypothecation and ISPO*	599,126	437,078	45	1,036,249	-	-	-	-
Others #	6,496,257	3,703,291	51	10,199,599	-	-	-	-
Total	**39,377,588**	**32,820,186**	**13,365**	**72,211,139**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	75,633,665	41,849,816	1,843,210	119,326,691	-	-	-	-
Equities	660,238	280,298	-	940,536	-	-	-	-
Treasury bills	75,615	63,962	-	139,577	-	-	-	-
Cash	1,139,760	4,457,822	1,073	5,598,655	-	-	-	-
Guarantees	8,134,995	5,379,619	131,037	13,645,651	-	-	-	-
Negative pledge	234,546	64,967	261	299,774	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,098,465	4,438,271	-	5,536,736	-	-	-	-
Others #	92,069,431	11,447,080	177,991	103,694,502	-	-	24,026	24,026
Total	**179,046,715**	**67,981,835**	**2,153,572**	**249,182,122**	**-**	**-**	**24,026**	**24,026**
Against past due but not impaired:								
Property	7,979,760	512,703	201,323	8,693,786	-	-	-	-
Others #	-	61,000,000	-	61,000,000	-	-	-	-
Total	**7,979,760**	**61,512,703**	**201,323**	**69,693,786**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	543,284,063	125,333,904	42,243,359	710,861,326	116,044	-	188,000	304,044
Equities	24,704,906	29,651,377	-	54,356,283	-	-	-	-
Treasury bills	28,609	305,000	-	333,609	-	-	-	-
Cash	12,851,230	1,925,989	1,381,305	16,158,524	-	-	-	-
Guarantees	71,003,833	3,065,545	4,408,552	78,477,930	-	-	-	-
ATC*, stock hypothecation and ISPO*	10,897,890	1,467,041	1,276	12,366,207	-	-	-	-
Others #	692,546,296	71,963,402	47,463,217	811,972,915	-	600,000	-	600,000
Total	**1,355,316,827**	**233,712,258**	**95,497,709**	**1,684,526,794**	**116,044**	**600,000**	**188,000**	**904,044**
Grand total	**1,581,720,890**	**396,026,982**	**97,865,969**	**2,075,613,841**	**116,044**	**600,000**	**212,026**	**928,070**

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Group
Dec-2014

In thousands of Nigerian Naira	Loans and advances to customers				Loans and advances to banks			
	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	-	-	-	-
Equities	-	-	-	-	-	-	-	-
Cash	55,627	44,547	31,033	131,207	-	-	-	-
ATC*, stock hypothecation and ISPO*	18,270	14,631	10,192	43,093	-	-	-	-
Others #	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 #	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 #	1,067,958,358	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
#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Parent
Dec-2015

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	20,353,397	23,934,903	-	44,288,300	-	-	-	-
Guarantees	-	1,440,772	-	1,440,772	-	-	-	-
ATC*, stock hypothecation and ISPO*	559,029	425,971	-	985,000	-	-	-	-
Others #	6,450,333	3,690,570	-	10,140,903	-	-	-	-
Total	27,362,759	29,492,216	-	56,854,975	-	-	-	-
Against collectively impaired:								
Property	38,861,961	31,664,481	1,802,305	72,328,747	-	-	-	-
Equities	660,238	280,298	-	940,536	-	-	-	-
Treasury bills	75,615	63,962	-	139,577	-	-	-	-
Cash	175,073	4,190,615	-	4,365,688	-	-	-	-
Guarantees	8,134,995	5,379,619	131,037	13,645,651	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,098,465	4,438,271	-	5,536,736	-	-	-	-
Others #	84,923,946	9,467,863	170,042	94,561,851	-	-	24,026	24,026
Total	133,930,293	55,485,109	2,103,384	191,518,786	-	-	24,026	24,026
Against past due but not impaired:								
Property	6,790,026	383,161	-	7,173,187	-	-	-	-
Others #	-	61,000,000	-	61,000,000	-	-	-	-
Total	6,790,026	61,383,161	-	68,173,187	-	-	-	-
Against neither past due nor impaired:								
Property	488,603,617	110,188,055	42,182,531	640,974,203	-	-	188,000	188,000
Equities	24,704,906	29,651,377	-	54,356,283	-	-	-	-
Treasury bills	28,609	305,000	-	333,609	-	-	-	-
Cash	12,087,887	1,714,552	1,380,456	15,182,895	-	-	-	-
Guarantees	66,778,651	1,895,219	4,403,852	73,077,722	-	-	-	-
ATC*, stock hypothecation and ISPO*	9,751,045	1,149,378	-	10,900,423	-	-	-	-
Others #	687,398,828	70,537,613	47,457,491	805,393,932	-	600,000	-	600,000
Total	1,289,353,543	215,441,194	95,424,330	1,600,219,067	-	600,000	188,000	788,000
Grand total	1,457,436,621	361,801,680	97,527,714	1,916,766,015	-	600,000	212,026	812,026

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect
#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

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 #	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 #	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 #	-	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 #	1,065,659,877	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
#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

(b) Credit risk (continued)

Debt securities

The table below shows analysis of debt securities into the different classifications:

Group
Dec-2015

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	16,407,536	5,815,887	-	22,223,423
State government bonds	-	6,297,266	-	6,297,266
Corporate bonds	-	6,057,321	-	6,057,321
Treasury bills	18,218,650	371,195,614	61,954,777	451,369,041
	34,626,186	389,366,088	61,954,777	485,947,051

The Group's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2014: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2014: 1%).

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

Parent
Dec-2015

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	16,407,536	-	-	16,407,536
State government bonds	-	3,210,575	-	3,210,575
Corporate bonds	-	5,858,271	-	5,858,271
Treasury bills	8,668,082	317,510,416	61,946,270	388,124,768
	25,075,618	326,579,262	61,946,270	413,601,150

The Bank's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2014: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2014: 1%).

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

(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 and 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 year ended December 2015.

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-2015	Dec-2014
At end of year	42.21%	40.07%
Average for the year	41.04%	43.88%
Maximum for the year	44.02%	49.27%
Minimum for the year	38.23%	39.66%
Regulatory requirement	30.00%	30.00%

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)

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.

(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities

Group
Dec-2015

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	254,633,215	254,687,528	254,687,528	-	-	-	-
Loans and advances to banks	28	1,051,521	1,092,945	473,466	619,479	-	-	-
Loans and advances to customers	29	1,371,925,547	1,553,130,795	621,904,223	145,746,620	144,512,547	567,074,559	73,892,846
Financial assets held for trading	24	34,626,186	59,096,017	10,949,504	4,857,098	6,514,140	11,415	36,763,860
Investment securities:								
– Available for sale[2]	26	364,180,150	371,912,999	230,709,458	31,103,355	93,283,392	3,210,884	13,605,910
– Held to maturity	26	29,408,045	30,249,198	16,931,318	4,762,943	2,181,502	6,373,159	276
Assets pledged as collateral	27	61,954,777	62,002,507	61,994,000	-	-	8,507	-
Restricted deposits and other assets[3]	34	288,902,707	288,902,708	282,555,327	584,289	667,759	5,095,333	-
		2,406,682,148	2,621,074,697	1,480,204,824	187,673,784	247,159,340	581,773,857	124,262,892
Financial liabilities								
Deposits from banks	35	26,256,839	26,256,790	22,382,476	495,337	3,378,977	-	-
Deposits from customers	36	1,610,349,689	1,774,103,810	1,686,431,744	34,570,621	48,928,291	4,173,154	-
Debt securities issued	37	180,117,424	180,117,530	8	105,645,788	-	74,471,734	-
Other borrowed funds	40	165,122,908	195,658,885	8,566,117	6,997,742	15,227,949	117,789,269	47,077,808
Other liabilities[4]	38	104,496,983	104,651,478	87,503,226	3,990,803	2,054,942	9,848,492	1,254,015
		2,086,343,843	2,280,788,493	1,804,883,571	151,700,291	69,590,159	206,282,649	48,331,823
Gap (asset - liabilities)				(324,678,747)	35,973,493	177,569,181	375,491,208	75,931,069
Cumulative liquidity gap				(324,678,747)	(288,705,254)	(111,136,073)	264,355,135	340,286,204

[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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Gross nominal (undiscounted) maturities of 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	250,389,847	-	-	-	-
Loans and advances to banks	28	5,695,592	5,693,618	5,685,153	8,465	-	-	-
Loans and advances to customers	29	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	24	9,415,919	9,741,606	5,486,589	3,389,846	710,688	25,238	129,245
Derivative financial assets	25	529,732	529,960	327,547	202,413	-	-	-
Investment securities:								
– Available for sale[2]	26	344,701,935	357,149,644	162,306,628	175,785,374	5,205,017	3,155,107	10,697,518
– Held to maturity	26	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	27	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	1,315,377,762	282,259,300	159,051,654	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	25	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)				(287,734,033)	240,333,669	95,729,928	335,888,253	37,229,462
Cumulative liquidity gap				(287,734,033)	(47,400,364)	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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Gross nominal (undiscounted) maturities of financial assets and liabilities

Parent

Dec-2015

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	173,133,109	173,187,394	173,187,394	-	-	-	-
Loans and advances to banks	28	638,817	680,241	60,762	619,479	-	-	-
Loans and advances to customers	29	1,265,207,443	1,446,412,629	571,458,226	134,557,027	121,523,676	547,289,737	71,583,963
Financial assets held for trading	24	25,075,618	49,545,450	1,398,937	4,857,098	6,514,140	11,415	36,763,860
Investment securities:								
– Available for sale[2]	26	327,585,822	335,318,671	206,218,693	25,750,000	90,000,000	3,210,884	10,139,094
– Held to maturity	26	3,210,575	4,051,726	-	-	-	4,051,726	-
Assets pledged as collateral	27	61,946,270	61,994,000	61,994,000	-	-	-	-
Restricted deposits and other assets[3]	34	286,317,708	286,317,708	281,222,375	-	-	5,095,333	-
		2,143,115,362	2,357,507,819	1,295,540,387	165,783,604	218,037,816	559,659,095	118,486,917
Financial liabilities								
Deposits from banks	35	39,941	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,586,304,010	1,569,289,509	13,655,750	3,276,647	82,104	-
Other borrowed funds	40	338,580,300	369,116,279	5,699,836	112,643,530	15,227,949	188,467,156	47,077,808
Other liabilities[4]	38	85,088,484	85,242,976	78,141,334	3,827,413	1,602,393	1,671,836	-
		1,846,258,850	2,040,703,206	1,653,170,620	130,126,693	20,106,989	190,221,096	47,077,808
Gap (asset - liabilities)				(357,630,233)	35,656,911	197,930,827	369,437,999	71,409,109
Cumulative liquidity gap				(357,630,233)	(321,973,322)	(124,042,495)	245,395,504	316,804,613

[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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

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	165,228,680	-	-	-	-
Loans and advances to banks	28	30,815	28,826	20,361	8,465	-	-	-
Loans and advances to customers	29	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	24	5,675,545	6,001,231	1,746,214	3,389,846	710,688	25,238	129,245
Derivative financial assets	25	529,732	529,960	327,547	202,413	-	-	-
Investment securities:								
– Available for sale[2]	26	317,749,878	330,197,587	146,919,571	165,643,448	5,000,000	3,155,107	9,479,461
– Held to maturity	26	4,511,342	5,941,644	-	-	1,680,493	4,261,151	-
Assets pledged as collateral	27	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	1,159,843,467	250,571,792	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	25	253,374	253,395	253,395	-	-	-	-
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)				(303,081,055)	235,051,590	117,361,532	319,825,698	33,812,611
Cumulative liquidity gap				(303,081,055)	(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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk which is managed through a series of measures, tests and reports that are largely based on contractual maturity. 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 liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Group
Dec-2015

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	254,633,215	254,633,215	-	-	-	-
Loans and advances to banks	28	1,051,521	450,781	600,740	-	-	-
Loans and advances to customers	29	1,371,925,547	602,565,503	127,898,316	114,898,597	467,862,001	58,701,130
Financial assets held for trading	24	34,626,186	1,392,303	6,353,467	14,180,149	9,577	12,690,690
Investment securities:							
– Available for sale[2]	26	364,180,150	230,404,796	30,784,535	89,448,597	2,449,650	11,092,572
– Held to maturity	26	29,408,045	16,931,316	4,762,943	2,181,502	5,532,008	276
Assets pledged as collateral	27	61,954,777	61,946,270	-	-	8,507	-
Restricted deposits and other assets[3]	34	288,902,707	282,555,326	584,289	667,759	5,095,333	-
		2,406,682,148	1,450,879,510	170,984,290	221,376,604	480,957,076	82,484,668
Financial liabilities							
Deposits from banks	35	26,256,839	22,382,525	495,337	3,378,977	-	-
Deposits from customers	36	1,610,349,689	1,532,538,569	25,935,318	47,779,875	4,095,927	-
Debt securities issued	37	180,117,424	-	105,645,788	-	74,471,636	-
Other borrowed funds	40	165,122,908	5,244,401	736,983	13,748,175	99,103,244	46,290,105
Other liabilities[4]	38	104,496,983	87,481,277	3,980,430	2,035,411	9,745,850	1,254,015
		2,086,343,843	1,647,646,772	136,793,856	66,942,438	187,416,657	47,544,120
Gap (asset - liabilities)			(196,767,262)	34,190,434	154,434,166	293,540,419	34,940,548
Cumulative liquidity gap			(196,767,262)	(162,576,828)	(8,142,662)	285,397,757	320,338,305

[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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

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-2015

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	43	463,573,112	31,608,964	9,227,069	39,810,550	21,950,150	360,976,379
Short term foreign currency related transacti	43	3,367,750	3,367,750	-	-	-	-
Clean line facilities and letters of credit	43	84,713,490	52,211,708	28,305,415	4,196,367	-	-
Other commitments	43	12,766,126	7,325,847	1,722,407	1,468,940	1,873,847	375,085
		564,420,478	94,514,269	39,254,891	45,475,857	23,823,997	361,351,464

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
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	246,939,868	-	-	-	-
Loans and advances to banks	28	5,695,592	5,687,467	8,125	-	-	-
Loans and advances to customers	29	1,275,681,135	532,904,349	79,325,791	121,937,323	495,122,281	46,391,391
Financial assets held for trading	24	9,415,919	1,713,685	3,881,771	3,760,050	19,129	41,284
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[2]	26	344,701,935	160,647,620	168,918,536	4,527,551	2,374,341	8,233,887
– Held to maturity	26	35,160,640	12,362,560	7,847,703	3,502,503	8,409,641	3,038,233
Assets pledged as collateral	27	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	1,284,390,148	260,614,995	134,370,223	511,668,385	57,760,278
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	25	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)			(318,829,435)	223,712,063	79,682,589	266,649,071	31,740,245
Cumulative liquidity gap			(318,829,435)	(95,117,372)	(15,434,783)	251,214,288	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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

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	43	497,857,280	50,876,505	22,917,005	40,494,783	59,008,720	324,560,267
Short term foreign currency related transactions	43	23,086,579	13,119,579	6,307,500	3,659,500	-	-
Clean line facilities and letters of credit	43	153,494,479	99,312,621	20,527,419	1,940,599	31,713,840	-
Other commitments	43	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

Residual contractual maturities of financial assets and liabilities

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk which is managed through a series of measures, tests and reports that are largely based on contractual maturity. 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 liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Parent
Dec-2015

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	173,133,109	173,133,109	-	-	-	-
Loans and advances to banks	28	638,817	38,077	600,740	-	-	-
Loans and advances to customers	29	1,265,207,443	551,847,626	115,889,357	91,169,909	449,908,304	56,392,247
Financial assets held for trading	24	25,075,618	1,392,302	4,762,597	6,220,452	9,577	12,690,690
Investment securities:							
– Available for sale[2]	26	327,585,822	205,914,031	25,431,180	86,165,205	2,449,650	7,625,756
– Held to maturity	26	3,210,575	-	-	-	3,210,575	-
Assets pledged as collateral	27	61,946,270	61,946,270	-	-	-	-
Restricted deposits and other assets[3]	34	286,317,708	281,222,375	-	-	5,095,333	-
		2,143,115,362	1,275,493,790	146,683,874	183,555,566	460,673,439	76,708,693
Financial liabilities							
Deposits from banks	35	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,415,734,635	4,799,121	2,011,492	4,877	-
Other borrowed funds	40	338,580,300	5,214,764	106,382,771	10,911,529	169,781,131	46,290,105
Other liabilities[4]	38	85,088,484	78,119,387	3,817,041	1,582,862	1,569,194	-
		1,846,258,850	1,499,108,727	114,998,933	14,505,883	171,355,202	46,290,105
Gap (asset - liabilities)			(223,614,937)	31,684,941	169,049,683	289,318,237	30,418,588
Cumulative liquidity gap			(223,614,937)	(191,929,996)	(22,880,313)	266,437,924	296,856,512

[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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Parent'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-2015

In thousands of Nigerian Naira		Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	43	454,123,077	25,584,729	8,148,959	37,576,123	21,836,887	360,976,379
Clean line facilities and letters of credit	43	73,260,543	41,237,545	27,826,631	4,196,367	-	-
		527,383,620	66,822,274	35,975,590	41,772,490	21,836,887	360,976,379

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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	161,778,647	-	-	-	-
Loans and advances to banks	28	30,815	22,690	8,125	-	-	-
Loans and advances to customers	29	1,182,393,874	495,440,463	65,555,647	99,313,431	477,882,804	44,201,529
Financial assets held for trading	24	5,675,545	1,713,686	3,258,724	642,722	19,129	41,284
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[2]	26	317,749,878	145,260,563	158,776,610	4,322,534	2,374,341	7,015,830
– Held to maturity	26	4,511,342	-	-	1,511,342	3,000,000	-
Assets pledged as collateral	27	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	1,132,222,666	227,801,365	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	25	253,374	253,374	-	-	-	-
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)			(328,562,759)	217,827,790	95,279,107	252,729,782	28,323,394
Cumulative liquidity gap			(328,562,759)	(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(c)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Parent'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	43	483,566,238	42,045,909	21,758,181	36,272,765	58,929,116	324,560,267
Short term foreign currency related transactions	43	20,103,363	10,136,363	6,307,500	3,659,500	-	-
Clean line facilities and letters of credit	43	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

(ii) Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group
Dec-2015

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	254,633,215	254,633,215	-	-	-	-
Loans and advances to banks	28	1,051,521	1,051,521	-	-	-	-
Loans and advances to customers	29	1,371,925,547	1,235,700,451	13,097,582	22,860,395	27,254,004	73,013,115
Financial assets held for trading	24	34,626,186	10,942,870	4,762,597	6,220,452	9,577	12,690,690
Investment securities:							
– Available for sale[1]	26	364,180,150	230,404,796	30,784,535	89,448,597	2,449,650	11,092,572
– Loans and receivables	26	-	-	-	-	-	-
– Held to maturity	26	29,408,045	16,931,316	4,762,943	2,181,502	5,532,008	276
Assets pledged as collateral	27	61,954,777	61,946,270	-	-	8,507	-
Restricted deposits and other assets[2]	34	288,902,707	282,555,326	584,289	667,759	5,095,333	-
		2,406,682,148	**2,094,165,765**	**53,991,946**	**121,378,705**	**40,349,079**	**96,796,653**
Financial liabilities							
Deposits from banks	35	26,256,839	22,382,525	495,337	3,378,977	-	-
Deposits from customers	36	1,610,349,689	1,532,069,226	26,047,475	48,137,061	4,095,927	-
Debt securities issued	37	180,117,424	-	105,645,788	-	74,471,636	-
Other borrowed funds	40	165,122,908	5,244,401	736,983	13,748,175	99,103,244	46,290,105
Other liabilities[3]	38	104,496,983	87,481,277	3,980,430	2,035,411	9,745,850	1,254,015
		2,086,343,843	**1,647,177,429**	**136,906,013**	**67,299,624**	**187,416,657**	**47,544,120**
		320,338,305	**446,988,336**	**(82,914,067)**	**54,079,081**	**(147,067,578)**	**49,252,533**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income

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 and analyses the Group's interest rate risk exposure on assets and liabilities are included at carrying amount and 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	246,939,868	-	-	-	-
Loans and advances to banks	28	5,695,592	5,695,592	-	-	-	-
Loans and advances to customers	29	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	24	9,415,919	5,454,060	3,258,724	642,722	19,129	41,284
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale[1]	26	344,701,935	160,647,620	168,918,536	4,527,551	2,374,341	8,233,887
– Held to maturity	26	35,160,640	12,362,560	7,847,703	3,502,503	8,409,641	3,038,233
Assets pledged as collateral	27	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	**1,930,460,837**	**195,409,545**	**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	25	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	**325,260,660**	**158,902,822**	**(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

Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2015

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	173,133,109	173,133,109	-	-	-	-
Loans and advances to banks	28	638,817	638,817	-	-	-	-
Loans and advances to customers	29	1,265,207,443	1,184,982,574	-	2,006,521	7,514,116	70,704,232
Financial assets held for trading	24	25,075,618	1,392,302	4,762,597	6,220,452	9,577	12,690,690
Investment securities:							
– Available for sale[1]	26	327,585,822	205,914,031	25,431,180	86,165,205	2,449,650	7,625,756
– Held to maturity	26	3,210,575	-	-	-	3,210,575	-
Assets pledged as collateral	27	61,946,270	61,946,270	-	-	-	-
Restricted deposits and other assets[2]	34	286,317,708	281,222,375	-	-	5,095,333	-
		2,143,115,362	**1,909,229,478**	**30,193,777**	**94,392,178**	**18,279,251**	**91,020,678**
Financial liabilities							
Deposits from banks	35	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,415,734,635	4,799,121	2,011,492	4,877	-
Other borrowed funds	40	338,580,300	5,214,764	106,382,771	10,911,529	169,781,131	46,290,105
Other liabilities[3]	38	85,088,484	78,119,387	3,817,041	1,582,862	1,569,194	-
		1,846,258,850	**1,499,108,727**	**114,998,933**	**14,505,883**	**171,355,202**	**46,290,105**
		296,856,512	**410,120,751**	**(84,805,156)**	**79,886,295**	**(153,075,951)**	**44,730,573**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income

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 and analyses the Group's interest rate risk exposure on assets and liabilities are included at carrying amount and 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	161,778,647	-	-	-	-
Loans and advances to banks	28	30,815	30,815	-	-	-	-
Loans and advances to customers	29	1,182,393,874	1,137,762,651	-	428,898	4,006,827	40,195,498
Financial assets held for trading	24	5,675,545	1,713,686	3,258,724	642,722	19,129	41,284
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[1]	26	317,749,878	145,260,563	158,776,610	4,322,534	2,374,341	7,015,830
– Held to maturity	26	4,511,342	-	-	1,511,342	3,000,000	-
Assets pledged as collateral	27	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	**1,774,552,979**	**162,237,593**	**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	25	253,374	253,374	-	-	-	-
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	**313,767,554**	**152,264,018**	**(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

(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 and Forwards)
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.

(iv) 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, 2015, 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 2015 – 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 174.

  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 15.95% and 17.29% over the period, a change of about 100 basis points is therefore desirable.

- The discount rate on various maturities of treasury bills ranged between 4.57% and 11.20% over the financial period as published by Central Bank of Nigeria (CBN)

- 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	**475,658**	**391,880**	**164,605**	**139,586**
Asset	(19,691,602)	(16,223,329)	(18,176,907)	(15,413,974)
Liabilities	20,167,260	16,615,209	18,341,512	15,553,560
Increase	**(475,658)**	**(391,880)**	**(164,605)**	**(139,586)**
Asset	19,691,602	16,223,329	18,176,907	15,413,974
Liabilities	(20,167,260)	(16,615,209)	(18,341,512)	(15,553,560)

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	**1,069,344**	**893,916**	**(182,591)**	**(154,572)**
Asset	(19,691,602)	(16,223,329)	(15,716,161)	(13,304,474)
Liabilities	20,167,260	16,615,209	15,533,570	13,149,902
Increase	**(1,069,344)**	**(893,916)**	**182,591**	**154,572**
Asset	16,867,866	14,100,654	15,716,161	13,304,474
Liabilities	(17,937,210)	(14,994,570)	(15,533,570)	(13,149,902)

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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(748,610)	(616,758)	(2,420,160)	(2,052,290)
Loans and advances to banks	(57,315)	(47,221)	(56,956)	(48,298)
Loans and advances to customers	(14,228,911)	(11,722,779)	(11,025,736)	(9,349,798)
Financial assets held for trading	(257,244)	(211,936)	(192,745)	(163,447)
Investment securities	(3,827,059)	(3,153,001)	(4,089,518)	(3,467,902)
Assets pledged as collateral	(572,463)	(471,635)	(391,792)	(332,239)
	(19,691,602)	**(16,223,329)**	**(18,176,907)**	**(15,413,974)**
Liabilities				
Deposits from banks	265,349	218,613	334,341	283,521
Deposits from customers	16,420,863	13,528,664	15,420,974	13,076,950
Financial liabilities held for trading	32,456	26,740	-	-
Debt securities issued	1,797,363	1,480,794	1,673,212	1,418,880
Other borrowed funds	1,651,229	1,360,399	912,985	774,209
	20,167,260	**16,615,209**	**18,341,512**	**15,553,560**
Total	**475,658**	**391,880**	**164,605**	**139,586**
Increase				
Assets				
Cash and cash equivalents	748,610	616,758	2,420,160	2,052,290
Loans and advances to banks	57,315	47,221	56,956	48,298
Loans and advances to customers	14,228,911	11,722,779	11,025,736	9,349,798
Financial assets held for trading	257,244	211,936	192,745	163,447
Investment securities:	3,827,059	3,153,001	4,089,518	3,467,902
Assets pledged as collateral	572,463	471,635	391,792	332,239
	19,691,602	**16,223,329**	**18,176,907**	**15,413,974**
Liabilities				
Deposits from banks	(265,349)	(218,613)	(334,341)	(283,521)
Deposits from customers	(16,420,863)	(13,528,664)	(15,420,974)	(13,076,950)
Financial liabilities held for trading	(32,456)	(26,740)	-	-
Debt securities issued	(1,797,363)	(1,480,794)	(1,673,212)	(1,418,880)
Other borrowed funds	(1,651,229)	(1,360,399)	(912,985)	(774,209)
	(20,167,260)	**(16,615,209)**	**(18,341,512)**	**(15,553,560)**
Total	**(475,658)**	**(391,880)**	**(164,605)**	**(139,586)**

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(600,570)	(502,045)	(1,541,356)	(1,304,831)
Loans and advances to Banks	(6,387)	(5,340)	(308)	(261)
Loans and advances to Customers	(12,327,566)	(10,305,201)	(10,092,864)	(8,544,086)
Financial assets held for trading	(161,739)	(135,205)	(155,341)	(131,504)
Investment securities	(3,199,141)	(2,674,315)	(3,534,556)	(2,992,169)
Assets pledged as collateral	(572,463)	(478,549)	(391,736)	(331,623)
	(16,867,866)	**(14,100,654)**	**(15,716,161)**	**(13,304,474)**
Liabilities				
Deposits from banks	3,180	2,658	19,162	16,222
Deposits from customers	14,714,049	12,300,175	13,606,922	11,518,903
Financial liabilities held for trading	32,456	27,132	-	-
Debt securities issued	0	0	-	-
Other borrowed funds	3,187,526	2,664,605	1,907,486	1,614,777
	17,937,210	**14,994,570**	**15,533,570**	**13,149,902**
Total	**1,069,344**	**893,916**	**182,591**	**154,572**
Increase				
Assets				
Cash and cash equivalents	600,570	502,045	1,541,356	1,304,831
Loans and advances to Banks	6,387	5,340	308	261
Loans and advances to Customers	12,327,566	10,305,201	10,092,864	8,544,086
Financial assets held for trading	161,739	135,205	155,341	131,504
Investment securities	3,199,141	2,674,315	3,534,556	2,992,169
Assets pledged as collateral	572,463	478,549	391,736	331,623
	16,867,866	**14,100,654**	**15,716,161**	**13,304,474**
Liabilities				
Deposits from banks	(3,180)	(2,658)	(19,162)	(16,222)
Deposits from customers	(14,714,049)	(12,300,175)	(13,606,922)	(11,518,903)
Financial liabilities held for trading	(32,456)	(27,132)	-	-
Debt securities issued	0	0	-	-
Other borrowed funds	(3,187,526)	(2,664,605)	(1,907,486)	(1,614,777)
	(17,937,210)	**(14,994,570)**	**(15,533,570)**	**(13,149,902)**
Total	**(1,069,344)**	**(893,916)**	**(182,591)**	**(154,572)**

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.

At 31 December 2015, 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-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	356,764	293,555	458,502	388,809
Increase	(356,764)	(293,555)	(458,502)	(388,809)

Parent

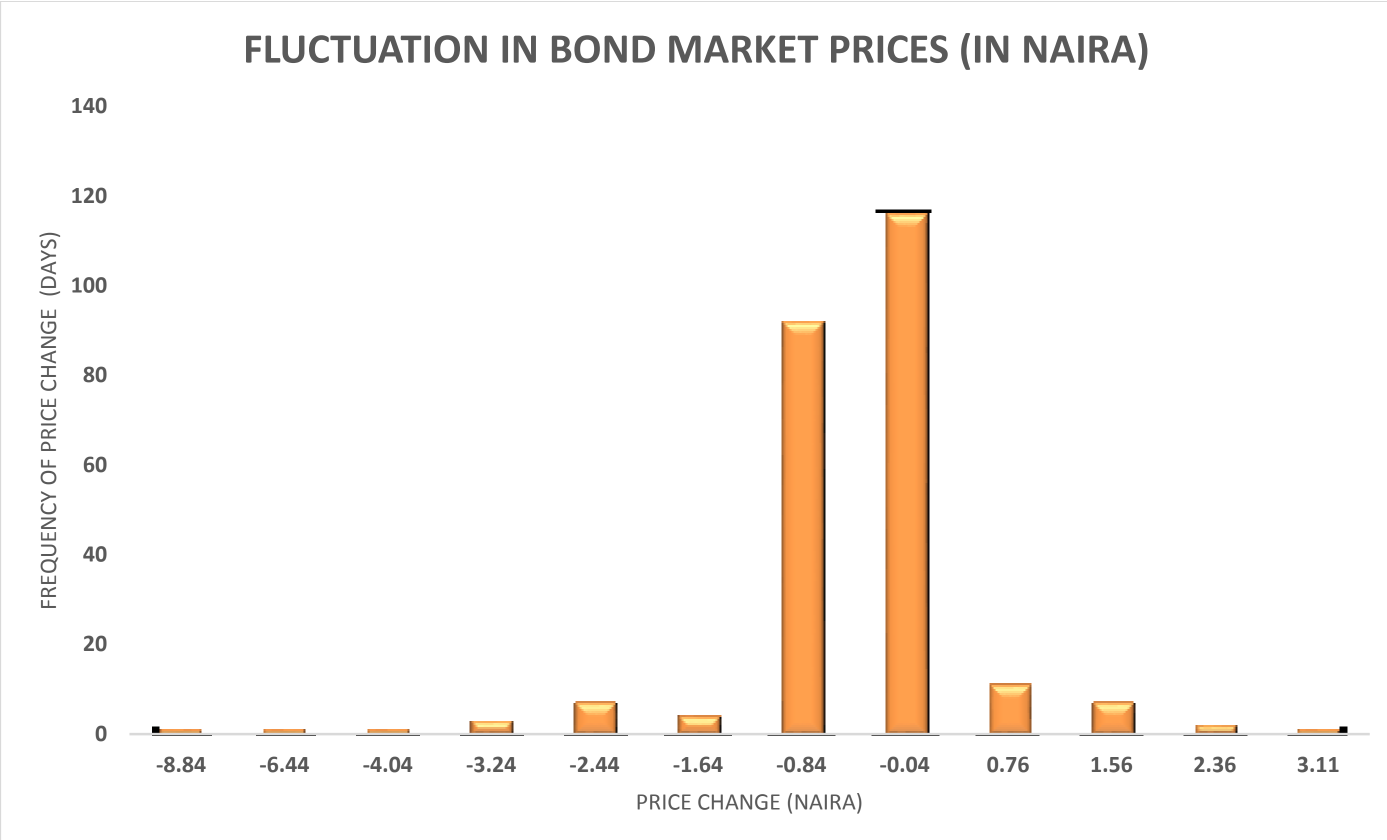
In thousands of Nigerian Naira	**Dec-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	348,589	291,402	429,558	363,641
Increase	(348,589)	(291,402)	(429,558)	(363,641)

(v) 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 2015, 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(145,373)	(119,617)	(689)	(585)
Increase	145,373	119,617	689	585

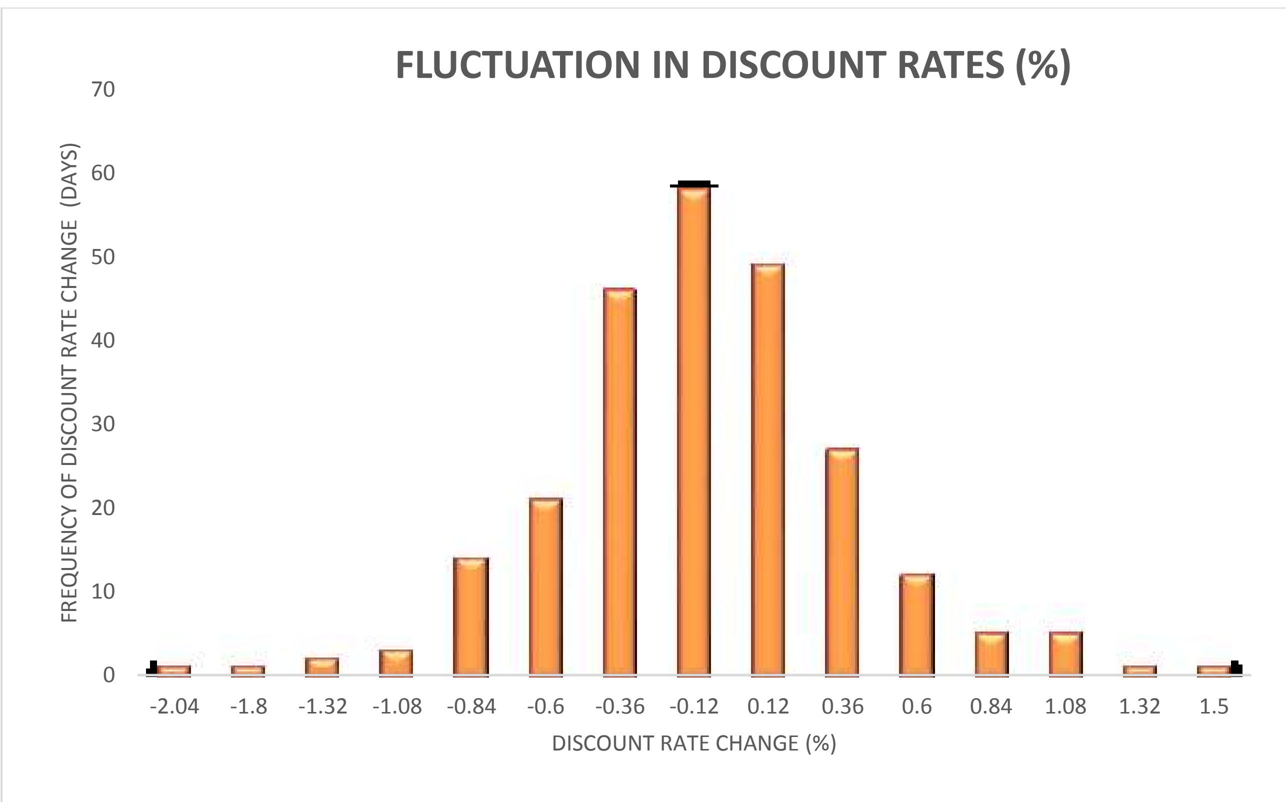
Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(145,373)	(121,524)	(689)	(585)
Increase	145,373	121,524	689	585

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 , 2015, 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	39,552	32,544	9,841	8,040
Increase	(39,552)	(32,544)	(9,841)	(8,040)

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	39,552	33,063	9,841	8,026
Increase	(39,552)	(33,063)	(9,841)	(8,026)

(vi) 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 31 December 2015 and the comparative period in 2014. 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 2015, 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(66,085)	(54,376)	(61,735)	(52,351)
Increase	66,085	54,376	61,735	52,351

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(66,085)	(55,243)	(61,735)	(52,262)
Increase	66,085	55,243	61,735	52,262

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 2015, 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	819,278	674,124	699,608	593,266
Increase	(819,278)	(674,124)	(699,608)	(593,266)

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	819,278	684,874	699,608	592,251
Increase	(819,278)	(684,874)	(699,608)	(592,251)

(vii) 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(41,170)	(33,876)	(36,309)	(29,962)
Increase	41,170	33,876	36,309	29,962

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(41,170)	(34,416)	(36,309)	(30,595)
Increase	41,170	34,416	36,309	30,595

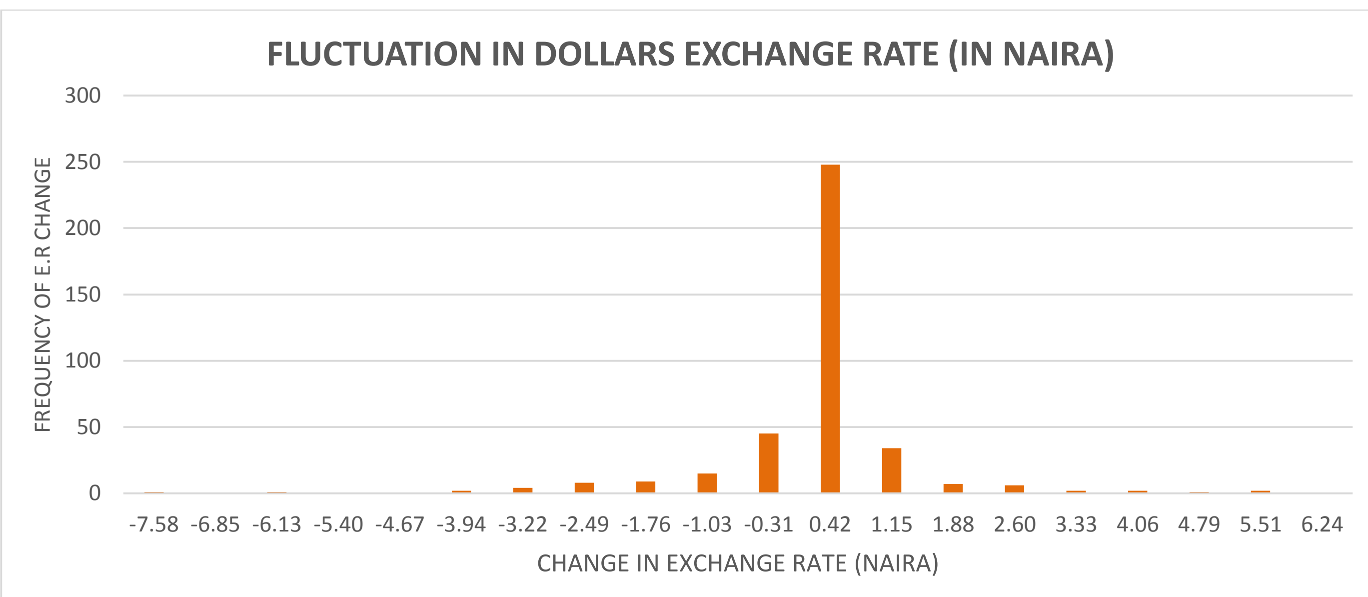
(viii) Exposure to foreign currency risk

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 ± 2.49 was determined based on the distribution of two years daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2.49.
- 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 2015, if the Naira had weakened/strengthened by ± 2.49 Naira 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(2,153,416)	(1,774,136)	(1,554,158)	(1,317,922)
Increase	2,153,416	1,774,136	1,554,158	1,317,922

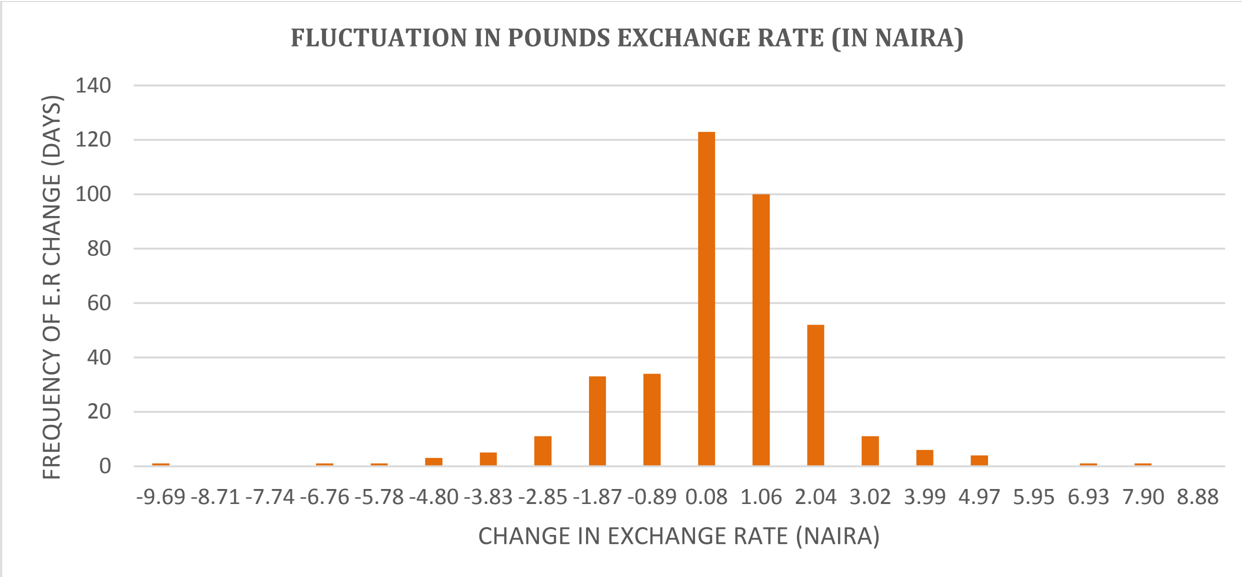
Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(2,135,229)	(1,784,939)	(1,542,031)	(1,305,402)
Increase	2,135,229	1,784,939	1,542,031	1,305,402

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 ± 2.85 was determined based on the distribution of two years daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2.85
- The chosen reasonable change in exchange rates was then applied to the bank's ± 2.85 position as at end of the period.



At 31 December 2015, if the Naira had weakened/strengthened by ± 2.85 Naira 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-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	(13,967)	(11,507)	(16,333)	(13,851)
Increase	13,967	11,507	16,333	13,851

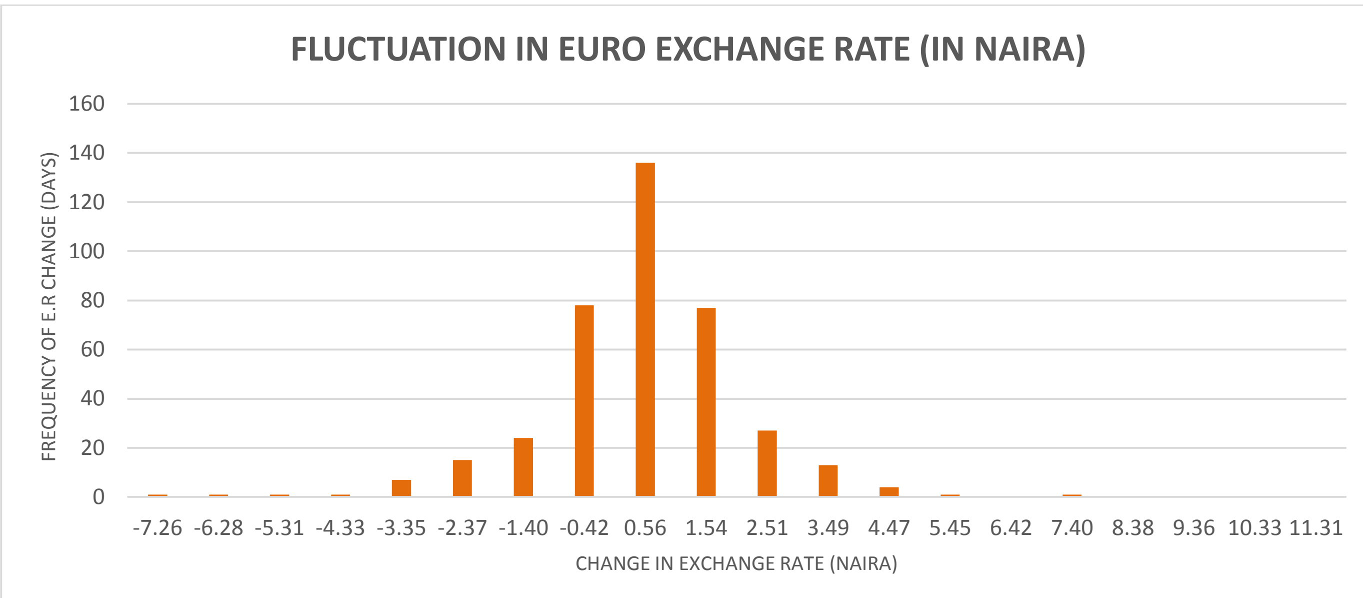
Parent

In thousands of Nigerian Naira	**Dec-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	(13,967)	(11,675)	(17,149)	(14,517)
Increase	13,967	11,675	17,149	14,517

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 ± 3.35 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 ± 3.35
- 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 2015, if the Naira had weakened/strengthened by ± 3.35 Naira 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(59,581)	(49,087)	(38,150)	(32,351)
Increase	59,581	49,087	38,150	32,351

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(59,581)	(49,807)	(38,020)	(32,185)
Increase	59,581	49,807	38,020	32,185

Foreign Exchange Profit or Loss (Other Currencies)

At 31 December 2015, 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-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(207,141)	(173,159)	(161,779)	(137,189)
Increase	207,141	173,159	161,779	137,189

Parent

In thousands of Nigerian Naira	Dec-15 Pre-tax	Dec-15 Post-tax	Dec-14 Pre-tax	Dec-14 Post-tax
Decrease	(207,141)	(170,657)	(161,354)	(136,594)
Increase	207,141	170,657	161,354	136,594

(x) Sensitivity analysis of derivative valuation

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 -₦2.49 (depreciation of the Nigerian Naira) and +₦2.49 (appreciation of the Nigerian Naira) against the U.S. Dollar; or ± 2.49 change in Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two years daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 31 December, 2015 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 ± ₦2.49 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-15
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Less Favourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	-	-	-	-	-	-	-
Derivative assets/(liabilities)	-	-	-	-	-	-	-

Dec-14
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-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

The impact of the sensitivity analysis of the Group's derivatives held for trading is zero (₦ 0) as at 31 December, 2015 because there was no derivative as at 31 December 2015, assuming a reasonable ±2.49 favorable or Less Favorable change in foreign exchange rates, would have been to increase the pre-tax fair values by up to ₦0 (2014 ₦338,949,000) or a lower increase of (₦0) (2014 decrease to ₦209,778,000) respectively; with no potential effect impacting profit and loss or equity as at December 2015.

Parent
Dec-15
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Less Favourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	-	-	-	-	-	-	-
Derivative assets/(liabilities)	-	-	-	-	-	-	-

Dec-14
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-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

(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 2015, 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-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	73,395	63,146	54,273	46,023
Increase	(73,395)	(63,146)	(54,273)	(46,023)

Parent

In thousands of Nigerian Naira	**Dec-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	67,955	58,466	50,187	42,486
Increase	(67,955)	(58,466)	(50,187)	(42,486)

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 period ended 31 December 2015.

As at 31 December 2015, 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-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	1,184,761	1,019,316	943,730	800,280
Increase	(1,184,761)	(1,019,316)	(943,730)	(800,280)

Parent

In thousands of Nigerian Naira	**Dec-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	1,096,949	943,766	872,679	738,764
Increase	(1,096,949)	(943,766)	(872,679)	(738,764)

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 2015, 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-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	(155,603)	(133,875)	(165,829)	(140,622)
Increase	193,295	166,302	163,664	138,786

Parent

In thousands of Nigerian Naira	**Dec-15 Pre-tax**	**Dec-15 Post-tax**	**Dec-14 Pre-tax**	**Dec-14 Post-tax**
Decrease	(144,070)	(123,952)	(152,745)	(129,306)
Increase	178,968	153,976	150,751	127,618

The table below summarises the Group's financial instruments at carrying amount, categorised by currency:

Group
Dec-2015
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	254,633,215	60,959,697	125,354,871	35,080,506	12,715,058	20,523,083
Loans and advances to banks	28	1,051,521	616,350	103,697	-	-	331,474
Loans and advances to customers	29	1,371,925,547	682,221,754	597,968,552	17,017,232	657,050	74,060,959
Financial assets held for trading	24	34,626,186	25,075,618	-	-	-	9,550,568
Investment securities:							
– Available for sale	26	364,180,150	321,727,551	12,188,901	3,819,713	-	26,443,985
– Held to maturity	26	29,408,045	3,210,575	199,049	-	-	25,998,421
Assets pledged as collateral	27	61,954,777	61,946,270	-	-	-	8,507
Restricted deposits and other assets[1]	34	288,902,707	278,969,132	7,592,322	230,468	761,070	1,349,715
		2,406,682,148	**1,434,726,947**	**743,407,392**	**56,147,919**	**14,133,178**	**158,266,712**
Deposits from banks	35	26,256,839	39,941	5,408,550	3,798,643	514,612	16,495,093
Deposits from customers	36	1,610,349,689	1,161,931,095	299,930,726	35,957,952	7,947,188	104,582,728
Debt securities issued	37	180,117,424	-	179,736,280	-	-	381,144
Other borrowed funds	40	165,122,908	80,566,981	84,354,242	-	-	201,685
Other liabilities[2]	38	104,496,983	83,521,766	10,187,385	590,630	761,977	9,435,225
		2,086,343,843	**1,326,059,783**	**579,617,183**	**40,347,225**	**9,223,777**	**131,095,875**
Financial instrument gap		**320,338,305**	**108,667,164**	**163,790,209**	**15,800,694**	**4,909,401**	**27,170,837**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does give representation of the On-Balance sheet gap of the Group in terms of currency (foreign currency and local currency) because non Financial Instruments element are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, tax payable and Deferred Tax and positions have also been excluded. If the excluded Asset and Liability are included, the On-balance sheet gap position of the Group as at 31 December 2015 on Naira, USD, GBP, Euro and Other Currencies will close at N377,869,102,000, N6,921,131,000, N14,360,776,000, N1,082,354,000 and N26,823,692,000 respectively.

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	28	5,695,592	30,717	5,664,875	-	-	-
Loans and advances to customers	29	1,275,681,135	564,328,368	643,247,038	12,076,138	927,303	55,102,288
Financial assets held for trading	24	9,415,919	5,675,545	-	-	-	3,740,374
Derivative financial assets	25	529,732	529,732	-	-	-	-
Investment securities:							
– Available for sale	26	344,701,935	312,005,296	10,183,464	2,018,197	221,425	20,273,553
– Held to maturity	26	35,160,640	4,511,342	1,311,154	1,204,628	1,987,685	26,145,831
Assets pledged as collateral	27	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	**1,243,355,916**	**804,696,094**	**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	25	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	14,341,620	34,176,805	427,740	2,061,411	6,098,978
		1,965,849,496	**1,108,415,354**	**683,273,580**	**44,757,165**	**17,776,838**	**111,626,559**
Financial instrument gap		**282,954,533**	**134,940,562**	**121,422,514**	**(2,312,265)**	**(5,896,095)**	**34,799,817**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does give representation of the On-Balance sheet gap of the Group in terms of currency (foreign currency and local currency) because non Financial Instruments element are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, tax payable and Deferred Tax and positions have also been excluded. If the excluded Asset and Liability are included, the On-balance sheet gap position of the Group as at 31 December 2014 on Naira, USD, GBP, Euro and Other Currencies will close at N334,739,097,000, N9,209,641,000, N4,186,838,000, N9,495,045,000 and N34,447,442,000 respectively.

Parent
Dec-2015
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	173,133,109	60,900,361	86,803,401	16,303,440	8,774,840	351,067
Loans and advances to banks	28	638,817	616,350	22,467	-	-	-
Loans and advances to customers	29	1,265,207,443	682,221,754	582,341,419	312	643,887	71
Financial assets held for trading	24	25,075,618	25,075,618	-	-	-	-
Investment securities:							
– Available for sale	26	327,585,822	321,727,551	5,858,271	-	-	-
– Held to maturity	26	3,210,575	3,210,575	-	-	-	-
Assets pledged as collateral	27	61,946,270	61,946,270	-	-	-	-
Restricted deposits and other assets[1]	34	286,317,708	278,969,132	6,357,038	230,468	761,070	-
		2,143,115,362	**1,434,667,611**	**681,382,596**	**16,534,220**	**10,179,797**	**351,138**
Deposits from banks	35	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,161,931,095	244,302,305	10,700,273	5,615,953	499
Other borrowed funds	40	338,580,300	80,566,981	258,013,319	-	-	-
Other liabilities[2]	38	85,088,484	75,558,016	8,546,614	230,463	752,325	1,066
		1,846,258,850	**1,318,096,033**	**510,862,238**	**10,930,736**	**6,368,278**	**1,565**
Financial instrument gap		**296,856,512**	**116,571,578**	**170,520,358**	**5,603,484**	**3,811,519**	**349,573**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does give representation of the On-Balance sheet gap of the Bank in terms of currency (foreign currency and local currency) because non Financial Instruments element are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, tax payable and Deferred Tax and positions have also been excluded. If the excluded Asset and Liability are included, the On-balance sheet gap position of the Bank as at 31 December 2015 on Naira, USD, GBP, Euro and Other Currencies will close at N401,648,862,000, N190,982,000, N4,163,566,000, N15,528,000 and N2,429,000 respectively.

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	28	30,815	30,717	98	-	-	-
Loans and advances to customers	29	1,182,393,874	564,328,368	617,496,932	34,808	533,708	58
Financial assets held for trading	24	5,675,545	5,675,545	-	-	-	-
Derivative financial assets	25	529,732	529,732	-	-	-	-
Investment securities:							
– Available for sale	26	317,749,878	312,005,296	5,744,582	-	-	-
– Held to maturity	26	4,511,342	4,511,342	-	-	-	-
Assets pledged as collateral	27	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	**1,248,284,634**	**737,209,481**	**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	25	253,374	-	253,374	-	-	-
Other borrowed funds	40	252,830,895	44,610,361	208,220,534	-	-	-
Other liabilities[2]	38	47,648,710	12,964,244	32,492,682	81,271	2,050,083	60,430
		1,740,398,762	**1,104,040,816**	**612,910,893**	**14,266,347**	**9,119,687**	**61,019**
Financial instrument gap		**265,597,314**	**144,243,818**	**124,298,588**	**(310,283)**	**(2,989,616)**	**354,807**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does give representation of the On-Balance sheet gap of the Bank in terms of currency (foreign currency and local currency) because non Financial Instruments element are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, tax payable and Deferred Tax and positions have also been excluded. If the excluded Asset and Liability are included, the On-balance sheet gap position of the Bank as at 31 December 2014 on Naira, USD, GBP, Euro and Other Currencies will close at N356,597,350,000, N12,085,715,000, N2,184,856,000, N6,588,566,000 and N2,432,000 respectively.

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 2015, CBN revised the Capital Adequacy Ratio (CAR) reporting template and existing guidance notes on Regulatory capital, Credit risk, Market risk, Operational risk and Pillar 3 disclosure requirement for Basel II implementation in the Industry. The Apex bank directed all Nigerian banks and banking groups to re-compute capital adequacy ratio in line with the revised guidance notes. To this end, the Bank's Capital Adequacy Ratio (CAR) under Basel II has been re-computed in accordance to the new guidelines.

The revision of the capital adequacy ratio computation by the CBN introduced more stringent measures for calculating Risk weighted assets for the Pillar 1 risks such that banks are adequately capitalised and poised to withstand any threat to their solvency. In addition to this, the revision also sought to simplify and clarify grey areas in the previous guidance notes following the review comments obtained from the industry during the parallel run. Other changes include a simplified and uniform reporting template for monthly submission of CAR and the requirement by Domestic Systemically Important Banks to publish information on risk exposure and management on a more frequent basis in addition to the bi-annual disclosure of information under Pillar 3 – Market Discipline.

(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.

Period 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.

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 15% for international banks even with the introduction more stringent capital adequacy measures by CBN. As at 31 December, 2015, the Bank's capital adequacy ratio was 18.11% (December 31, 2014- 21.40%).

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-2015**	**Dec-2014**
Tier 1 capital			
Share capital	41	14,715,590	14,715,590
Share premium	41	123,471,114	123,471,114
Retained profits		46,048,031	58,442,378
Statutory Reserve		161,134,636	140,386,849
SMEEIS Reserve		4,232,478	4,232,478
Other reserves		24,457,544	-
Tier 1 Sub-Total		**374,059,393**	**341,248,409**
Less Regulatory deductions :			
Other intangible assets	32	(2,492,959)	(2,417,700)
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(41,905,781)	(40,130,284)
Net Total Tier 1 Capital (A)		**329,660,653**	**298,700,425**
Tier 2 capital			
Fair Value Reserves		3,765,486	(67,139)
Net Total Tier 2 Capital (B)		**3,765,486**	**(67,139)**
Total Qualifying Capital (C= A+B)		**333,426,139**	**298,633,286**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,505,103,910	1,088,435,493
Risk-Weighted Amount For Operational Risk		325,137,398	290,901,833
Risk-Weighted Amount For Market Risk		4,830,805	16,324,984
Aggregate Risk-Weighted Assets		**1,835,072,113**	**1,395,662,310**
Total Risk-Weighted Capital Ratio		**18.17%**	**21.40%**
Tier 1 Risk-Based Capital Ratio		**17.96%**	**21.40%**

Prior year restatement in line with current guideline (full compliance with Basel II):

Total Risk-Weighted Capital Ratio		**18.17%**	**17.50%**
Tier 1 Risk-Based Capital Ratio		**17.96%**	**17.50%**

(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 191 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 175.

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.

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-2015
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	34,626,186	-	-	34,626,186
Available-for-sale financial assets:					
-Investment securities-debt	26	351,013,081	8,944,962	-	359,958,043
-Investment securities-equity	26	-	-	3,608,972	3,608,972
Assets pledged as collateral	27	61,954,777	-	-	61,954,777
Total assets		**447,594,044**	**8,944,962**	**3,608,972**	**460,147,978**
Liabilities					
Derivative financial liabilities	25	-	-	-	-
Total liabilities		**-**	**-**	**-**	**-**

Group
Dec-2014
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	9,415,919	-	-	9,415,919
Derivative financial assets	25	-	-	529,732	529,732
Available-for-sale financial assets:					
-Investment securities-debt	26	333,674,447	7,376,735	-	341,051,182
-Investment securities-equity	26	-	-	3,101,538	3,101,538
Assets pledged as collateral	27	39,179,198	-	-	39,179,198
Total assets		**382,269,564**	**7,376,735**	**3,631,270**	**393,277,569**
Liabilities					
Derivative financial liabilities	25	-	-	253,374	253,374
Total liabilities		**-**	**-**	**253,374**	**253,374**

Parent
Dec-2015
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	25,075,618	-	-	25,075,618
Available-for-sale financial assets:					
-Investment securities-debt	26	317,510,416	5,858,271	-	323,368,687
-Investment securities-equity	26	-	-	3,608,972	3,608,972
Assets pledged as collateral	27	61,946,270	-	-	61,946,270
Total assets		**404,532,304**	**5,858,271**	**3,608,972**	**413,999,547**
Liabilities					
Derivative financial liabilities	25	-	-	-	-
Total liabilities		**-**	**-**	**-**	**-**

Parent
Dec-2014
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	5,675,545	-	-	5,675,545
Derivative financial assets	25	-	-	529,732	529,732
Available-for-sale financial assets:					
-Investment securities-debt	26	308,359,706	5,744,582	-	314,104,288
-Investment securities-equity	26	-	-	3,101,538	3,101,538
Assets pledged as collateral	27	39,173,640	-	-	39,173,640
Total assets		**353,208,891**	5,744,582	**3,631,270**	**362,584,743**
Liabilities					
Derivative financial liabilities	25	-	-	253,374	253,374
Total liabilities		**-**	**-**	**253,374**	**253,374**

Reconciliation of Level 3 Items
-Derivative financial assets

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
At 1 January	529,732	170,101	529,732	170,101
Settlements	(529,732)	(170,101)	(529,732)	(170,101)
Gains and losses recognised in profit or loss	-	529,732	-	529,732
	-	**529,732**	**-**	**529,732**

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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
At 1 January	253,374	3,883	253,374	3,883
Settlements	(253,374)	(3,883)	(253,374)	(3,883)
Gains and losses recognised in profit or loss	-	253,374	-	253,374
	-	**253,374**	**-**	**253,374**

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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
At 1 January	3,101,538	6,975,141	3,101,538	6,975,141
Total unrealised gains or (losses)				
in Profit and Loss	-	(538,016)	-	(538,016)
in OCI	568,545	(2,831,488)	568,545	(2,831,488)
Cost of Asset Additions / (Disposal)	-	(34,100)	-	(34,100)
Reclassification to unquoted equity at cost	(61,111)	(469,999)	(61,111)	(469,999)
	3,608,972	**3,101,538**	**3,608,972**	**3,101,538**

Sensitivity of financial instruments to changes in market variables are disclosed in note 4d under market risk above

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3, 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.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Group

Dec-2015 *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)		5,711,295	23,877,445	(18,166,150)	-	-	-	(18,166,150)
Other Assets (b)		7,348,576	-	7,348,576	-	7,348,576	-	-
		13,059,871	**23,877,445**	**(10,817,574)**	**-**	**7,348,576**	**-**	**(18,166,150)**
Financial liabilities								
Other Liabilities (b)		7,348,576	-	7,348,576	7,348,576	-	-	-
		7,348,576	**-**	**7,348,576**	**7,348,576**	**-**	**-**	**-**

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
Other Assets (b)		31,406,543	-	31,406,543	-	31,406,543	-	-
		54,356,987	**3,126,461**	**51,230,526**	**-**	**31,406,543**	**-**	**19,823,983**
Financial liabilities								
Other Liabilities (b)		31,406,543	-	31,406,543	31,406,543	-	-	-
		31,406,543	**-**	**31,406,543**	**31,406,543**	**-**	**-**	**-**

Parent
Dec-2015

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)		5,711,295	23,877,445	(18,166,150)	-	-	-	(18,166,150)
Other Assets (b)		7,348,576	-	7,348,576		7,348,576		-
		13,059,871	**23,877,445**	**(10,817,574)**	**-**	**7,348,576**	**-**	**(18,166,150)**
Financial liabilities								
Other Liabilities (b)		7,348,576	-	7,348,576	7,348,576	-	-	-
		7,348,576	**-**	**7,348,576**	**7,348,576**	**-**	**-**	**-**

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
Other Assets (b)		31,406,543	-	31,406,543	-	31,406,543	-	-
		54,356,987	**3,126,461**	**51,230,526**	**-**	**31,406,543**	**-**	**19,823,983**
Financial liabilities								
Other Liabilities (b)		31,406,543	-	31,406,543	31,406,543	-	-	-
		31,406,543	**-**	**31,406,543**	**31,406,543**	**-**	**-**	**-**

(a) Standard terms of clearing in Nigeria include provisions allowing net settlements of payments in the normal course of business.

(b) 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 ba 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 an 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 Corporate Bonds:

As at 31 December 2015, the Group disclosed its investment in Available for Sale Corporate bond as N5,858,271,000 (December 2014: N5,744,582,000) 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 end of the financial year using the income approach.

The Discounted Cash flow (DCF) 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 were 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 Free Cash Flow to the Firm (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)] – Changes in FCInv – Changes in 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 Kd(1-T)} + {(E/D+E) x Ke }

Where:

D = Value of Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T = Tax rate

c. *Capitalization Rate= WACC – g*

Terminal value = ($FCFF_5$ *(1+g))/ (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 (R_f) = 11.01% yield on 10-year Federal Government of Nigeria Bond
2. Beta = 1 or Less than 1.
3. Market premium = 6% based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Growth rate used is growth rate in earnings between the latest year and prior period.

Summary of carrying amounts of equity Securities at fair value through equity

In thousands of Nigerian Naira	Dec-15	Dec-14
Historical cost	(2,415,699)	(2,476,810)
Fair value	4,116,988	3,609,554
Unrealized Fair Value Gain recognized in Equity (OCI)	1,701,289	1,132,744

The movement in equity securities at fair value during the period is as follows:

In thousands of Nigerian Naira	Group Dec-15	Group Dec-14	Parent Dec-15	Parent Dec-14
Balance, beginning of the period	3,609,554	6,975,140	3,609,554	6,975,140
Reclassification from unquoted (SMEEIS) equity investments	-	-	-	-
Reclassification from/to Other unquoted equity investments	(61,111)	(469,999)	(61,111)	(469,999)
Fair value movement recognised in OCI	568,545	(2,831,487)	568,545	(2,831,487)
Write off	-	(30,000)	-	(30,000)
Disposals (cost)	-	(34,100)	-	-34,100
	4,116,988	**3,609,554**	**4,116,988**	**3,609,554**
Impairment charges on equity	**(508,016)**	**(508,016)**	**(508,016)**	**(508,016)**
Balance, end of the period	**3,608,972**	**3,101,538**	**3,608,972**	**3,101,538**

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 31 December 2015 of ₦1,701,289,000 (31 December, 2014: ₦1,132,744,000) 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-15	Group Dec-14	Parent Dec-15	Parent Dec-14
Balance, beginning of the period	3,494,014	3,024,015	3,494,014	3,024,015
Reclassification from equity Securities at fair value through equity	61,111	469,999	61,111	469,999
Reclassification to equity Securities at fair value through equity	-	-	-	-
Balance, end of the period	**3,555,125**	**3,494,014**	**3,555,125**	**3,494,014**

The movement in other unquoted equity securities at cost during the period is as follows:

In thousands of Nigerian Naira	**Group Dec-15**	**Group Dec-14**	**Parent Dec-15**	**Parent Dec-14**
Balance, beginning of the period	5,163	269,248	-	264,201
Reclassification to equity Securities at fair value through equity	-	-	-	-
Disposals	-	(264,201)	-	(264,201)
Exchange difference- gain/(loss)*	(191)	116	-	-
Balance, end of the period	**4,972**	**5,163**	**-**	**-**

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.

The Group did not have any derivative financial instrument as at 31 December 2015. The Group estimated the fair value of its Foreign exchange derivatives as at 31 December 2014 using the Discounted Cash Flow Model and disclosed it under Level 3 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

In 2015, the bank transferred the sum of N23,891,957,000 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 N52,241,013,000. The stated sum represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses amounting to N78,324,985,000 and the Loan Impairment allowance determined in accordance with provisions of IAS 39 amounting to N26,309,048,000. Of the amount recommended by the Central Bank of Nigeria, N24,457,544,000 relates to 2% General Loan Loss Provision on performing loans.

Also, N3,985,610,000 recommended by CBN for Other Known Losses was adequately provided for in the December 2015 IFRS Financial Statement

The Reconciliation between the CBN Recommended provisions and that under IFRS as at December 2015 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		53,867,441	24,457,544	78,324,985
	Impairment Allowance per IAS 39:				
	(Inclusive of Collective Allowance)	(Note 28 & 29)	26,309,048	-	26,309,048
	Amount required in Regulatory Risk Reserve[1]		**27,558,393**	**24,457,544**	**52,015,937**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses - CBN		**3,985,610**
	Provision for Other Known Losses - IFRS		
	Specific Impairment for Equities	(Note 26)	3,454,978
	Impairment on Other Assets	(Note 34)	305,556
	Others – Regulatory Risk Reserve		225,076
			3,985,610
	Amount required in Regulatory Risk Reserve[2]		**0**

[1]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		**52,015,937**
Regulatory reserve required for Other Known Losses		225,076
Balance required per Regulatory Risk Reserve		**52,241,013**
Balance per Regulatory Risk Reserve	(SOCIE - Page 56)	**52,241,013**
Excess amount in regulatory risk reserve		**0**

d Movement in Regulatory Reserves

	Specific	General	Others	Total
Movement in Regulatory Reserves				
Balance as at 1 January	16,302,579	11,510,805	535,672	28,349,056
Transfer during the year	11,255,814	12,946,739	-	24,202,553
Reversal during the year	-	-	(310,596)	(310,596)
Balance, end of the period	**27,558,393**	**24,457,544**	**225,076**	**52,241,013**

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.

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.

Operating segments (Continued)

Information about operating segments

Group

Dec-2015

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	194,821,352	61,173,861	34,098,613	6,818,945	4,705,496	301,618,267
Derived from other business segments	(36,964,121)	26,019,815	2,786,018	6,757,848	1,400,440	-
Total revenue	**157,857,231**	**87,193,676**	**36,884,631**	**13,576,793**	**6,105,936**	**301,618,267**
Interest expenses	(45,085,835)	(11,015,008)	(8,171,552)	(2,639,923)	(2,377,274)	(69,289,592)
Fee and commission expenses	(605,981)	(2,131,461)	(233,073)	(90,484)	(18,440)	(3,079,439)
Net operating income	**112,165,415**	**74,047,207**	**28,480,006**	**10,846,386**	**3,710,222**	**229,249,236**
Expense:						
Operating expenses	(24,792,322)	(38,219,842)	(12,510,814)	(6,515,856)	(1,267,858)	(83,306,692)
Net impairment loss on financial assets	(1,665,436)	(5,438,254)	(3,255,944)	(2,011,822)	(36,738)	(12,408,194)
Depreciation and amortization	(1,754,541)	(7,702,389)	(1,824,330)	(1,091,407)	(221,855)	(12,594,522)
Total cost	**(28,212,299)**	**(51,360,485)**	**(17,591,088)**	**(9,619,085)**	**(1,526,451)**	**(108,309,408)**
Profit before income tax from reportable segments	**83,953,116**	**22,686,722**	**10,888,918**	**1,227,301**	**2,183,771**	**120,939,828**
Tax	(14,756,668)	**(3,987,707)**	**(1,913,975)**	**(215,726)**	**(383,847)**	**(21,257,923)**
Profit after income tax from reportable segments	**69,196,448**	**18,699,015**	**8,974,943**	**1,011,575**	**1,799,924**	**99,681,905**
Assets and liabilities:						
Total assets	1,799,884,387	349,783,954	247,858,865	62,691,785	67,338,667	2,527,557,658
Total liabilities	(818,977,845)	(757,362,369)	(315,917,497)	(172,163,198)	(38,473,920)	(2,102,894,829)
Net assets/ (liabilities)	**980,906,542**	**(407,578,415)**	**(68,058,632)**	**(109,471,413)**	**28,864,747**	**424,662,829**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**4,969,079**	**8,723,533**	**6,373,479**	**3,452,794**	**834,732**	**24,353,617**
Assets:						
Loans and advances to banks	1,051,521	-	-	-	-	1,051,521
Loans and advances to customers	962,382,945	133,745,313	204,882,459	18,725,035	52,189,795	1,371,925,547
Others	836,449,921	216,038,641	42,976,406	43,966,750	15,148,872	1,154,580,590
	1,799,884,387	349,783,954	247,858,865	62,691,785	67,338,667	2,527,557,658
Liabilities:						
Deposits from banks	26,256,839	-	-	-	-	26,256,839
Deposits from customers	376,643,898	742,283,682	285,959,866	168,452,166	37,010,077	1,610,349,689
Others	416,077,108	15,078,687	29,957,631	3,711,032	1,463,843	466,288,301
	818,977,845	757,362,369	315,917,497	172,163,198	38,473,920	2,102,894,829

Group
Dec-2014

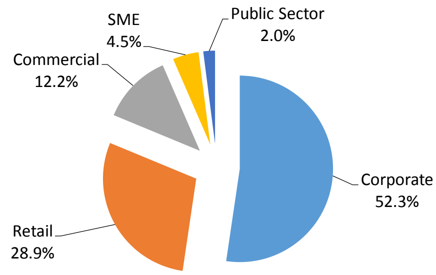
In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	147,906,091	58,284,528	41,370,404	12,145,812	17,351,343	277,058,178
Derived from other business segments	(10,875,476)	8,399,667	(1,370,304)	3,133,192	712,921	-
Total revenue	**137,030,615**	**66,684,195**	**40,000,100**	**15,279,004**	**18,064,264**	**277,058,178**
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	**97,065,250**	**58,189,282**	**33,183,182**	**13,502,808**	**14,792,736**	**216,733,258**
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	**73,624,141**	**21,791,998**	**10,766,064**	**1,862,918**	**7,031,708**	**115,076,829**
Tax	**(15,225,535)**	**(3,170,532)**	**(1,933,944)**	**(259,066)**	**(1,362,674)**	**(21,951,751)**
Profit after income tax from reportable segments	**58,398,606**	**18,621,466**	**8,832,120**	**1,603,852**	**5,669,034**	**93,125,078**
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	(543,857,271)	(770,510,019)	(328,460,156)	(173,238,834)	(167,013,762)	(1,983,080,042)
Net assets/ (liabilities)	**997,226,992**	**(428,060,576)**	**(36,384,502)**	**(109,450,304)**	**(47,537,964)**	**375,793,646**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**11,117,382**	**2,470,430**	**2,107,034**	**460,170**	**861,898**	**17,016,914**
Dec-2014						
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	108,449,378	47,127,060	58,334,442	1,077,496,961
	1,541,084,263	**342,449,443**	**292,075,654**	**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	87,625,780	92,285,259	60,995,672	32,781,937	59,521,578	333,210,226
	543,857,271	**770,510,019**	**328,460,156**	**173,238,834**	**167,013,762**	**1,983,080,042**

Operating segments (Continued)

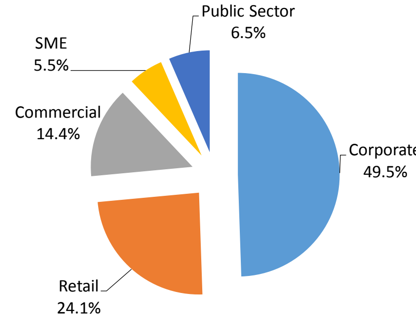
Information about operating segments

Revenue

Group
Dec-2015

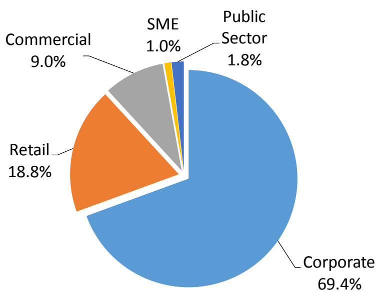


Group
Dec-2014

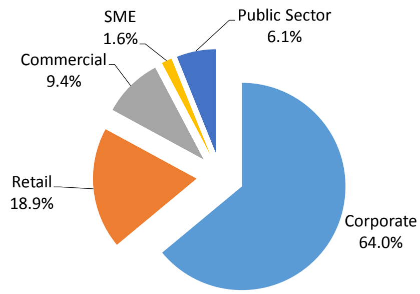


Profit before tax

Group
Dec-2015

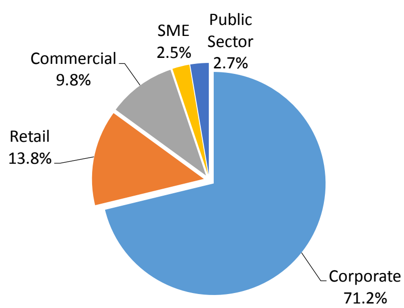


Group
Dec-2014

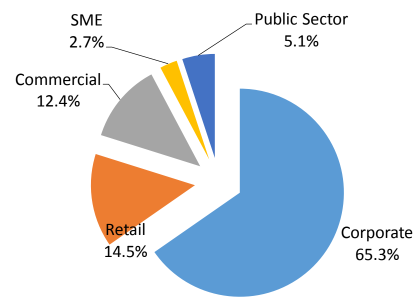


Assets

Group
Dec-2015

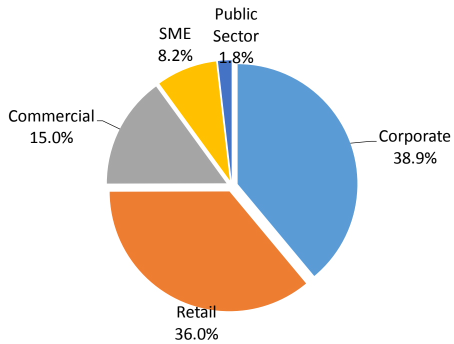


Group
Dec-2014

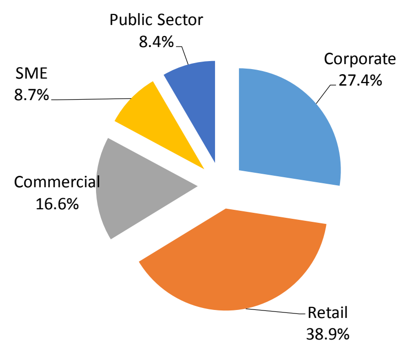


Liabilities

Group
Dec-2015



Group
Dec-2014



Operating segments (Continued)

Information about operating segments

Parent

Dec-2015

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	172,222,963	53,942,463	30,130,017	6,177,997	6,331,141	268,804,581
Derived from other business segments	(32,711,612)	23,026,385	2,465,502	5,980,397	1,239,328	-
Total revenue	**139,511,351**	**76,968,848**	**32,595,519**	**12,158,394**	**7,570,469**	**268,804,581**
Interest expenses	(39,981,872)	(9,768,049)	(7,246,488)	(2,341,069)	(2,108,154)	(61,445,632)
Fee and commission expenses	(529,297)	(1,861,735)	(203,579)	(79,034)	(16,106)	(2,689,751)
Net operating income	**99,000,182**	**65,339,064**	**25,145,452**	**9,738,291**	**5,446,209**	**204,669,198**
Expense:						
Operating expenses	(17,952,995)	(33,111,369)	(10,385,861)	(5,409,142)	(2,297,739)	(69,157,106)
Net impairment loss on financial assets	(1,579,693)	(5,158,272)	(3,088,316)	(1,908,246)	(34,847)	(11,769,374)
Depreciation and amortization	(1,502,788)	(6,489,322)	(1,670,435)	(934,804)	(190,021)	(10,787,370)
Total cost	**(21,035,476)**	**(44,758,963)**	**(15,144,612)**	**(8,252,192)**	**(2,522,607)**	**(91,713,850)**
Profit before income tax from reportable segments	**77,964,706**	**20,580,101**	**10,000,840**	**1,486,099**	**2,923,602**	**112,955,348**
Tax	**(12,920,294)**	**(3,410,529)**	**(1,657,337)**	**(246,276)**	**(484,498)**	**(18,718,934)**
Profit after income tax from reportable segments	**65,044,412**	**17,169,572**	**8,343,503**	**1,239,823**	**2,439,104**	**94,236,414**
Assets and liabilities:						
Total assets	1,599,133,011	315,196,828	246,126,526	56,492,733	60,680,126	2,277,629,224
Total liabilities	(766,503,803)	(655,492,380)	(262,513,137)	(153,261,635)	(34,249,921)	(1,872,020,876)
Net assets/ (liabilities)	**832,629,208**	**(340,295,552)**	**(16,386,611)**	**(96,768,902)**	**26,430,205**	**405,608,348**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**139,822**	**603,776**	**155,420**	**86,976**	**17,680**	**1,003,674**
Assets:						
Loans and advances to banks	638,817	-	-	-	-	638,817
Loans and advances to customers	893,848,007	123,341,653	182,619,211	17,268,469	48,130,103	1,265,207,443
Others	704,646,187	191,855,175	63,507,315	39,224,264	12,550,023	1,011,782,964
	1,599,133,011	**315,196,828**	**246,126,526**	**56,492,733**	**60,680,126**	**2,277,629,224**
Liabilities:						
Deposits from banks	39,941	-	-	-	-	39,941
Deposits from customers	346,945,051	641,492,789	252,611,122	148,807,214	32,693,949	1,422,550,125
Others	419,518,811	13,999,591	9,902,015	4,454,421	1,555,972	449,430,810
	766,503,803	**655,492,380**	**262,513,137**	**153,261,635**	**34,249,921**	**1,872,020,876**

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	**(14,702,097)**	**(3,061,533)**	**(1,867,457)**	**(250,160)**	**(1,315,827)**	**(21,197,074)**
Profit after income tax from reportable segments	**54,478,511**	**16,817,799**	**8,233,117**	**2,137,108**	**6,096,053**	**87,762,588**
Dec-2014						
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	(502,181,241)	(659,935,364)	(292,620,221)	(163,169,357)	(148,790,053)	(1,766,696,236)
Net assets/ (liabilities)	**929,693,059**	**(361,838,084)**	**(61,202,782)**	**(105,661,734)**	**(41,078,383)**	**359,912,076**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**3,861,965**	**859,310**	**878,866**	**160,385**	**287,271**	**6,047,797**
Dec-2014						
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	588,568,379	189,466,041	73,043,217	42,064,563	51,041,423	944,183,623
	1,431,874,300	**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	124,349,603	78,194,512	54,689,756	31,024,410	38,772,172	327,030,453
	502,181,241	**659,935,364**	**292,620,221**	**163,169,357**	**148,790,053**	**1,766,696,236**

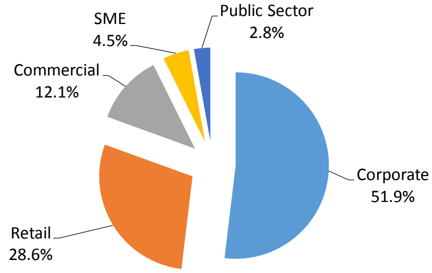
Operating segments (Continued)

Information about operating segments

Revenue

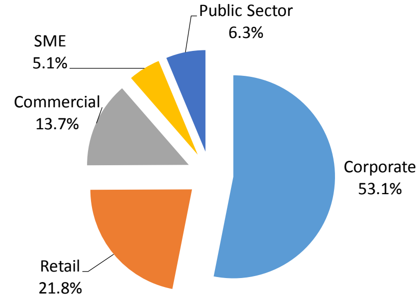
Parent

Dec-2015



Parent

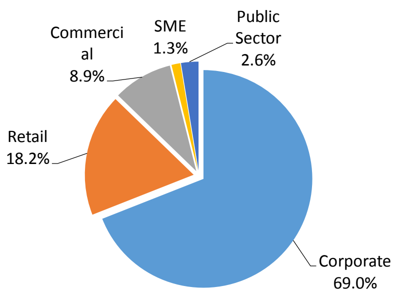
Dec-2014



Profit before tax

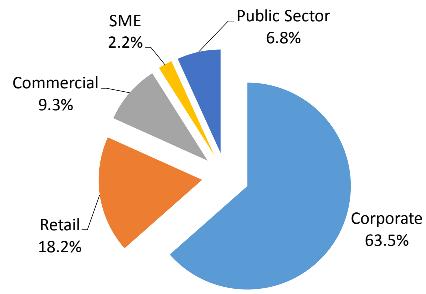
Parent

Dec-2015



Parent

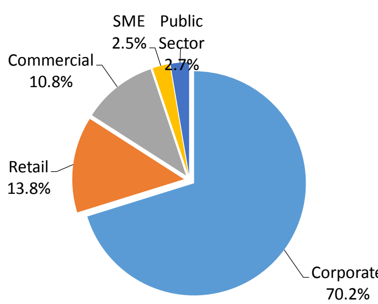
Dec-2014



Assets

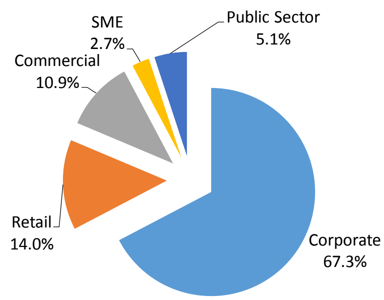
Parent

Dec-2015



Parent

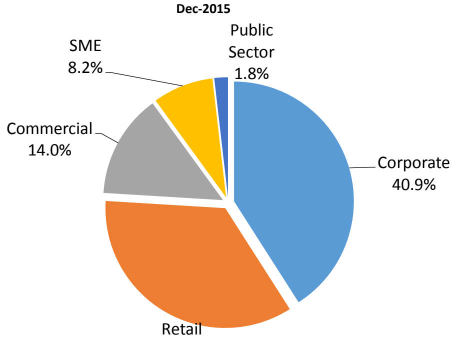
Dec-2014



Liabilities

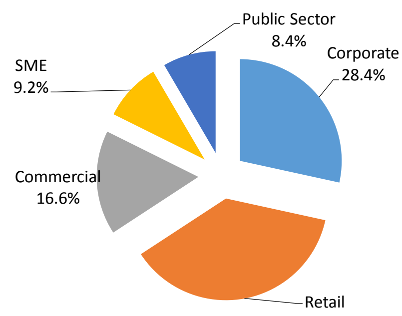
Parent

Dec-2015



Parent

Dec-2014



7 Operating segments (Continued)

The following is an analysis of the Group's revenue and gains from continuing operations by products and services;

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Bonds	20,275,457	19,635,369	18,060,585	28,591,505
Placements	4,768,697	13,140,367	4,247,769	7,642,761
Treasury Bills	59,709,878	54,010,219	53,187,228	45,809,721
Loans	214,288,651	187,036,043	190,879,961	163,550,329
Contingents	2,807,428	4,698,816	2,500,747	3,412,735
	301,850,111	278,520,814	268,876,290	249,007,051

Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities

Reconciliation of revenues

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Continuing Operations:				
Total revenue from reportable segments	301,618,267	277,058,178	268,804,581	247,598,862
Consolidation and adjustments:				
- Interest income	(128,649)	(123,548)	-	-
Revenue from continuing operations	301,489,618	276,934,630	268,804,581	247,598,862

Revenue from continuing operations as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Interest income	229,236,715	200,602,653	206,478,499	179,984,274
Fee and commission income	51,865,608	47,969,982	44,034,897	40,944,512
Net gains/(losses) on financial instruments classified as held for trading	12,237,394	12,084,108	9,189,686	8,344,350
Other operating income	8,510,394	17,864,071	9,173,208	19,733,915
Revenue and gains from continuing operations	301,850,111	278,520,814	268,876,290	249,007,051
Less gains:				
- Gain on disposal of fixed assets	(87,966)	(78,130)	(71,709)	(75,216)
- Net portfolio gain on SMEEIS investments	(272,527)	(1,508,054)	-	(1,332,973)
Revenue from continuing operations	301,489,618	276,934,630	268,804,581	247,598,862

Reconciliation of operating expenses

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Continuing Operations:				
Total operating expense from reportable segments	83,306,692	82,132,511	69,157,106	68,557,959
Gains:				
Consolidation and adjustments:				
- Personnel expenses[1]	476,868	153,622	-	-
Operating expense from continuing operations	83,783,560	82,286,133	69,157,106	68,557,959

[1] relates to share based payments during the period

Operating expense from continuing operations as shown above is made up of:

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Personnel expenses (See Note17)	27,721,723	27,442,101	20,727,835	21,036,543
Operating lease expenses	1,124,691	913,085	674,958	560,710
Other operating expenses (See Note20)	54,937,146	53,930,947	47,754,313	46,960,706
	83,783,560	82,286,133	69,157,106	68,557,959

Reconciliation of profit or loss

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Continuing Operations:				
Total profit or loss for reportable segments	120,939,828	115,076,829	112,955,348	108,959,662
Consolidation and adjustments:				
- Interest income	(128,649)	(123,548)	-	-
- Personnel expenses	(476,868)	(153,622)	-	-
Gains:				
- Gain on disposal of fixed assets	87,966	78,130	71,709	75,216
- Net portfolio (loss)/gain on SMEEIS investments	272,527	1,508,054	-	1,332,973
Profit before income tax from continuing operatior	120,694,804	116,385,843	113,027,057	110,367,851

Reconciliation of assets

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Continuing Operations:				
Total assets for reportable segments	2,527,557,658	2,358,873,688	2,277,629,224	2,126,608,312
Consolidation and adjustments	(2,963,949)	(2,997,162)	-	-
Total assets	2,524,593,709	2,355,876,526	2,277,629,224	2,126,608,312

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Continuing Operations:				
Total liabilities for reportable segments	2,102,894,829	1,983,080,042	1,872,020,876	1,766,696,236
Consolidation and adjustments	8,136,942	8,082,186	-	-
Total liabilities	2,111,031,771	1,991,162,228	1,872,020,876	1,766,696,236

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-2015

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	253,516,511	20,675,163	10,577,630	16,720,314	301,489,618
Derived from other segments	-	-	-	-	-
Total Revenue	253,516,511	20,675,163	10,577,630	16,720,314	301,489,618
Interest expense	(61,445,634)	(4,072,858)	(3,512,470)	(258,630)	(69,289,592)
Fee and commission expenses	(2,689,747)	(277,916)	(111,776)	-	(3,079,439)
Net interest margin	189,381,130	16,324,389	6,953,384	16,461,684	229,120,587
Profit before income tax	98,075,827	7,507,668	885,256	14,226,053	120,694,804
Assets and liabilities:					
Total assets	2,034,929,271	148,754,815	79,324,385	261,585,238	2,524,593,709
Total liabilities	(1,698,545,724)	(119,003,187)	(64,031,478)	(229,451,382)	(2,111,031,771)
Net assets/(liabilities)	336,383,547	29,751,628	15,292,907	32,133,856	413,561,938

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	9,491,547	2,281,373	276,934,630
Derived from other segments	-	-	-	-	-
Total Revenue	245,332,887	19,828,823	9,491,547	2,281,373	276,934,630
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	5,804,477	2,113,024	216,609,710
Profit before income tax	107,521,688	7,624,549	1,090,992	148,614	116,385,843

Dec-2014

Assets and liabilities:					
Total assets	1,899,886,422	119,961,576	93,998,638	242,029,890	2,355,876,526
Total liabilities	(1,604,138,509)	(93,716,201)	(79,763,744)	(213,543,774)	(1,991,162,228)
Net assets/(liabilities)	295,747,913	26,245,375	14,234,894	28,486,116	364,714,298

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-2015

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 assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	1,051,521	-	-	1,051,521	-	720,161	-	720,161
Loans and advances to customers	29	-	-	-	1,371,925,547	-	-	1,371,925,547	-	1,263,752,026	108,905,590	1,372,657,616
Financial assets held for trading	24	34,626,186	-	-	-	-	-	34,626,186	34,626,186	-	-	34,626,186
Assets pledged as collateral	27	-	-	-	-	61,954,777	-	61,954,777	61,954,777	-	-	61,954,777
Investment securities:												0
– Available for sale		-	-	-	-	364,180,150	-	364,180,150	354,099,772	5,858,271	4,222,107	364,180,150
– Held to maturity	26	-	-	29,408,045	-	-	-	29,408,045	30,470,528	-	-	30,470,528
Restricted deposits and other assets	34	-	-	-	288,597,151	-	-	288,597,151	-	288,597,151	-	288,597,151
		34,626,186	**-**	**29,408,045**	**1,661,574,219**	**426,134,927**	**-**	**2,151,743,377**	**481,151,263**	**1,558,927,609**	**113,127,697**	**2,153,206,569**
Deposits from banks	35	-	-	-	-	-	26,256,839	26,256,839	-	26,256,839	-	26,256,839
Deposits from customers	36	-	-	-	-	-	1,610,349,689	1,610,349,689	-	1,606,917,589	-	1,606,917,589
Debt securities issued	37	-	-	-	-	-	180,117,424	180,117,424	-	180,117,424	-	180,117,424
Other borrowed funds	40	-	-	-	-	-	165,122,908	165,122,908	-	160,891,643	-	160,891,643
Other liabilities	38	-	-	-	-	-	104,605,713	104,605,713	-	104,605,713	-	104,605,713
		-	**-**	**-**	**-**	**-**	**2,086,452,573**	**2,086,452,573**	**-**	**2,078,789,208**	**-**	**2,078,789,208**

Group
Dec-2014

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 assets / liabilities at amortized cost**	**Total carrying amount**	**Fair Value** **Level 1**	**Level 2**	**Level 3**	**Fair value**
Loans and advances to banks	28	-	-	-	5,695,592	-	-	5,695,592	-	5,690,301	-	5,690,301
Loans and advances to customers	29	-	-	-	1,275,681,135	-	-	1,275,681,135	-	1,200,506,006	77,377,624	1,277,883,630
Financial assets held for trading	24	9,415,919	-	-	-	-	-	9,415,919	9,415,919	-	-	9,415,919
Derivative financial assets	25	-	529,732	-	-	-	-	529,732	-	529,732	-	529,732
Assets pledged as collateral	27	-	-	-	-	39,179,198	-	39,179,198	39,179,198	-	-	39,179,198
Investment securities:												
– Available for sale	26	-	-	-	-	344,701,935	-	344,701,935	360,626,504	7,376,735	3,101,538	371,104,777
– Held to maturity	26	-	-	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	**529,732**	**35,160,640**	**1,572,571,181**	**383,881,133**	**-**	**2,001,558,605**	**444,143,977**	**1,505,297,228**	**80,479,162**	**2,029,920,367**
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	25	-	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**

Parent
Dec-2015

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 assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	638,817	-	-	638,817	-	639,066	-	639,066
Loans and advances to customers	29	-	-	-	1,265,207,443	-	-	1,265,207,443	-	1,192,489,821	73,449,691	1,265,939,512
Financial assets held for trading	24	25,075,618	-	-	-	-	-	25,075,618	25,075,618	-	-	25,075,618
Assets pledged as collateral	27	-	-	-	-	61,946,270	-	61,946,270	61,946,270	-	-	61,946,270
Investment securities:												
– Available for sale	26	-	-	-	-	327,585,822	-	327,585,822	317,510,416	5,858,271	4,217,135	327,585,822
– Held to maturity	26	-	-	3,210,575	-	-	-	3,210,575	4,273,058	-	-	4,273,058
Restricted deposits and other assets	34	-	-	-	286,012,152	-	-	286,012,152	-	286,012,152	-	286,012,152
		25,075,618	**-**	**3,210,575**	**1,551,858,412**	**389,532,092**	**-**	**1,969,676,697**	**408,805,362**	**1,484,999,310**	**77,666,826**	**1,971,471,498**
Deposits from banks	35	-	-	-	-	-	39,941	39,941	-	39,941	-	39,941
Deposits from customers	36	-	-	-	-	-	1,422,550,125	1,422,550,125	-	1,419,118,025	-	1,419,118,025
Other borrowed funds	40	-	-	-	-	-	338,580,301	338,580,301	-	334,349,036	-	334,349,036
Other liabilities	38	-	-	-	-	-	85,126,211	85,126,211	-	85,126,211	-	85,126,211
		-	**-**	**-**	**-**	**-**	**1,846,296,578**	**1,846,296,578**	**-**	**1,838,633,213**	**-**	**1,838,633,213**

Parent
Dec-2014

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 assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	30,815	-	-	30,815	-	25,509	-	25,509
Loans and advances to customers	29	-	-	-	1,182,393,874	-	-	1,182,393,874	-	1,123,755,527	60,667,473	1,184,423,000
Financial assets held for trading	24	5,675,545	-	-	-	-	-	5,675,545	5,675,545	-	-	5,675,545
Derivative financial assets	25	-	529,732	-	-	-	-	529,732	-	529,732	-	529,732
Assets pledged as collateral	27	-	-	-	-	39,173,640	-	39,173,640	39,173,640	-	-	39,173,640
Investment securities:												
– Available for sale	26	-	-	-	-	317,749,878	-	317,749,878	308,359,706	6,288,634	3,101,538	317,749,878
– Held to maturity	26	-	-	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	**529,732**	**4,511,342**	**1,476,271,736**	**356,923,518**	**-**	**1,843,911,873**	**357,481,949**	**1,424,446,449**	**63,769,011**	**1,845,697,409**
Deposits from banks	35	-	-	-	-	-	143,713	143,713	-	143,713	-	143,713
Deposits from customers	36	-	-	-	-	-	1,439,522,070	1,439,522,070	-	1,437,875,913	-	1,437,875,913
Derivative financial liabilities	25	-	253,374	-	-	-	-	253,374	-	253,374	-	253,374
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**	**-**	**-**	**-**	**1,740,211,173**	**1,740,464,547**	**-**	**1,725,581,024**	**-**	**1,725,581,024**

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.

Accounting classification measurement basis and fair values (continued)

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 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 and prices.

9 Interest income

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Loans and advances to banks	835,731	520,268	1,403	6,271
Loans and advances to customers	164,406,131	140,654,972	149,476,834	127,371,086
	165,241,862	141,175,240	149,478,237	127,377,357
Cash and cash equivalents	4,271,771	4,572,082	2,501,261	4,258,216
Financial assets held for trading	1,469,914	2,515,017	1,469,914	1,797,738
Investment securities:				
– Available for sale	45,915,768	40,860,133	44,348,112	41,007,786
– Held to maturity	4,199,959	9,237,199	543,534	4,473,045
Assets pledged as collateral	8,137,441	2,242,982	8,137,441	1,070,132
	229,236,715	200,602,653	206,478,499	179,984,274

Geographical location

Interest income earned in Nigeria	206,002,424	179,517,735	206,131,073	179,641,283
Interest income earned outside Nigeria	23,234,291	21,084,918	347,426	342,991
	229,236,715	200,602,653	206,478,499	179,984,274

Interest income for the year ended 31 December 2015 includes N128,181,000 (Dec 2014:N2,583,453,000) accrued on impaired financial assets.

10 Interest expense

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Deposit from banks	1,076,852	794,685	20,712	113,249
Deposit from customers	50,038,265	42,053,852	43,709,104	36,014,844
	51,115,117	42,848,537	43,729,816	36,128,093
Financial liabilities held for trading	462,018	-	462,018	-
Other borrowed funds	5,004,607	3,024,081	17,253,798	13,448,671
Debt securities	12,707,850	12,337,937	-	1,708,680
Total interest expense	69,289,592	58,210,555	61,445,632	51,285,444
Geographical location				
Interest expense paid in Nigeria	57,385,475	38,390,518	44,726,705	38,361,555
Interest expense paid outside Nigeria	11,904,117	19,820,037	16,718,927	12,923,889
	69,289,592	58,210,555	61,445,632	51,285,444

11 Loan impairment charges

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Loans and advances to banks (Note 28)	**244**	**10**	**244**	**10**
Increase in collective impairment	250	10	250	10
Reversal of collective impairment	(6)	-	(6)	-
Loans and advances to customers (Note 29)	**12,407,950**	**7,098,438**	**11,769,130**	**6,184,279**
Increase in collective impairment	4,044,660	1,118,793	3,803,629	906,015
Increase in specific impairment	12,996,520	8,236,821	12,200,714	6,483,088
Reversal of collective impairment	(3,942,672)	(337,762)	(3,922,758)	(268,708)
Reversal of specific impairment	(394,246)	(975,316)	(207,630)	(808,207)
Amounts written off during the year as uncollectible	144,335	43,481	-	2,703
Income received on claims previously written off	(440,647)	(987,579)	(104,825)	(130,612)
	12,408,194	**7,098,448**	**11,769,374**	**6,184,289**

12 Fee and commission income

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Credit related fees and commissions	9,579,364	11,521,014	7,986,585	10,036,629
Commission on turnover	10,631,612	13,518,135	9,809,236	12,773,429
Corporate finance fees	1,028,477	1,195,688	1,028,477	1,195,688
Commission on foreign exchange deals	2,690,299	3,819,695	2,690,299	3,819,695
Income from financial guarantee contracts issued	4,394,246	6,317,744	3,433,489	5,241,715
Account services, maintenance and ancilliary banking charges	3,826,478	3,398,186	1,535,137	1,543,313
Transfer related charges	3,127,937	3,029,843	1,988,037	2,242,011
E-business Income	16,587,195	5,169,677	15,563,637	4,092,032
	51,865,608	47,969,982	44,034,897	40,944,512

13 Fee and commission expense

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Bank charges	1,650,294	1,064,053	1,556,281	1,016,789
Loan recovery and brokerage expenses	1,429,145	1,050,312	1,133,470	730,729
	3,079,439	2,114,365	2,689,751	1,747,518

14 Net gains on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Bonds trading	(317,356)	147,858	(317,356)	132,909
Treasury bills trading	1,064,702	784,655	869,989	572,584
Foreign exchange	11,490,048	11,151,595	8,637,053	7,638,857
Net trading income	12,237,394	12,084,108	9,189,686	8,344,350

15 Other income

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Mark to market gains on trading investments	2,854,509	6,272	2,854,509	6,272
Foreign exchange revaluation gain	5,195,652	16,190,224	4,632,908	15,760,181
Gain on disposal of fixed assets	87,966	78,130	71,709	75,216
Net portfolio (loss)/gain on SMEEIS and long term investments	272,527	1,508,054	-	1,332,973
Dividend income	99,740	81,391	1,614,082	2,559,273
	8,510,394	17,864,071	9,173,208	19,733,915

16 Net impairment on other financial assets

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Impairment charges on equity investments	-	243,815	-	243,815
Written off charges on equities	-	30,000	-	30,000
	-	273,815	-	273,815

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Note	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Wages and salaries		26,089,613	25,980,737	20,526,468	20,707,517
Contributions to defined contribution plans		957,252	927,857	683,009	688,740
Defined benefit costs	39	(748,187)	(608,525)	(754,440)	(608,525)
Cash-settled share-based payments (see 17(b) below)		476,868	153,622	-	-
Staff welfare expenses		946,177	988,410	272,798	248,811
		27,721,723	27,442,101	20,727,835	21,036,543

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. Qualified employees must have been in the scheme for five years and must have held the shares for at least three years. 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 2015	394,199
SARs granted to senior management employees at 31 December 2014	401,415

(b) Employee expenses for share-based payments

		Group	Group
In thousands of Nigerian Naira	Note	Dec-2015	Dec-2014
Effect of changes in the fair value of SARs		(144,738)	(1,330,160)
Expense from rights exercised during the year		621,606	576,750
Dividend payment to members of the scheme		-	907,032
Total expense recognized as personnel expenses		476,868	153,622

		Group	Group
In thousands of Nigerian Naira		Dec-2015	Dec-2014
Total carrying amount of liabilities for cash-settled arrangements	38	8,136,942	8,082,186

The carrying amount of liabilities for cash-settled share based payments includes:

		Group	Group
In thousands of Nigerian Naira	Note	Dec-2015	Dec-2014
Balance, beginning of year		8,082,186	7,463,681
Effect of changes in fair value of SAR at year end		476,868	(1,330,160)
Options exercised during the year		(707,927)	(181,536)
Share rights granted during the year		285,815	2,130,201
Balance, end of year	39	8,136,942	8,082,186

(i) The average number of persons employed during the year was as follows:

	Group Dec-2015 Number	Group Dec-2014 Number	Parent Dec-2015 Number	Parent Dec-2014 Number
Executive directors	6	6	6	6
Management	232	217	57	55
Non-management	4,906	4,706	3,280	3,279
	5,144	4,929	3,343	3,340

(ii) The average number of persons in employment during the year is shown below:

	Group Dec-2015 Number	Group Dec-2014 Number	Parent Dec-2015 Number	Parent Dec-2014 Number
Commercial Banking Abuja	35	34	35	34
Commercial Banking Lagos	204	203	204	203
Commercial Banking North East	47	53	47	53
Commercial Banking North West	56	56	56	56
Commercial Banking South East	36	36	36	36
Commercial Banking South South	61	61	61	61
Communication and External Affairs	164	118	25	28
Compliance Group	27	25	27	25
Corporate Services	169	156	126	118
E-Business	147	128	118	102
Enterprise Risk Management	158	166	88	98
Chief Executive Director	1	1	1	1
Financial Control, Group Reporting ; Strategy	30	28	30	28
Human Resources	26	30	26	30
Institutional Banking	387	371	177	164
International Banking	82	72	39	33
Operations	201	225	201	225
Public Sector Abuja	38	38	38	38
Public Sector South West	-	-	-	-
Retail Lagos	181	174	181	174
Retail Abuja	54	55	54	55
Retail South East	28	31	28	31
Retail South West	100	102	100	102
Retail South-South	34	27	34	27
SME Abuja	43	30	43	30
SME Division - Lagos	98	83	98	83
SME Division - South East	40	33	40	33
Systems and Control	130	140	92	107
Technology	229	221	160	161
Transaction Services	1,585	1,536	1,141	1,173
Wholesale Banking	47	45	36	34
Commercial Banking Subsidiaries	99	95	-	-
Retail Subsidiaries	116	110	-	-
Public Sector Subsidiaries	10	10	-	-
Other support services	480	438	-	-
	5,144	4,929	3,343	3,340

(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-2015 Number	Group Dec-2014 Number	Parent Dec-2015 Number	Parent Dec-2014 Number
N720,001 - ₦1,400,000	1,534	1,361	-	-
N1,400,001 - ₦2,050,000	616	496	555	458
N2,190,001 - ₦2,330,000	51	51	-	-
N2,330,001 - ₦2,840,000	16	9	-	-
N2,840,001 - ₦3,000,000	18	11	-	-
N3,001,001 - N3,830,000	920	985	905	969
N3,830,001 - ₦4,530,000	5	4	-	-
N4,530,001 - ₦5,930,000	631	567	606	561
N6,000,001 - N6,800,000	431	488	426	483
N6,800,001 - ₦7,300,000	9	9	-	-
N7,300,001 - ₦7,800,000	320	361	313	332
N7,800,001 - ₦8,600,000	5	5	-	-
N8,600,001 - ₦11,800,000	373	378	361	477
Above ₦11,800,000	209	198	171	54
	5,138	4,923	3,337	3,334

18 **Operating lease expense**

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Operating lease expense	1,124,691	913,085	674,958	560,710
	1,124,691	913,085	674,958	560,710

This relates to lease rentals on branches leased by the Bank. Lease rentals are fully paid in advance with the effect that therefore there are to future minimum lease payments to be made in respect of the leases

19 **Depreciation and amortisation**

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Amortisation of intangible assets (see note 32)	1,176,878	1,152,540	928,413	816,165
Depreciation of property, plant and equipment (see note 31)	11,417,644	10,999,115	9,858,957	9,774,010
	12,594,522	12,151,655	10,787,370	10,590,175

20 Other operating expenses

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Finance costs	165,633	182,023	163,748	180,688
Deposit insurance premium	6,075,130	5,596,847	5,987,480	5,526,561
Other insurance premium	586,801	823,601	471,451	725,824
Auditors' remuneration[1]	502,552	399,957	330,000	300,000
Professional fees and other consulting costs	1,194,992	964,638	649,072	645,007
AMCON expenses	10,633,042	9,521,829	10,633,042	9,521,829
Stationery and postage	1,986,824	2,473,760	1,724,604	2,213,886
Business travel expenses	664,323	829,233	445,350	562,505
Advert, promotion and corporate gifts	6,073,823	6,140,857	5,480,809	5,633,065
Repairs and maintenance	4,188,902	4,431,725	3,418,994	3,884,056
Occupancy costs	4,663,809	4,334,097	3,447,237	3,123,614
Directors' emoluments	542,039	512,409	263,796	220,891
Outsourcing services	7,861,875	7,413,762	6,943,973	6,598,926
Administrative expenses	3,695,073	3,728,729	2,619,039	2,816,783
Communications and sponsorship related expenses	2,865,458	2,948,594	2,490,735	2,493,499
Human capital related expenses	1,910,406	2,098,508	1,841,960	2,047,196
Customer service related expenses	1,326,464	1,530,378	843,023	466,376
	54,937,146	53,930,947	47,754,313	46,960,706

-

[1] Auditor's remuneration represents fees for half and full year audit of the Group and Bank for the year ended 31 December 2015

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Current tax expense:				
Company income tax	14,006,668	11,212,258	11,145,668	10,501,510
Education Tax	1,154,672	1,052,446	1,154,672	1,052,446
NITDA Levy	1,130,271	1,103,679	1,130,271	1,103,679
	16,291,611	13,368,383	13,430,611	12,657,635
Dividend tax	3,894,426	4,260,827	3,894,426	4,260,827
Deferred tax expense:				
Charges on capital allowance	-	3,115,259	-	3,115,259
Origination of temporary differences	1,071,886	1,207,282	1,393,897	1,163,353
	21,257,923	21,951,751	18,718,934	21,197,074

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2015**	**Dec-2014**	**Dec-2014**
Profit before income tax	120,694,804		116,385,843	
Income tax using the domestic corporation tax rate	36,208,441	30.0%	34,915,753	30.0%
Effect of tax rates in foreign jurisdictions	238,666	0.2%	(1,050,720)	-0.9%
Tax reliefs/WHT Credits	(587,861)	-0.5%	(689,032)	-0.6%
Net capital allowance	(5,586,557)	-4.6%	(4,596,150)	-3.9%
Non-deductible expenses	3,357,482	2.8%	3,517,433	3.0%
Education tax levy	1,154,672	1.0%	1,052,446	0.9%
NITDEF tax levy	1,130,271	0.9%	1,103,679	0.9%
Tax exempt income	(18,212,536)	-15.1%	(16,231,380)	-13.9%
Deductible expenses	(339,081)	-0.3%	(331,105)	-0.3%
Dividend tax	3,894,426	3.2%	4,260,827	3.7%
Total income tax expense	21,257,923	17.6%	21,951,751	18.9%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2015**	**Dec-2014**	**Dec-2014**
Profit before income tax	113,027,057		110,367,851	
Income tax using the domestic corporation tax rate	33,908,118	30.0%	33,110,356	30.0%
Tax reliefs/WHT Credits	(587,861)	-0.5%	(689,032)	-0.6%
Net capital allowance	(5,586,557)	-4.9%	(4,596,150)	-4.2%
Non-deductible expenses	3,357,482	3.0%	3,517,433	3.2%
Education tax levy	1,154,672	1.0%	1,052,446	1.0%
NITDEF tax levy	1,130,271	1.0%	1,103,679	1.0%
Tax exempt income	(18,212,536)	-16.1%	(16,231,380)	-14.7%
Deductible expenses	(339,081)	-0.3%	(331,105)	-0.3%
Under provision in prior years	3,894,426	3.4%	4,260,827	3.9%
Total income tax expense	18,718,934	16.6%	21,197,074	19.2%

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Income tax relating to actuarial gains and losses	(402,820)	(238,800)	(402,820)	(238,800)
Income tax relating to Foreign currency translation differences for foreign operations	(496,058)	(435,711)	-	-
Income tax relating to Net change in fair value of available for sale financial assets	1,420,464	(1,720,197)	1,398,892	(1,753,071)
	521,586	(2,394,708)	996,072	(1,991,871)

(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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Balance, beginning of the year	20,827,157	18,431,270	22,275,884	17,990,398
Exchange difference on translation	33,645	(101,218)	-	-
Charge for the year	16,291,611	13,368,383	13,430,611	12,657,635
Payments during the year	(23,307,163)	(15,132,105)	(20,222,395)	(12,632,976)
Dividend tax	3,894,426	4,260,827	3,894,426	4,260,827
Balance, end of the year	17,739,676	20,827,157	19,378,526	22,275,884

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 N98,678,427,000 and a weighted average number of ordinary shares outstanding of 28,152,505,000 and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014
Net profit attributable to equity holders of the Company	98,678,427	93,736,459
Net profit used to determine diluted earnings per share	98,678,427	93,736,459

Number of ordinary shares

In thousands of shares	Group Dec-2015	Group Dec-2014
Weighted average number of ordinary shares in issue	28,152,505	28,219,672
Basic earnings per share (expressed in naira per share)	3.51	3.32

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Group.

Weighted average number of ordinary shares in issue	28,152,505	28,219,672
Weighted average number of ordinary shares for diluted earnings per share	28,152,505	28,219,672
Diluted earnings per share (expressed in naira per share)	3.51	3.32

23 Cash and cash equivalents

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Cash in hand	33,365,573	33,115,429	27,097,102	24,916,435
Balances held with other banks	146,072,187	91,993,886	100,404,743	42,561,912
Unrestricted balances with central banks	40,213,238	33,346,313	25,453,036	19,823,983
Money market placements	34,982,217	88,484,240	20,178,228	74,476,317
	254,633,215	246,939,868	173,133,109	161,778,647

24 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Trading bonds (see note 24(b) below)	16,407,536	60,413	16,407,536	60,413
Trading treasury bills (see note 24(c) below)	18,218,650	9,355,506	8,668,082	5,615,132
	34,626,186	9,415,919	25,075,618	5,675,545
Current	21,925,919	9,355,506	12,375,351	5,615,132
Non-current	12,700,267	60,413	12,700,267	60,413

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
6th FGN Bond Series 3 (12.49%)	50,746	41,284	50,746	41,284
4th FGN Bond Series 9 (9.35%)	8,346	7,244	8,346	7,244
10th FGN Bond Series 1 (13.05%)	3,696,614	-	3,696,614	-
11th FGN Bond Series 2 (12.15%)	12,639,944	-	12,639,944	-
Local Contractor Bond	11,886	11,885	11,886	11,885
	16,407,536	60,413	16,407,536	60,413

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
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
28-January-2016	162,726	-	162,726	-
07-January-2016	3,194	-	3,194	-
14-January-2016	4,971	-	4,971	-
21-January-2016	227,052	-	227,052	-
04-February-2016	26,270	-	26,270	-
11-February-2016	119,803	-	119,803	-
18-February-2016	2,623	-	2,623	-

25-February-2016	799	-	799	-
03-March-2016	50,344	-	50,344	-
17-March-2016	744,821	-	744,821	-
24-March-2016	49,709	-	49,709	-
31-March-2016	101	-	101	-
07-April-2016	13,615	-	13,615	-
14-April-2016	496,390	-	496,390	-
21-April-2016	1,837	-	1,837	-
28-April-2016	16	-	16	-
05-May-2016	3,222,744	-	3,222,744	-
12-May-2016	3,712	-	3,712	-
19-May-2016	413	-	413	-
26-May-2016	16	-	16	-
02-June-2016	697,626	-	697,626	-
16-June-2016	301,342	-	301,342	-
23-June-2016	24,786	-	24,786	-
30-June-2016	241,783	-	241,783	-
14-July-2016	259	-	259	-
21-July-2016	575	-	575	-
04-August-2016	242,060	-	242,060	-
01-September-2016	238	-	238	-
22-September-2016	237,420	-	237,420	-
06-October-2016	2,958	-	2,958	-
13-October-2016	1,053,971	-	1,053,971	-
20-October-2016	236,915	-	236,915	-
03-November-2016	29,583	-	29,583	-
17-November-2016	235,744	-	235,744	-
15-December-2016	231,666	-	231,666	-
Non-Nigerian treasury bills	9,550,568	3,740,374	-	-
	18,218,650	9,355,506	8,668,082	5,615,132

25 Derivative financial instruments

(a) **Group**

Dec-2015

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	-	-	-
Currency swaps	-	-	-
Derivative assets/(liabilities)	-	-	-

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)
Currency swaps	-	-	-
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)

Parent

Dec-2015

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	-	-	-
Currency swaps	-	-	-
Derivative assets/(liabilities)	-	-	-

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)

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives

The Group did not not have outstanding foreign exchange derivative transactions as at the reporting date. 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'.

26 Investment securities

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
(a) (i) Available for sale investment securities				
Treasury bills	351,013,081	333,674,447	317,510,416	308,359,706
Bonds	3,086,691	1,632,153	-	-
Corporate bond	5,858,271	5,744,582	5,858,271	5,744,582
Equity securities at fair value (See note 26(a)(ii) below	4,116,988	3,609,554	4,116,988	3,609,554
Unquoted equity securities at cost (see note 26(c) below)	3,560,097	3,499,177	3,555,125	3,494,014
	367,635,128	348,159,913	331,040,800	321,207,856
Specific impairment for equities (see note 26(b) below)	(3,454,978)	(3,457,978)	(3,454,978)	(3,457,978)
Total available for sale investment securities	**364,180,150**	**344,701,935**	**327,585,822**	**317,749,878**
Held to maturity investment securities				
Bonds	9,026,462	11,257,110	3,210,575	3,000,000
Treasury bills	20,182,533	22,392,188	-	-
Corporate bond	199,050	1,511,342	-	1,511,342
Total held to maturity investment securities	**29,408,045**	**35,160,640**	**3,210,575**	**4,511,342**
Total investment securities	**393,588,195**	**379,862,575**	**330,796,397**	**322,261,220**
Current	374,513,689	357,806,473	317,510,416	309,871,049
Non-current	19,074,506	22,056,102	13,285,981	12,390,171

(a) (ii) Unquoted equity securities at fair value is analysed below:

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
SMEEIS investment:				
- Sokoa Chair Centre	107,214	95,531	107,214	95,531
- Iscare Nigeria Ltd	74,744	73,256	74,744	73,256
- Central Securities Clearing System	129,547	104,658	129,547	104,658
- 3 Peat Investment Ltd	1,016,032	1,023,057	1,016,032	1,023,057
- CRC Credit Bureau	-	115,752	-	115,752
	1,327,537	**1,412,254**	**1,327,537**	**1,412,254**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	168,898	144,432	168,898	144,432
- Nigeria Automated Clearing Systems	379,590	288,549	379,590	288,549
- Afrexim	296,458	224,319	296,458	224,319
- Africa Finance Corporation	1,944,505	1,540,000	1,944,505	1,540,000
	2,789,451	**2,197,300**	**2,789,451**	**2,197,300**
Total fair value of equity securities	**4,116,988**	**3,609,554**	**4,116,988**	**3,609,554**
Specific impairment for equities	(508,016)	(508,016)	(508,016)	(508,016)
	3,608,972	**3,101,538**	**3,608,972**	**3,101,538**

[1] Unified Payment Services Limited was formerly known as Valucard Nigeria Plc.

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- TerraKulture ltd	469,999	469,999	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
- CRC Credit Bureau	61,111	-	61,111	-
- 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	3,555,125	3,494,014	3,555,125	3,494,014
Less specific impairment for equities	(2,946,962)	(2,949,962)	(2,946,962)	(2,949,962)
Carrying value of SMIEES investment	**608,163**	**544,052**	**608,163**	**544,052**
Other unquoted equity investment:				
- GIM UEMOA	4,972	5,163	-	-
Cost of other unquoted equity investment	**4,972**	**5,163**	**-**	**-**
Less specific impairment for equities	-	-	-	-
Carrying value of other unquoted equity investment	**4,972**	**5,163**	**-**	**-**
Total cost of unquoted equity investment	**3,560,097**	**3,499,177**	**3,555,125**	**3,494,014**
Total impairment of unquoted equity investment	(2,946,962)	(2,949,962)	(2,946,962)	(2,949,962)
Total carrying value of unquoted equity investment	**613,135**	**549,215**	**608,163**	**544,052**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Balance at 1 January	549,215	79,100	544,052	74,053
- Exchange difference	(191)	116		-
- Disposal	-	(264,201)	-	(264,201)
- Reversal of impairment	3,000	264,201	3,000	264,201
- Transfer from equity investments at fair value	61,111	469,999	61,111	469,999
Balance, end of the year	613,135	549,215	608,163	544,052

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 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 is of the opinion that it does not 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.

(c) Specific impairment for equities

Movement in specific impairment for equities during the year is as shown below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Balance at 1 January	3,457,978	3,214,163	3,457,978	3,214,163
- Charge for the year	(3,000)	243,815	(3,000)	243,815
Balance, end of the year	3,454,978	3,457,978	3,454,978	3,457,978

The Bank would only lose cost of investment if decline in value is considered significant or prolonged.

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Specific impairment on equity securities at fair value	508,016	508,016	508,016	508,016
Specific impairment on equity securities at cost	2,946,962	2,949,962	2,946,962	2,949,962
	3,454,978	**3,457,978**	**3,454,978**	**3,457,978**

27 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Financial assets held for trading	**8,507**	**5,558**	**-**	**-**
- Treasury bills	8,507	5,558	-	-
Investment Securities - available for sale (See note (c) below):	**61,946,270**	**39,173,640**	**61,946,270**	**39,173,640**
- Treasury bills	61,946,270	39,173,640	61,946,270	39,173,640
	61,954,777	39,179,198	61,946,270	39,173,640
Current	61,946,270	39,173,640	61,946,270	39,173,640
Non-current	8,507	5,558	-	-

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions.

(c) Treasury Bills pledged as collateral of N61,946,270,000 (December 2014: N39,173,640,000) have been reclassified from available for sale and trading investment securities at fair value.

(d) Assets pledged as collateral are based on prices in an active market.

28 Loans and advances to banks

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Loans and advances to banks	1,051,785	5,695,613	639,081	30,836
Less specific allowances for impairment	-	-	-	-
Less collective allowances for impairment	(264)	(21)	(264)	(21)
	1,051,521	5,695,592	638,817	30,815
Current	1,051,521	5,695,592	638,817	30,815
Non-current	-	-	-	-

Reconciliation of allowance accounts for losses on loans and advances to banks

Group

In thousands of Nigerian Naira	Dec-2015			Dec-2014		
	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	-	21	21	-	11	11
Increase in impairment allowances	-	249	249	-	10	10
Reversal of impairment	-	(6)	(6)	-	-	-
	-	264	264	-	21	21

Parent

In thousands of Nigerian Naira	Dec-2015			Dec-2014		
	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	-	21	21	-	11	11
Increase in impairment allowances	-	249	249	-	10	10
Reversal of impairment	-	(6)	(6)	-	-	-
	-	264	264	-	21	21

29 Loans and advances to customers

Dec-2015	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Loans to individuals:				
Loans	96,456,999	79,329,101	73,176,379	65,316,975
Overdrafts	10,510,992	8,506,771	5,280,538	5,815,694
Others[1]	67,556	6,948	-	-
Gross loans	**107,035,547**	**87,842,820**	**78,456,917**	**71,132,669**
Loans	(411,556)	(32,741)	(137,114)	-
Overdrafts	(62,594)	(317,057)	(935)	(69,838)
Others[1]	(796)	(850)	-	-
Specific impairment	**(474,946)**	**(350,648)**	**(138,049)**	**(69,838)**
Loans	(331,344)	(351,910)	(250,194)	(343,386)
Overdrafts	(439,633)	(332,562)	(421,400)	(268,199)
Others[1]	(235)	(221)	-	-
Collective impairment	**(771,212)**	**(684,693)**	**(671,594)**	**(611,585)**
Loans	(742,900)	(384,651)	(387,308)	(343,386)
Overdrafts	(502,227)	(649,619)	(422,335)	(338,037)
Others[1]	(1,031)	(1,071)	-	-
Total impairment	**(1,246,158)**	**(1,035,341)**	**(809,643)**	**(681,423)**
Loans	95,714,099	78,944,450	72,789,071	64,973,589
Overdrafts	10,008,765	7,857,152	4,858,203	5,477,657
Others[1]	66,525	5,877	-	-
Carrying amount	**105,789,389**	**86,807,479**	**77,647,274**	**70,451,246**
Loans to Non-individuals:				
Loans	1,064,306,226	946,454,911	1,000,955,826	907,178,355
Overdrafts	181,012,430	174,990,995	162,210,692	142,378,503
Others[1]	49,920,362	97,012,660	49,892,793	87,762,518
Gross loans	**1,295,239,018**	**1,218,458,566**	**1,213,059,311**	**1,137,319,376**

Loans	(9,063,530)	(14,066,172)	(6,979,085)	(12,283,990)
Overdrafts	(12,420,930)	(7,013,627)	(11,802,288)	(6,195,852)
Others[1]	(907)	(1,042,253)	-	-
Specific impairment	**(21,485,367)**	**(22,122,052)**	**(18,781,373)**	**(18,479,842)**
Loans	(3,738,153)	(4,689,538)	(3,044,577)	(4,412,610)
Overdrafts	(3,638,513)	(2,420,835)	(3,432,667)	(2,293,763)
Others[1]	(240,827)	(352,485)	(240,525)	(190,533)
Collective impairment	**(7,617,493)**	**(7,462,858)**	**(6,717,769)**	**(6,896,906)**
Loans	(12,801,683)	(18,755,710)	(10,023,662)	(16,696,600)
Overdrafts	(16,059,443)	(9,434,462)	(15,234,955)	(8,489,615)
Others[1]	(241,734)	(1,394,738)	(240,525)	(190,533)
Total impairment	**(29,102,860)**	**(29,584,910)**	**(25,499,142)**	**(25,376,748)**
Loans	1,051,504,543	927,699,201	990,932,164	890,481,755
Overdrafts	164,952,987	165,556,533	146,975,737	133,888,888
Others[1]	49,678,628	95,617,922	49,652,268	87,571,985
Carrying amount	**1,266,136,158**	**1,188,873,656**	**1,187,560,169**	**1,111,942,628**
Total carrying amount (individual and non individual)	**1,371,925,547**	**1,275,681,135**	**1,265,207,443**	**1,182,393,874**

[1] Others include Usances and Usance Settlement.

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Current	845,362,416	734,167,463	758,906,892	660,309,541
Non-current	526,563,131	541,513,672	506,300,551	522,084,333

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS

Group

In thousands of Nigerian Naira	Dec-2015 Specific allowance for impairment	Dec-2015 Collective allowance for impairment	Dec-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	350,648	684,693	1,035,341	375,223	923,780	1,299,003
Foreign currency translation and other adjustments	(8,710)	24,160	15,450	21,240	4,060	25,300
Increase in impairment allowances	823,016	402,682	1,225,698	152,062	44,653	196,715
Reversal of impairment	(6,437)	(340,323)	(346,760)	(146,058)	(287,800)	(433,858)
Write offs	(683,571)	-	(683,571)	(51,819)	-	(51,819)
Balance, end of year	474,946	771,212	1,246,158	350,648	684,693	1,035,341

Parent

In thousands of Nigerian Naira	Dec-2015 Specific allowance for impairment	Dec-2015 Collective allowance for impairment	Dec-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	69,838	611,585	681,423	180,579	880,293	1,060,872
Increase in impairment allowances	714,062	408,911	1,122,973	13,355	-	13,355
Reversal of impairment	(6,437)	(348,902)	(355,339)	(114,047)	(268,708)	(382,755)
Write offs	(639,414)	-	(639,414)	(10,049)	-	(10,049)
Balance, end of year	138,049	671,594	809,643	69,838	611,585	681,423

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS

Group

In thousands of Nigerian Naira	Dec-2015 Specific allowance for impairment	Dec-2015 Collective allowance for impairment	Dec-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	22,122,052	7,462,858	29,584,910	16,047,503	6,469,999	22,517,502
Foreign currency translation and other adjustments	(150,351)	115,005	(35,346)	(163,300)	(31,319)	(194,619)
Increase in impairment allowances	12,173,504	3,641,979	15,815,483	8,084,759	1,074,140	9,158,899
Reversal of impairment	(387,809)	(3,602,349)	(3,990,158)	(829,258)	(49,962)	(879,220)
Write offs	(12,272,029)	-	(12,272,029)	(1,017,652)	-	(1,017,652)
Balance, end of year	21,485,367	7,617,493	29,102,860	22,122,052	7,462,858	29,584,910

Parent

In thousands of Nigerian Naira	Dec-2015 Specific allowance for impairment	Dec-2015 Collective allowance for impairment	Dec-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	18,479,842	6,896,906	25,376,748	12,947,786	5,990,891	18,938,677
Foreign currency translation and other adjustments	49	-	49	97	-	97
Increase in impairment allowances	11,486,652	3,394,719	14,881,371	6,469,733	906,015	7,375,748
Reversal of impairment	(201,193)	(3,573,856)	(3,775,049)	(694,160)	-	(694,160)
Write offs	(10,983,977)	-	(10,983,977)	(243,614)	-	(243,614)
Balance, end of year	18,781,373	6,717,769	25,499,142	18,479,842	6,896,906	25,376,748

Reconciliation of allowance accounts for losses on loans and advances to banks

Group

Dec-2015

	Loans			Overdrafts			Others			Total		
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	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	-	4	4	-	17	17	-	-	-	-	21	21
Increase in impairment allowances	-	-	-	-	249	249	-	-	-	-	249	249
Reversal of impairment	-	-	-	-	(6)	(6)	-	-	-	-	(6)	(6)
	-	4	4	-	260	260	-	-	-	-	264	264

Group

Dec-2014

	Loans			Overdrafts			Others			Total		
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	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

Parent

Dec-2015

	Loans			Overdrafts			Others			Total		
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	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	-	4	4	-	17	17	-	-	-	-	21	21
Increase in impairment allowances	-	-	-	-	249	249	-	-	-	-	249	249
Reversal of impairment	-	-	-	-	(6)	(6)	-	-	-	-	(6)	(6)
	-	4	4	-	260	260	-	-	-	-	264	264

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
	-	4	4	-	17	17	-	-	-	-	21	21

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS

Group
Dec-2015

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	32,741	351,910	384,651	317,057	332,562	649,619	850	221	1,071	350,648	684,693	1,035,341
Foreign currency translation and other adjustments	(7,547)	10,380	2,833	(1,148)	13,773	12,625	(15)	7	(8)	(8,710)	24,160	15,450
Increase in impairment allowances	424,625	174,797	599,422	398,356	227,877	626,233	35	8	43	823,016	402,682	1,225,698
Reversal of impairment	-	(205,743)	(205,743)	(6,437)	(134,579)	(141,016)	-	(1)	(1)	(6,437)	(340,323)	(346,760)
Write offs	(38,263)	-	(38,263)	(645,234)	-	(645,234)	(74)	-	(74)	(683,571)	-	(683,571)
Balance, end of year	411,556	331,344	742,900	62,594	439,633	502,227	796	235	1,031	474,946	771,212	1,246,158

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

Parent
Dec-2015

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	-	343,386	343,386	69,838	268,199	338,037	-	-	-	69,838	611,585	681,423
Increase in impairment allowances	137,114	116,237	253,351	576,948	292,674	869,622	-	-	-	714,062	408,911	1,122,973
Reversal of impairment	-	(209,429)	(209,429)	(6,437)	(139,473)	(145,910)	-	-	-	(6,437)	(348,902)	(355,339)
Write offs	-	-	-	(639,414)	-	(639,414)	-	-	-	(639,414)	-	(639,414)
Balance, end of year	137,114	250,194	387,308	935	421,400	422,335	-	-	-	138,049	671,594	809,643

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

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS

Group
Dec-2015

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	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	29,584,910
Foreign currency translation and other adjustments	(130,277)	49,411	(80,866)	(19,821)	65,559	45,738	(253)	35	(218)	(150,351)	115,005	(35,346)
Increase in impairment allowances	6,475,395	1,336,682	7,812,077	5,696,957	2,080,278	7,777,235	1,152	225,019	226,171	12,173,504	3,641,979	15,815,483
Reversal of impairment	(362,902)	(2,337,478)	(2,700,380)	(24,406)	(928,159)	(952,565)	(501)	(336,712)	(337,213)	(387,809)	(3,602,349)	(3,990,158)
Write offs	(10,984,858)	-	(10,984,858)	(245,427)	-	(245,427)	(1,041,744)	-	(1,041,744)	(12,272,029)	-	(12,272,029)
Balance, end of year	9,063,530	3,738,153	12,801,683	12,420,930	3,638,513	16,059,443	907	240,827	241,734	21,485,367	7,617,493	29,102,860

Group
Dec-2014

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: 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)	(194,619)
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	9,158,899
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)	(879,220)
Write offs	(315,888)	-	(315,888)	(411,639)	-	(411,639)	(290,125)	-	(290,125)	(1,017,652)	-	(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	29,584,910

Parent
Dec-2015

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	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
Foreign currency translation and other adjustments	49	-	49	-	-	-	-	-	-	49	-	49
Increase in impairment allowances	5,880,216	1,230,449	7,110,665	5,606,436	1,939,326	7,545,762	-	224,944	224,944	11,486,652	3,394,719	14,881,371
Reversal of impairment	(201,193)	(2,598,482)	(2,799,675)	-	(800,422)	(800,422)	-	(174,952)	(174,952)	(201,193)	(3,573,856)	(3,775,049)
Write offs	(10,983,977)	-	(10,983,977)	-	-	-	-	-	-	(10,983,977)	-	(10,983,977)
Balance, end of year	6,979,085	3,044,577	10,023,662	11,802,288	3,432,667	15,234,955	-	240,525	240,525	18,781,373	6,717,769	25,499,142

Parent
Dec-2014

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: 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

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Dec-2015 % ownership	Parent Dec-2014 % ownership	Parent Dec-2015 ₦'000	Parent Dec-2014 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	84.24	84.24	594,109	594,109
GTB Ghana	95.37	95.37	8,572,446	8,572,446
GTB Finance B.V.	100.00	100.00	3,220	3,220
GTB UK Limited	100.00	100.00	9,597,924	7,822,427
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	3,485,058	3,485,058
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
			41,905,781	40,130,284
Current			-	-
Non-current			41,905,781	40,130,284

(b) (i) The movement in investment in subsidiaries during the year is as follows:

In thousands of Nigerian Naira	Parent Dec-2015	Parent Dec-2014
Balance, beginning of the year	40,130,284	40,130,284
Disposal during the year	-	-
Additions during the year	1,775,497	-
Balance, end of the year	41,905,781	40,130,284

(ii) Additions during the period relate to additional investment in GTB UK Limited in the sum of N1,775,497,000

Please refer to Note 44 for more information on the Group structure

Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at 31 December 2015, are as follows:

Full year profit and loss

Dec-2015

In thousands of Nigerian Naira	***Staff Investment Trust***	***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	(126,540)	1,407,260	8,912,093	3,855,811	1,757,409	2,253,862	2,313,484	335,006	6,953,385
Operating expenses	897,473	(1,407,260)	(4,303,685)	(1,801,982)	(1,265,150)	(2,235,631)	(1,292,887)	(777,077)	(5,654,667)
Loan impairment charges	-	-	105,563	(132,320)	(100,351)	-	17,313	(115,562)	(413,461)
Profit before tax	770,933	-	4,713,971	1,921,509	391,908	18,231	1,037,910	(557,633)	885,257
Taxation	-	-	(1,436,860)	(576,419)	(97,977)	10,591	(358,903)	-	(79,420)
Profit after tax	770,933	-	3,277,111	1,345,090	293,931	28,822	679,007	(557,633)	805,837
Other comprehensive income net of tax	-	-	-	90,045	-	2,850	27,340	-	65,688
Total comprehensive income for the year	770,933	-	3,277,111	1,435,135	293,931	31,672	706,347	(557,633)	871,525

Condensed financial position

Dec-2015

In thousands of Nigerian Naira	*Staff Investment Trust*	*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	55,874	4,729	22,364,533	9,449,243	5,653,178	52,137,389	7,632,855	853,821	10,519,188
Loans and advances to banks	-	-	-	-	-	81,230	-	331,474	-
Loans and advances to customers	-	181,174,252	33,457,184	7,761,951	6,456,677	17,016,920	4,895,479	1,981,757	38,112,086
Financial assets held for trading	-	-	-	-	-	-	9,550,568	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-
– Available for sale	4,754,156	-	-	8,853,424	-	10,150,343	1,678,884	4,972	15,906,704
– Held to maturity	-	-	13,344,690	-	1,856,778	-	-	1,839,679	9,156,323
Assets pledged as collateral	-	-	-	-	-	-	-	8,507	-
Property and equipment	-	-	1,478,175	1,112,066	934,356	424,870	1,668,143	725,527	2,452,899
Intangible assets	-	-	105,894	-	22,165	4,701	33,142	63,303	1,142,462
Deferred tax assets	-	-	110,933	33,169	-	301,170	-	-	752,447
Other assets	-	-	1,363,768	269,079	2,309,994	289,633	380,875	148,173	1,282,276
Total assets	4,810,030	181,178,981	72,225,177	27,478,932	17,233,148	80,406,256	25,839,946	5,957,213	79,324,385
Financed by:									
Deposits from banks	-	-	5,207,081	-	-	36,795,900	204,253	99,628	11,052,939
Deposits from customers	-	-	50,028,317	21,964,190	12,240,086	34,206,328	14,278,044	3,848,227	51,262,176
Debt securities issued	-	179,736,280	-	-	-	-	-	-	381,144
Current income tax liabilities	-	-	(153,679)	409,330	45,058	-	68,478	-	(160,027)
Deferred tax liabilities	-	-	151,698	-	-	-	160,909	-	181,142
Other liabilities	8,136,942	-	1,317,874	967,480	1,689,853	387,275	5,796,775	214,401	1,142,053
Other borrowed funds	2,963,949	-	3,270,193	-	-	-	2,836,644	-	172,051
Total liabilities	11,100,891	179,736,280	59,821,484	23,341,000	13,974,997	71,389,503	23,345,103	4,162,256	64,031,478
Equity and reserve	(6,290,861)	1,442,701	12,403,693	4,137,932	3,258,151	9,016,753	2,494,843	1,794,957	15,292,907
	4,810,030	181,178,981	72,225,177	27,478,932	17,233,148	80,406,256	25,839,946	5,957,213	79,324,385

Condensed cash flow
Dec-2015

In thousands of Nigerian Naira	***Staff Investment Trust***	***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	825,688	(1,052,923)	5,581,346	1,908,541	85,809	7,338,926	5,076,386	(388,262)	(7,754,570)
- from investing activities	(766,581)	-	(3,549,260)	(2,598,277)	(243,386)	(3,362,069)	(2,029,487)	153,671	2,209,828
- from financing activities	(33,213)	1,057,652	(2,945,433)	(213,923)	-	(1,762,944)	2,737,364	-	24,423
Increase in cash and cash equivalents	25,894	4,729	(913,347)	(903,659)	(157,577)	2,213,913	5,784,263	(234,591)	(5,520,319)
Cash balance, beginning of year	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210
Effect of exchange difference	-	-	(2,345,335)	928,883	327,578	923,595	81,773	(7,760)	(688,703)
Cash balance, end of year	55,874	4,729	22,364,533	9,449,243	5,653,178	52,137,389	7,632,855	853,821	10,519,188

(b) Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2015, are as follows:

Profit and loss
Dec-2015

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	4,014,649	1,910,382	683,802
Operating expenses	(2,912,169)	(1,848,949)	(893,547)
Loan impairment charges	(1,352)	(44,330)	(23,228)
Profit before tax	1,101,128	17,103	(232,973)
Taxation	(139,163)	(26,086)	85,829
Profit after tax	961,965	(8,983)	(147,144)

Condensed financial position
Dec-2015

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets			
Cash and cash equivalents	5,014,497	3,838,362	1,666,330
Loans and advances to customers	24,147,110	11,104,641	2,860,336
Investment securities:			
– Available for sale	15,906,704	-	-
– Held to maturity	4,409,682	3,386,401	1,360,241
Investment in subsidiaries	5,554,914	-	-
Property and equipment	936,342	1,212,151	304,407
Intangible assets	462,167	378,050	259,846
Deferred tax assets	254,905	-	497,543
Other assets	304,770	884,437	93,069
Total assets	56,991,091	20,804,042	7,041,772
Financed by:			
Deposits from banks	10,477,923	325	574,692
Deposits from customers	30,109,410	17,344,999	3,807,769
Debt securities issued	381,144	-	-
Current income tax liabilities	(7,071)	(152,957)	-
Deferred tax liabilities	43,764	137,377	-
Other liabilities	603,440	345,205	193,409
Other borrowed funds	-	172,051	-
Total liabilities	41,608,610	17,847,000	4,575,870
Equity and reserve	15,382,481	2,957,042	2,465,902
	56,991,091	20,804,042	7,041,772

(c) Condensed results of the consolidated entities as at 31 December 2014, are as follows:

Dec-2014

In thousands of Nigerian Naira	***Staff Investment Trust***	***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	(120,073)	-	10,298,624	3,109,184	1,410,680	2,031,013	1,780,956	209,738	5,979,559
Operating expenses	(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	-	-	(238,386)	(206,300)	(29,403)	-	(53,122)	-	(386,948)
Profit before tax	(273,695)	-	5,742,125	1,289,751	331,984	66,603	702,851	(454,744)	1,090,993
Taxation	-	-	(1,764,910)	(399,271)	-	-	(239,283)	-	(199,223)
Profit after tax	(273,695)	-	3,977,215	890,480	331,984	66,603	463,568	(454,744)	891,770
Other comprehensive income net of tax	-	-	-	4,505	-	(7,358)	-	-	79,559
Total comprehensive income for the year	(273,695)	-	3,977,215	894,985	331,984	59,245	463,568	(454,744)	971,329

Condensed results of the consolidated entities as at 31 December 2014, are as follows:

-

Dec-2014

In thousands of Nigerian Naira	*Staff Investment Trust*	*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	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	-	-	-	-	-	5,664,777	-	-	-
Loans and advances to customers	-	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	-	-	-	-	-	-	3,740,374	-	-
Investment securities:									
– Available for sale	3,987,575	-	-	5,729,421	-	6,678,503	-	5,163	14,538,969
– Held to maturity	-	-	11,490,198	-	1,680,191	-	-	2,143,932	15,334,977
Assets pledged as collateral	-	-	-	-	-	-	-	5,558	-
Property and equipment	-	-	1,496,676	988,910	834,963	482,926	1,148,296	831,662	2,410,916
Intangible assets	-	-	105,759	-	1,800	19,605	14,365	85,235	1,265,768
Deferred tax assets	-	-	67,579	6,343	-	317,145	-	-	467,165
Restricted deposits and other assets	-	-	1,135,073	200,093	2,007,580	330,235	2,001,611	697,716	3,619,307
Total assets	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	-	-	3,000,171	-	-	35,167,632	487,436	4,635	15,115,332
Deposits from customers	-	-	45,822,391	18,100,842	10,075,521	30,106,971	11,613,732	2,532,115	60,437,627
Debt securities issued	-	166,919,321	-	-	-	-	-	-	401,886
Current income tax liabilities	-	-	(6,202)	261,622	-	-	45,680	-	98,182
Deferred tax liabilities	-	-	136,437	-	-	-	163,941	-	135,485
Other liabilities	8,082,186	-	1,463,975	691,677	1,753,109	384,845	145,035	635,823	3,034,128
Other borrowed funds	2,997,162	-	5,231,164	-	-	1,729,883	-	-	155,807
Total liabilities	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	(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
	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

Dec-2014

In thousands of Nigerian Naira	*Staff Investment Trust*	*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	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	(1,940,861)	-	6,772,004	(1,673,546)	(959,933)	(4,185,445)	(333,092)	40,643	(15,468,996)
- from financing activities	1,622,730	897,922	1,274,347	(298,724)	-	(1)	(302,700)	-	14,894
Increase in cash and cash equivalents	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	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	-	-	(3,977,705)	100,845	583,340	4,010,496	82,422	6,287	1,457,726
Cash balance, end of year	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210

(d) 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***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	3,506,687	1,610,864	657,290
Operating expenses	(2,116,478)	(1,658,609)	(706,159)
Loan impairment charges	5,463	(37,876)	310
Profit before tax	1,395,672	(85,621)	(48,559)
Taxation	(418,702)	(4,124)	(39,449)
Profit after tax	976,970	(89,745)	(88,008)

Condensed financial position
Dec-2014

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets			
Cash and cash equivalents	12,788,922	2,733,792	1,205,493
Loans and advances to customers	25,506,225	11,596,378	2,530,725
Investment securities:			
– Available for sale	14,538,969	-	-
– Held to maturity	6,564,278	6,507,620	2,263,079
Investment in subsidiaries	4,987,534	-	-
Property and equipment	1,027,949	1,168,822	214,145
Intangible assets	527,947	409,508	283,604
Deferred tax assets	48,952	-	418,213
Other assets	1,672,626	1,179,397	767,284
Total assets	67,663,402	23,595,517	7,682,543
Financed by:			
Deposits from banks	14,997,329	75,251	42,752
Deposits from customers	36,358,092	20,160,225	3,919,310
Debt securities issued	-	-	-
Current income tax liabilities	96,799	1,383	-
Deferred tax liabilities	89,801	45,684	-
Other liabilities	1,119,923	854,325	1,059,880
Other borrowed funds	-	155,807	-
Total liabilities	52,661,944	21,292,675	5,021,942
Equity and reserve	15,001,458	2,302,842	2,660,601
	67,663,402	23,595,517	7,682,543

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2015	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781
Exchange difference	67,021	26,727	(20,171)	35,819	-	11,485	120,881
Additions	1,361,172	38,236	5,354,491	1,295,008	8,341,756	6,764,582	23,155,245
Disposals	(17,930)	-	(2,595,850)	(1,317,821)	-	9,406	(3,922,195)
Transfers	1,396,593	364,750	869,800	218,373	-	(2,849,516)	-
Balance at 31 December 2015	42,863,912	9,334,026	54,717,391	8,610,235	12,569,888	18,477,260	146,572,712
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	9,766,238	18,832,978
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)	-
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

[1] Of this amount as at December 2015, Leasehold improvement accounts for N9,965,798,000 (23.2%) while Buildings acounts for N32,898,114,000 (76.8%)

[2] 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**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2015	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Exchange difference	22,357	7,045	(4,707)	25,494	-	-	50,189
Charge for the year	1,755,517	112,509	7,361,650	1,482,717	705,251	-	11,417,644
Disposal	(9,433)	-	(2,595,983)	(1,260,817)	-	-	(3,866,233)
Balance at 31 December 2015	9,161,702	735,342	39,885,651	5,462,806	3,338,433	-	58,583,934
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	34,242	8,779	-	-	65,384
Charge for the year	1,763,571	103,211	7,214,573	1,410,096	507,664	-	10,999,115
Disposal	-	-	(1,774,059)	(1,049,187)	-	-	(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
Carrying amounts:							
Balance at 31 December 2015	33,702,210	8,598,684	14,831,740	3,147,429	9,231,455	18,477,260	87,988,778
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

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2015	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202
Exchange difference	-	-	-	-	-	-	-
Additions	1,260,112	35,250	4,395,832	930,695	8,341,756	6,114,949	21,078,594
Disposals	-	-	(2,673,655)	(1,240,511)	-	-	(3,914,166)
Transfers	1,273,560	364,750	712,101	190,155	-	(2,540,566)	-
Balance at 31 December 2015	37,765,872	8,700,616	47,172,750	7,040,772	12,569,888	17,473,732	130,723,630
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
Additions	1,998,333	-	3,873,763	1,082,626	45,856	9,460,215	16,460,793
Disposals	-	-	(1,631,625)	(1,008,981)	-	-	(2,640,606)
Transfers	2,614,401	820,301	4,765,194	308,343	-	(8,508,239)	-
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

[1] Of this amount as at December 2015, Leasehold improvement accounts for N9,965,798,000 (26.4%) while Buildings acounts for N27,800,074,000 (73.6%)

[2] 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**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2015	6,389,345	545,428	31,369,167	4,579,982	2,633,182	-	45,517,104
Charge for the year	1,427,660	112,292	6,442,557	1,171,197	705,251	-	9,858,957
Disposal	-	-	(2,666,412)	(1,178,767)	-	-	(3,845,179)
Balance at 31 December 2015	7,817,005	657,720	35,145,312	4,572,412	3,338,433	-	51,530,882
Balance at 1 January 2014	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
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
Carrying amounts:							
Balance at 31 December 2015	29,948,867	8,042,896	12,027,438	2,468,360	9,231,455	17,473,732	79,192,748
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

(c) The Bank had capital commitments of N1,025,496,000 (31 December 2014: N587,193,000) 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 (2014: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2015	8,650,704	10,035,233	18,685,937
Exchange translation differences	(2,319)	(81,432)	(83,751)
Additions	-	1,198,372	1,198,372
Disposals	-	(2,084,813)	(2,084,813)
Balance at 31 December 2015	8,648,385	9,067,360	17,715,745
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
Amortization and impairment losses			
Balance at 1 January 2015	-	6,169,718	6,169,718
Exchange translation differences	-	(16,651)	(16,651)
Amortization for the year	-	1,176,878	1,176,878
Disposals	-	(2,084,812)	(2,084,812)
Balance at 31 December 2015	-	5,245,133	5,245,133
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
Carrying amounts			
Balance at 31 December 2015	8,648,385	3,822,227	12,470,612
Balance at 31 December 2014	8,650,704	3,865,515	12,516,219

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 Dec 2015 (2014: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2015	7,616,866
Additions	1,003,673
Disposals	(1,894,180)
Balance at 31 December 2015	6,726,359
Balance at 1 January 2014	6,639,769
Additions	977,097
Balance at 31 December 2014	7,616,866
Amortization and impairment losses	
Balance at 1 January 2015	5,199,166
Amortization for the year	928,413
Disposals	(1,894,179)
Balance at 31 December 2015	4,233,400
Balance at 1 January 2014	4,383,001
Amortization for the year	816,165
Balance at 31 December 2014	5,199,166
Carrying amounts	
Balance at 31 December 2015	2,492,959
Balance at 31 December 2014	2,417,700

(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 -15	Dec-14
Rest of West Africa:		
- Corporate Banking	38,144	36,070
- Commercial Banking	5,564	6,836
- Retail Banking	7,214	8,015
East Africa:		
- Corporate Banking	6,440,068	6,091,621
- Commercial Banking	939,431	1,154,521
- Retail Banking	1,217,962	1,353,639
	8,648,384	**8,650,702**

No impairment loss on goodwill was recognised during the year ended 31 December 2015 (31 December 2014: 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 average growth rate of 7.0 per cent and 6.2 per cent for CGUs in Rest of Africa and East Africa regions 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 and weighted discount rate of 13.02% derived using Gordon's Dividend's approach. It would require over N1.5billion change in the recoverable amount of the most vulnerable CGU (East Africa – Corporate) before goodwill allocated the CGU can be assumed impaired.

2015-Key Assumptions	**Rest of West Africa**			**East Africa**		
	Corporate	**Commercial**	**Retail**	**Corporate**	**Commercial**	**Retail**
Revenue Growth Rate (%)	7.0%	6.5%	7.5%	5.7%	6.2%	6.7%
Operating Income Growth Rate (%)	7.4%	6.9%	7.9%	6.2%	6.7%	7.2%
Other Operating Costs (₦'Million)	969	569	1,513	351	206	549
Annual Capital Expenditure (₦'Million)	222	221	822	55	56	215
Recoverable Amount (₦'Million)	66,909	10,922	26,239	12,949	4,061	6,691
Long Term Growth Rate (%)	6%-8%	6%-8%	6%-8%	6%-8%	6%-8%	6%-8%
Discount Rate (%)	13.0%	13.0%	13.0%	13.04%	13.0%	13.0%

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	12	14	443	314	60
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 (%)	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%

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-2015**			**Dec-2014**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	639,651	-	639,651	284,065	-	284,065
Fair value reserves	74,564	-	74,564	25,026	-	25,026
Allowances for loan losses/Fraudloss provision	483,504	-	483,504	431,850	-	431,850
Other assets	-	-	-	32,756	-	32,756
Foreign currency translation difference	2,046,422	-	2,046,422	1,584,583	-	1,584,583
Net deferred tax assets/(liabilities)	3,244,141	-	3,244,141	2,358,280	-	2,358,280

In thousands of Nigerian Naira	-	**Dec-2015**	**Dec-2014**
Deferred tax assets			
-Deferred tax assets to be recovered within 12 months		2,604,490	2,074,215
-Deferred tax assets to be recovered after more than 12 months		639,651	284,065

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**Dec-2015**			**Dec-2014**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	9,596,590	9,596,590	-	7,583,757	7,583,757
Fair value reserves	-	907,831	907,831	514,236	-	(514,236)
Allowances for loan losses/Fraudloss provision	2,216,888	-	(2,216,888)	2,318,803	-	(2,318,803)
Mark to market loss on valuation of securities	-	-	-	-	1,882	1,882
Defined benefit obligation/Actuarial Loss	1,356,344	-	(1,356,344)	238,800	-	(238,800)
Other assets	91,667	-	(91,667)	122,132	-	(122,132)
Net deferred tax (assets)/liabilities	3,664,899	10,504,421	6,839,522	3,193,971	7,585,639	4,391,668

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,664,899	3,193,971
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	907,831	1,882
-Deferred tax liabilities to be recovered after more than 12 months	9,596,590	7,583,757

Parent

Deferred Tax Liabilities

In thousands of Nigerian Naira		**Dec-2015**			**Dec-2014**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	9,126,016	9,126,016	-	7,147,894	7,147,894
Fair value reserves	-	884,656	884,656	514,236	-	(514,236)
Allowances for loan losses/Fraudloss provision	2,216,888	-	(2,216,888)	2,318,803	-	(2,318,803)
Mark to market loss on valuation of securities	-	-	-	-	1,882	1,882
Defined benefit obligation/Actuarial Loss	1,356,344	-	(1,356,344)	238,800	-	(238,800)
Other assets	91,667	-	(91,667)	122,132	-	(122,132)
Net deferred tax (assets)/liabilities	3,664,899	10,010,672	6,345,773	3,193,971	7,149,776	3,955,805

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,664,899	3,193,971
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	884,656	1,882
-Deferred tax liabilities to be recovered after more than 12 months	9,126,016	7,147,894

Movements in temporary differences during the year

Group
Dec-2015

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, 2015	7,299,692	(539,262)	(2,750,653)	1,882	(238,800)	(154,888)	(1,584,583)	2,033,388
Exchange Difference	(85,118)	-	(19,565)	(4,988)	-	68,301	9,890	(31,480)
Recognised in Profit or loss	1,742,364	(47,935)	69,826	3,106	(714,724)	19,249	-	1,071,886
Other comprehensive Income	-	1,420,464	-	-	(402,820)	-	(496,058)	521,586
Balance at 31, Dec 2015	8,956,938	833,267	(2,700,392)	-	(1,356,344)	(67,338)	(2,070,751)	3,595,380

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	264,585	-	(170,282)	(4,988)	-	94,336	(82,833)	100,818
Recognised in Profit or loss	906,571	(107,147)	321,637	44,727	495,061	(453,567)	-	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)	(154,888)	(1,584,583)	2,033,388

Parent
Dec-2015

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, 2015	7,147,894	(514,236)	(2,318,803)	1,882	(238,800)	(122,132)	-	3,955,805
Recognised in Profit or loss	1,978,123	-	101,915	(1,882)	(714,724)	30,465	-	1,393,897
Other comprehensive Income	-	1,398,892	-	-	(402,820)	-	-	996,072
Deferred Tax Reclassifications	-	-	-	-	-	-	-	-
Balance at 31, Dec 2015	9,126,017	884,656	(2,216,888)	-	(1,356,344)	(91,667)	-	6,345,774

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

34 Restricted deposits and other assets

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Prepayments	14,513,586	16,267,107	11,227,930	10,327,710
Foreign Banks - Cash Collateral	7,348,576	24,843,035	7,348,576	31,406,543
Restricted deposits with central banks (See note 34(a) below)	276,458,798	261,009,876	273,873,799	257,098,961
Recognised assets for defined benefit obligations (See note 39)	5,095,333	5,647,099	5,095,333	5,647,099
	303,416,293	**307,767,117**	**297,545,638**	**304,480,313**
Impairment on other assets (See note 34(b) below)	(305,556)	(305,556)	(305,556)	(305,556)
	303,110,737	307,461,561	297,240,082	304,174,757
Current	21,556,606	40,658,767	18,270,950	41,428,697
Non-current	281,554,131	266,802,794	278,969,132	262,746,060

(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 N273,873,799,000 with the Central Bank of Nigeria (CBN) as at 31 December 2015 (December 2014: N257,098,961,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 25% of qualifying Naira deposits (December 2014: 20% non-government, 75% government deposit) which should be held with the Central Bank of Nigeria as a regulatory requirement.

As at 31 December 2015, GTB Liberia and Cote d'ivoire had restricted balances of N1,669,398,000 and N106,072,000 with the Central Bank of Liberia and the BCEAO respectively (December 2014: N1,203,885,000 and N104,972,000). The Cash Reserve Ratio in Liberia and Cote d'ivoire represents a mandatory 15% and 5% respectively of local currency deposit which should be held with their respective Central Banks as a regulatory requirement. In the same period, GTBank Kenya had restricted deposits of N809,530,000 (December 2014: N970,247,000).

(a) Movement in impairment of other assets:

In thousands of Nigerian Naira	**Group Dec-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Opening Balance	305,556	305,556	305,556	305,556
Charge for the year	-	-	-	-
Recoveries	-	-	-	-
Write off	-	-	-	-
Closing Balance	305,556	305,556	305,556	305,556

35 Deposits from banks

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Money market deposits	15,314,439	17,929,547	-	139
Other deposits from banks	10,942,400	13,732,075	39,941	143,574
	26,256,839	31,661,622	39,941	143,713
Current	26,256,839	31,661,622	39,941	143,713
Non-current	-	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Retail customers:				
Term deposits	188,045,270	188,580,701	161,451,029	158,550,297
Current deposits	267,977,382	271,011,750	212,534,453	228,530,753
Savings	332,781,296	279,551,439	295,916,361	246,710,922
Corporate customers:				
Term deposits	258,426,826	248,578,930	236,185,583	226,427,755
Current deposits	563,118,915	630,485,374	516,462,699	579,302,343
	1,610,349,689	1,618,208,194	1,422,550,125	1,439,522,070
Current	1,606,253,762	1,616,284,159	1,422,545,248	1,439,520,778
Non-current	4,095,927	1,924,035	4,877	1,292

37 Debt securities issued

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Debt securities at amortized cost:				
Eurobond debt security	179,736,280	166,919,321	-	-
Corporate bonds	381,144	401,886	-	-
	180,117,424	167,321,207	-	-
Current	105,645,788	-	-	-
Non-current	74,471,636	167,321,207	-	-

Debt securities of N179,736,280,000 (USD 902,971,000) (December 2014: N166,919,321,000 (USD 897,657,000) 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 note issued in May 2011 will mature in May 2016 and the bank has sufficient liquidity to fund the repayment without issuing additional notes.

38 Other liabilities

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Cash settled share based payment liability (Note 38(d))	8,136,942	8,082,186	-	-
Liability for defined contribution obligations (Note 38(a))	28,218	53,824	-	-
Deferred income on financial guarantee contracts	108,730	93,907	37,727	65,785
Certified cheques	9,575,247	8,353,368	7,042,979	7,016,047
Lease obligation (Note 38(b))	1,915,400	2,528,236	1,915,400	2,528,236
Customers' deposit for foreign trade (Note 38(c))	7,343,801	24,843,092	7,343,801	31,406,600
Customers'escrow balances	16,750,005	-	16,750,005	-
Account Payables	6,417,011	2,476,238	6,266,513	2,247,729
Creditors and agency services	10,493,669	10,558,097	1,941,077	4,246,023
Customers' deposit for shares of other Corporates	43,836,690	211,513	43,828,709	204,075
	104,605,713	57,200,461	85,126,211	47,714,495
Current	93,497,118	24,287,614	83,519,290	24,259,841
Non-current	11,108,595	32,912,847	1,606,921	23,454,654

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively 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 N9,231,455,000 (December 2014: N1,594,950,000)

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 2014:Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Not more than one year	955,335	669,346	955,335	669,346
Over one year but less than five years	1,114,557	2,156,783	1,114,557	2,156,783
Over five years	-	-	-	-
	2,069,892	2,826,129	2,069,892	2,826,129
Less future finance charges	(154,492)	(297,893)	(154,492)	(297,893)
	1,915,400	2,528,236	1,915,400	2,528,236

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**	**Dec-2015**	**Dec-2014**
Not more than one year	848,125	549,307	848,125	549,307
Over one year but less than five years	1,067,275	1,978,929	1,067,275	1,978,929
Over five years	-	-	-	-
	1,915,400	2,528,236	1,915,400	2,528,236

(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 options outstanding and their related weighted average exercise prices are as follows:

	Dec-2015		Dec-2014	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	20.13	401,414.77	18.36	406,626
Granted	11.21	25,485.93	10.46	28,690
Forfeited	-	-	-	-
Exercised	21.65	(32,702)	22.22	(33,901)
Expired	-	-	-	-
As at end of the year	**20.64**	**394,199**	**20.13**	**401,415**

Out of the 394,199,000 outstanding SARs as at Dec-2015 (2014: 401,415,000 SARs), 287,440,956 SARs (2014: 285,243,397) were exercisable. SARs exercised in 2015 resulted in 32,701,735 shares (2014:33,901,000) being issued at a weighted average price of N21.65 each (2014: N22.22 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 11.16% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Naira	Exercise price		Share options (thousands)	
Grant-Vest	Dec-2015	Dec-2014	Dec-2015	Dec-2014
2004-2009	23.36	22.89	4,212,913	4,630,195
2004-2017	17.85	16.33	66,105	58,012
2005-2010	21.08	20.06	496,840	459,300
2005-2011	23.46	23.53	64,565	64,744
2005-2013	23.09	23.40	492,179	489,344
2006-2011	20.85	20.48	177,525	161,620
2006-2014	22.74	20.82	214,490	188,613
2007-2012	19.99	19.07	605,604	535,479
2007-2013	16.84	15.13	43,219	35,464
2007-2014	20.87	19.96	172,058	166,651
2007-2015	21.40	20.41	122,538	105,800
2007-2016	20.14	18.35	336,038	284,866
2008-2013	18.87	16.62	241,845	201,742
2008-2014	18.49	18.07	84,493	65,850
2008-2015	17.99	15.28	38,819	27,717
2008-2016	0.00	17.18	-	30,791
2008-2017	18.64	14.76	39,383	24,113
2009-2014	21.15	19.62	99,483	90,919
2009-2015	23.39	15.68	11,346	7,569
2009-2016	21.38	20.18	3,341	3,363
2010-2015	15.11	12.91	105,234	70,149
2010-2016	18.70	12.94	41,780	28,638

2010-2017	18.72	15.36	30,681	22,838
2010-2018	15.18	12.17	28,698	30,799
2010-2019	12.35	9.50	27,676	19,383
2011-2016	14.79	10.30	170,940	103,060
2011-2017	10.97	7.46	13,041	7,422
2011-2018	10.33	6.62	16,019	9,261
2011-2019	14.62	9.55	33,256	21,722
2011-2020	16.11	9.82	14,500	8,840
2011-2021	0.00	14.38	-	71,892
2012-2017	9.32	5.85	43,487	20,574
2012-2018	9.65	5.32	4,478	1,375
2012-2019	0.00	5.35	-	1,606
2012-2021	9.03	3.79	2,710	1,136
2012-2022	10.72	3.59	2,584	864
2013-2018	6.29	3.84	42,568	18,755
2014-2019	4.70	3.05	15,242	5,158
2014-2022	3.89	8.03	2,244	6,562
2015-2020	3.60	0.00	15,329	-
2015-2022	3.43	0.00	3,090	-
2015-2023	3.46	0.00	570	-
2015-2024	3.31	0.00	28	
			8,136,942	8,082,186

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' gratuity 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-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Unfunded obligations	-	-	-	-
Present value of funded obligations	(3,178,414)	(2,300,259)	(3,178,414)	(2,300,259)
Total present value of defined benefit obligations	(3,178,414)	(2,300,259)	(3,178,414)	(2,300,259)
Fair value of plan assets	8,273,747	7,947,358	8,273,747	7,947,358
Present value of net asset/(obligations)	5,095,333	5,647,099	5,095,333	5,647,099
Unrecognized actuarial gains and losses	-	-	-	-
Recognized asset/(liability) for defined benefit obligatior	5,095,333	5,647,099	5,095,333	5,647,099

The bank has a right to surplus on its plan assets. There are no unrecognised actuarial gains and losses.

Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 34

(b) Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
(Deficit)/surplus on defined benefit obligations, beginning of year	5,647,099	5,779,442	5,647,099	5,779,442
Net (Expense) / Income recognised in Profit and Loss[1]	754,440	608,525	754,440	608,525
Re-measurements recognised in Other Comprehensive Income[2]	(1,342,734)	(796,000)	(1,342,734)	(796,000)
Contributions paid	36,528	55,132	36,528	55,132
(Deficit)/surplus for defined benefit obligations, end of year	5,095,333	5,647,099	5,095,333	5,647,099

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Interest cost on Net defined benefit obligation[a]	832,507	738,070	832,507	738,070
Current service costs	(78,067)	(129,545)	(78,067)	(129,545)
	754,440	608,525	754,440	608,525

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Interest income on assets	1,184,156	982,814	1,184,156	982,814
Interest cost on defined benefit obligation	(351,649)	(244,744)	(351,649)	(244,744)
	832,507	738,070	832,507	738,070

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Return on plan assets, excluding amounts included in interest expense/income	(857,767)	(595,564)	(857,767)	(595,564)
Gain/(loss) from change in financial assumptions	742,172	357,340	742,172	357,340
Gain/(loss) from change in demographic assumptions	(1,227,139)	(557,776)	(1,227,139)	(557,776)
	(1,342,734)	(796,000)	(1,342,734)	(796,000)

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Equity securities:				
- Quoted	1,978,787	2,439,658	1,978,787	2,439,658
Government securities				
- Unquoted	473,990	225,376	473,990	225,376
Offshore investments				
- Quoted	1,612,172	1,411,734	1,612,172	1,411,734
Cash and bank balances				
- Unquoted	4,208,798	3,870,590	4,208,798	3,870,590
	8,273,747	7,947,358	8,273,747	7,947,358

Group

In thousands of Nigerian Naira	Dec-2015		Dec-2014	
Equity securities	1,978,787	23%	2,439,658	30%
Government securities	473,990	6%	225,376	3%
Offshore investments	1,612,172	19%	1,411,734	18%
Cash and bank balances	4,208,798	51%	3,870,590	49%
	8,273,747	100%	7,947,358	100%

Parent *In thousands of Nigerian Naira*	**Dec-2015**		**Dec-2014**	
Equity securities	1,978,787	23%	2,439,658	30%
Government securities	473,990	6%	225,376	3%
Offshore investments	1,612,172	19%	1,411,734	18%
Cash and bank balances	4,208,798	51%	3,870,590	49%
	8,273,747	100%	7,947,358	100%

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited

Plan assets include the Group's ordinary shares with a fair value of N1,839,796,000 (2014: N2,271,540,000) and money market placements with a fair value of N3,610,631,000 (2014:N3,292,634,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2016 are N142,145,000 (December 2015: N142,019,000) while gratuity payments are estimated to be N142,145,000 (December 2015: N142,019,000)

(d) Defined benefit cost for year ending December 2016 is expected to be as follows:

	Parent Dec-2016	**Parent Dec-2015**
Current service cost	116,074	168,486
Net Interest on Net benefit liability	(575,738)	(826,893)
Expense/(Income) recognised in profit or loss	(459,664)	(658,407)

Components of net interest on defined benefit liability for year ending December 2015 is estimated to be as follows:

	Parent Dec-2016	**Parent Dec-2015**
Interest cost on defined benefit obligation	367,469	357,263
Interest income on assets	(943,207)	(1,184,156)
Total net interest cost	(575,738)	(826,893)

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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Fair value of plan assets, beginning of the year	7,947,358	7,560,108	7,947,358	7,560,108
Contributions paid into/(withdrawn from) the plan	36,528	55,132	36,528	55,132
Benefits paid by the plan	(36,528)	(55,132)	(36,528)	(55,132)
Actuarial gain/(loss)	(857,767)	(595,564)	(857,767)	(595,564)
Expected return on plan assets	1,184,156	982,814	1,184,156	982,814
Fair value of plan assets, end of the year	8,273,747	7,947,358	8,273,747	7,947,358

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Present value of obligation, beginning of the year	2,300,259	1,780,666	2,300,259	1,780,666
Interest cost	351,649	244,744	351,649	244,744
Current service cost	78,067	129,545	78,067	129,545
Benefits paid	(36,528)	(55,132)	(36,528)	(55,132)
Actuarial (gain)/loss on obligation	484,967	200,436	484,967	200,436
Present value of obligation at end of the year	3,178,414	2,300,259	3,178,414	2,300,259

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2015	2014
Discount rate	14.90%	14.90%
Salary increase rate	10%	10%
Inflation	8%	8%
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 A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 11.4%. 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 5% per annum. The inflation component has been worked out at 8% 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.

(h) 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-2015

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,932,763)	3,457,932
Salary increase rate	1.00%	3,464,306	(2,923,107)
Mortality rate	1 year	3,177,742	(3,179,136)

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)

Parent
Dec-2015
In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,932,763)	3,457,932
Salary increase rate	1.00%	3,464,306	(2,923,107)
Mortality rate	1 year	3,177,742	(3,179,136)

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)

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-employment 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	3,352	3,352	2,798	19,099,988	19,109,490
	3,352	3,352	2,798	19,099,988	19,109,490

(k) Historical information

In thousands of Nigerian Naira	Dec-2015	Dec-2014	Dec-2013	Dec-2012	Dec-2011
Present value of the defined benefit obligation	(2,693,447)	(2,099,823)	(2,303,929)	422,669	(2,065,771)
Fair value of plan assets	9,131,514	8,542,922	7,427,603	6,403,690	6,403,690
Experience adjustments on plan liabilities	(484,967)	(200,436)	523,263	362,207	362,207
Experience adjustments on plan assets	(857,767)	(595,564)	132,505	(314,927)	(314,927)
Surplus/(deficit)	5,095,333	5,647,099	5,779,442	6,873,639	4,385,199

(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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Due to IFC (see note (i) below)	61,254,296	26,689,891	58,245,601	26,534,084
Due to ADB (see note (ii) below)	8,921,850	11,656,689	8,921,850	11,656,689
Due to FMO	3,270,193	5,231,164	-	-
Due to BOI (see note (iii) below)	47,568,133	40,916,461	47,568,133	40,916,461
Due to GTBV (see note (iv) below)	-	-	179,736,280	166,919,321
Due to CACS (see note (v) below)	14,140,270	3,693,901	14,140,270	3,693,901
Due to Proparco (see note (vi) below)	11,109,588	3,110,439	11,109,588	3,110,439
MSME Development Fund (see note (vii) below)	398,000	-	398,000	-
State Government Bail Out Fund (see note (viii) below)	13,460,578	-	13,460,578	-
Excess Crude Account -Secured Loans Fund (see note (ix) below)	5,000,000	-	5,000,000	-
	165,122,908	91,298,545	338,580,300	252,830,895
Current	19,729,559	22,323,380	122,509,064	17,092,216
Non-current	145,393,349	68,975,165	216,071,236	235,738,679

i). The amount of N58,245,601,000 (USD 292,618,000) (December 2014: N26,534,084,000 ; USD 142,695,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014(USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

ii). The amount of N8,921,850,000 (USD 44,822,000) (December 2014: N11,656,689,000; USD62,687,000) represents the outstanding balance on the second tranche of the facility granted to the Parent by the African Development Bank(AfDB). The first tranche was disbursed in August 2007(USD 40,000,000) for a period of 5.5 years and was fully re-paid in February 2013. The second tranche was disbursed in February 2012 (USD 90,000,000) for a period of 7 years. The principal amount on this is payable semi annually from August 2013. Interest is payable semi annually on the second tranche at 5.157%.

iii). The amount of N47,568,133,000 (December 2014: N40,916,461,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iv). The amount of N179,736,280,000 (USD 902,971,000) (December 2014: N166,919,321,000; USD897,657,000) represents amortised cost of dollar guaranteed notes issued by GTB Finance B.V., Netherlands subsequently granted as a loan to the Parent. It represents the balances on the second tranche of USD 500,000,000 issued in May 2011 for a period of 5 years at 7.5% per annum and the third tranche of USD 400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum. The principal amounts are repayable at the end of the tenor while interest on the notes are payable semi-annually v). The amount of N14,140,270,000 (December 2014: N3,693,901,000) represents the outstanding balance on the on lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Rural Development(FMARD) with the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years. at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme is 9% p.a inclusive of all charges.

vi). The amount of 11,109,588,000 (USD 55,813,000) (December 2014: N3,110,439,000; USD16,727,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development(AfD). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and Libor plus 4.26% for the second tranche.

vii). The amount of N398,000,000 (December 2014: Nil) represents outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate, inclusive of all charges, to the eligible MSMEs is 9% p.a.

viii). The amount of N13,460,578,000 (December 2014: Nil) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State governments for the liquidation of their workers' salary arrears The facility attracts an interest rate of 2% and the Parent is under obligation to lend to participating states at a maximum rate of 9% p.a (inclusive of all charges). The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

ix). The amount of N5,000,000,000 (December 2014: Nil) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges. The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

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-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
(a)	Authorised -				
	50,000,000,000 ordinary shares of 50k each				
	(31 December 2014: 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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
(b)	Issued and fully paid: 29,431,179,224 ordinary shares of 50 kobo each (31 December 2014: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
26,330,575,837 ordinary shares (Non-GDR) of 50k each (31 December 2014: 26,269,336,687)	13,165,288	13,134,669	13,165,288	13,134,669
3,100,603,387 ordinary shares (GDR) of 50k each (31 December 2014: 3,161,842,537)	1,550,302	1,580,921	1,550,302	1,580,921
	14,715,590	14,715,590	14,715,590	14,715,590

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the year is as follows:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Balance, beginning of year	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the year	-	-	-	-
Balance, end of year	14,715,590	14,715,590	14,715,590	14,715,590

Share capital

Movement in the components of share capital is as shown below:

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2014	29,431,180	14,715,590	123,471,114	(2,046,714)
(Purchases)/sales of treasury shares	-	-	-	(1,940,861)
At 31 December 2014/1 January 2015	**29,431,180**	**14,715,590**	**123,471,114**	**(3,987,575)**
(Purchases)/sales of treasury shares	-	-	-	(766,581)
At 31 December 2015	**29,431,180**	**14,715,590**	**123,471,114**	**(4,754,156)**

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. In the current period, the bank appropriated N20,747,787,000 representing 22% of its Profit after tax to statutory reserve. Total statutory reserves was N161,134,636,000 at the end of the year.

(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 requirement 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 current period. Total SMEEIS reserves was N4,232,478,000 at the end of the year.

(iii) **Treasury shares**
Treasury shares in the sum of N4,754,156,000 (31 December 2014:N3,987,575,000) represents the Bank's shares held by the Staff Investment Trust as at 31 December 2015.

(iv) **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.

(v) **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 when compared with the assessment in line with the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision amounting to N24,457,544,000 is not required by IAS 39. Therefore it has been recognised in Regulatory Risk Reserve. The total Parent's balance in regulatory risk reserve is N52,241,013,000.

(vi) **Retained earnings**

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(vii) **Non-controlling interest**

The analysis of non-controlling interest per subsidiary is as shown below:

	Group Dec-2015 %	Group Dec-2014 %	Group Dec-2015 ₦'000	Group Dec-2014 ₦'000
GTB (Gambia) Limited	22.19	22.19	537,421	372,605
GTB (Sierra Leone) Limited	15.76	15.76	645,034	438,790
GTB (Ghana) Limited	4.63	4.63	597,485	607,503
GTB Liberia	0.57	0.57	18,476	16,290
GTB Kenya Limited	30.00	30.00	4,590,133	4,244,134
			6,388,549	5,679,322

Please refer to Note 44 for more information on the Group structure

42 Dividends

The following dividends were declared and paid by the Group during the year ended:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Balance, beginning of year	-	-	-	-
Final dividend declared[1]	44,146,768	42,675,209	44,146,768	42,675,209
Interim dividend declared	7,357,795	7,357,795	7,357,795	7,357,795
Payment during the year	(51,504,563)	(50,033,004)	(51,504,563)	(50,033,004)
Balance, end of year	-	-	-	-

[1] This relates to the final dividend declared for the 2014 financial year

Subsequent to the balance sheet date, the board of directors proposed a final dividend of 152k per share (31 December 2014: 150k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

43. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 428 cases as a defendant (31 December 2014: 394) and 180 cases as a plaintiff (31 December 2014: 176). The total amount claimed in the 428 cases against the Bank is estimated at N511.17 Billion and $132.02 Million (31 December 2014: N447.12 Billion and $135.42 Million) while the total amount claimed in the 180 cases instituted by the Bank is N49.6 Billion (31 December 2014: N66.4 Billion). However, the solicitors of the Bank are of the view that the liability which may arise from the cases pending against the Bank is not likely to exceed N109,781,042 (31 December 2014: N93,601,000).

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-2015**	**Group Dec-2014**	**Parent Dec-2015**	**Parent Dec-2014**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	-	-	-
Transaction related bonds and guarantees	463,573,112	497,857,280	454,123,077	483,566,238
	463,573,112	497,857,280	454,123,077	483,566,238
Commitments:				
Short term foreign currency related transactions	3,367,750	23,086,579	-	20,103,363
Clean line facilities and letters of credit	84,713,490	153,494,479	73,260,543	145,470,036
Other commitments	12,766,126	8,485,425	-	-
	100,847,366	185,066,483	73,260,543	165,573,399

b. 51% (N230,827,224,000) of all the transaction related bonds and guarantees are collaterised (December 2014: 61%: N294,975,405,000). The cash component of the collaterised bond and guarantee is N39,747,312,000 (31 December 2014: N85,297,099,000) while the balance of N191,079,912,000 (December 2014: N209,678,306,000) is non-cash

44. 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-15	NCI Dec-15	Ownership interest Dec-14	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%
6	Guaranty Trust Bank Cote D'Ivoire S.A	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
7	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-15	NCI Dec-15	Ownership interest Dec-14	NCI Dec-14
1	Guaranty Trust Bank Rwanda Limited*	Rwanda	67.2%	32.8%	64.00%	36.00%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	30.00%	70.00%	30.00%

*Ownership interest in Rwanda increased as a result of additional investment made by Guaranty Trust Bank Kenya Limited

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 was licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and commenced operations on April 16, 2012.

(g) The Group extended its regional presence in Africa December 2013 by acquiring 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been re-branded 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. The Bond issued by GTB Finance B.V are guaranteed by Guaranty Trust Bank Plc.

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 31 December, 2015:

Significant subsidiaries						
		Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
			Dec-15	Dec-14	Dec-15	Dec-14
1	Guaranty Trust Bank Gambia Limited	Gambia	537,421	372,605	150,686	102,877
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	645,034	438,790	211,922	140,298
3	Guaranty Trust Bank Ghana Limited	Ghana	597,485	607,503	152,939	185,612
4	Guaranty Trust Bank Liberia Limited	Liberia	18,476	16,290	1,666	1,881
5	Guaranty Trust Bank Kenya Limited	Kenya	4,590,133	4,244,134	241,240	266,966

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Gambia) Limited paid dividend during the year in the sum of N66,489,000, N13,989,000 and N23,197,000 respectively (December 2014: N98, 102,000, N47, 622,000 and N62, 537,000 respectively) to non-controlling interest.

45. 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. 2014: N469,998,600)	N508,016,000(Dec-2014: N515,041,000)	N40,500,000 (Dec-2014: N40,500,000)
Line item in SOFP	Investment securities- AFS	Investment securities-AFS	Investment securities- AFS
Loans granted	-	N2,581,437,971(Dec-2014: N2,058,620,550)	-
****Maximum exposure to loss**	N469,998,600 (Dec-2014: N469,998,600)	N3,597,469,971 (Dec-2014: N3,074,652,550)	N40,500,000 (Dec-2014: 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.

46. 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 another 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. These transactions are eliminated on consolidation, hence, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the year, the Bank received Dividend of ₦1,358,206,951, ₦74,802,739 and ₦81,332,222 from GTBank Ghana, GTBank Sierra Leone and GTBank Gambia respectively.

The Bank also has receivables from GTBank Liberia and GTBank Ghana in the sum of ₦31,751,974 and ₦141,212,679 as at 31 December, 2015 respectively (December 2014: GTBank Gambia, GTBank Sierra Leone, GTBank Liberia, GTBank Ghana and GTBank Kenya in the sum of ₦1,596,000, ₦121,155,885, ₦3,352,365, ₦14,577,169 and ₦3,711,000 respectively).

(c)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 include the close family members 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 family members 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.

(d) Risk assets outstanding 31 December 2015

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 N1,585,455,000 (31 December 2014:N881,920,000) 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	Facility type	Status	Nature of Security	Parent	Parent
In thousands of Nigerian Naira					**Dec-2015**	**Dec-2014**
Ithena Logic Ltd	Director Related	Overdraft	Performing	Lien On Shares	7,093	-
International Travel Express Ltd	Director Related	Overdraft	Performing	Tripartite Legal Mortgage, Personal Guarantee	89,087	113,033
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	12,076	29,512
Polystyrene Industries Ltd	Director Related	Term Loan	Performing	Mortgage Debenture,Personal Guarantee	46,911	96,881
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan / Overdraft	Performing	Domiciliation; Personal Guarantee	14,586	15,263
Enwereji Nneka Stella	Director Related	Gt Mortgage	Performing	Legal Mortgage	18,040	19,800
Cubic Contractors Limited	Director Related	Bond & Gtee Line / Overdraft	Performing	Cash In Pledged Funds,Mortgage Debentures,Personal Guarantee	991,137	128,351
Payless Butchers And Supermart	Director Related	Overdraft	Performing	Tripartite Legal Mortgage	-	8,714
Augusto Enterprises	Director Related	Overdraft	Performing	Equitable Mortgage	-	-
Contemporary Gifts Limited	Insider Related	Overdraft	Performing	All Asset Debenture, Personal Guarantee	16,920	-
Discovery House Mont.Sch. Ltd	Insider Related	Overdraft	Performing	Tripartite Legal Mortgage, Domiciliation, Personal Guarantee	50,000	-
Agbaje, Olufemi Augustus	Director Related	Maxplus Loan	Performing	Domiciliation	9,922	14,551
Fola Adeola	Director Related	Overdraft	Performing	Tripartite Equitable Mortgage	199,458	337,294
IBFC Alliance Limited	Director related	Overdraft	Performing	Treasury Bills	294	11,886
Olanrewaju Kalejaiye	Insider Related	Gt Mortgage / Max Advance	Performing	Legal Mortgage	129,932	106,635
					1,585,455	881,920

(e) Director/insiders related deposit liabiilties

Name of company/Individual	*Relationship*	*Type of Deposit*	**Parent**	**Parent**
In thousands of Nigerian Naira			**Dec-2015**	**Dec-2014**
Agusto & Co. Limited	Director related	Demand Deposit	29,655	48,634
Alliance Consulting	Director related	Demand Deposit	2,008	318
Comprehensive Project Mgt. Services	Director related	Demand Deposit	17,129	15,260
Cubic Contractors Limited	Director related	Demand Deposit	4,393	2,315
Eterna Plc	Director related	Demand Deposit	1,915	3,522
F & C Securities Limited	Director related	Demand Deposit	792	51,054
IBFC Limited	Director related	Demand Deposit	49	6
Jaykay Pharmacy Limited	Director related	Demand Deposit	11	11
Kresta Laurel Limited	Director related	Demand Deposit and Time Deposit	185,391	6,559
Main One Cable Company Ltd	Director related	Demand Deposit	12,218	2,778
Mayfield Finance Company	Director related	Demand Deposit	-	58
Mayfield Ventures Limited	Director related	Demand Deposit	-	93
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	1,471	91
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	3	3
WSTC Financial Services Ltd	Director related	Demand Deposit and Time Deposit	467,417	1,286,798
WSTC Nominee Limited	Director related	Demand Deposit	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	76	61
International Travel Express Ltd	Director related	Demand Deposit	10	10
Afren Onshore Ltd	Director related	Demand Deposit	1	1
Afren Resources Limited	Director related	Demand Deposit and Time Deposit	109	13,249
Mediabloc Consulting Nig Ltd	Insider Related	Demand Deposit	6	-
Ademola Kuye & Company	Insider Related	Demand Deposit and Time Deposit	-	9,948
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	98	100
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	2,701	3,526
Polystyrene Industries Ltd	Director related	Demand Deposit	4,504	8,422
Touchdown Travels Limited	Insider Related	Demand Deposit and Time Deposit	4,354	11,870
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	30,867	14,861
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	-	5
Agbaje, Olufemi Augustus	Director related	Demand Deposit	12,879	7,222
Adeola Razack Adeyemi	Director related	Demand Deposit	21,318	12,427
Enwereji Nnneka Stella	Director related	Demand Deposit	51	1,260
IBFC Alliance	Director related	Demand Deposit	721	222
Jaykay Pharmaceutical & Chemist	Director related	Demand Deposit	589	8
Olanrewaju Kalejaiye	Insider Related	Demand Deposit	311	791
			801,478	1,501,914

(f) Subsidiaries' deposit account balances

Name of company/Individual	*Relationship*	*Type of Deposit*	**Dec-2015**	**Dec-2014**
			₦	₦
GTB Sierra Leone	Subsidiaries	Domicilliary	736,692	688,208
GTB Ghana	Subsidiaries	Demand Deposit	3,461,851	2,144,859
GTB Ghana	Subsidiaries	Domicilliary	23,604,882	239,649
			27,803,425	3,072,716

(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-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Secured loans	1,585,455	881,920	1,585,455	881,920

Deposits:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Total deposits	801,478	1,501,914	801,478	1,501,914

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.

(h) **Key management personnel compensation for the year comprises:**

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Wages and salaries	1,850,486	1,843,425	1,586,128	1,568,461
Post-employment benefits	7,411	4,061	7,411	4,061
Share-based payments	358,614	406,495	-	-
Increase /(decrease) in share appreciation rights	765,862	793,289	-	-
	2,982,373	3,047,269	1,593,539	1,572,522

(i) (i) **Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	Group Dec-2015	Group Dec-2014	Parent Dec-2015	Parent Dec-2014
Fees as directors	287,427	172,248	27,500	45,500
Other allowances	254,612	340,161	236,296	175,391
	542,039	512,409	263,796	220,891
Executive compensation	717,838	690,525	710,838	690,525
	1,259,877	1,202,934	974,634	911,416

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Dec-2015	Parent Dec-2014
Chairman	33,607	23,986
Highest paid director	204,993	183,412

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Dec-2015	Parent Dec-2014
N 6,500,001 - N11,000,000	1	-
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	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	1	2
Above N22,500,001	13	12
	15	15

47 Contraventions

INFRACTION	AMOUNT
Infraction arising from delay in transmitting list of TSA names to CBN	N2 million
Penalty for late rendition of Returns	N50,000
Contravention of CBN circular on Prior Clearance of Prospective Employees of Banks	N4 million

48 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

49 Prior period corresponding balances

Certain prior period balances have been reclassified in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, to reflect current period presentation:

In thousands of Nigerian Naira	Reported Group Dec-2014	Restatements Group	Restated Group Dec-2014	Reported Parent Dec-2014	Restatements	Restated Dec-2014
Assets						
Cash and cash equivalents	246,939,868	-	246,939,868	161,778,647	-	161,778,647
Loans and advances to banks	5,695,592	-	5,695,592	30,815	-	30,815
Loans and advances to customers	1,275,681,135	-	1,275,681,135	1,182,393,874	-	1,182,393,874
Financial assets held for trading	9,415,919	-	9,415,919	5,675,545	-	5,675,545
Derivative financial assets	529,732	-	529,732	529,732	-	529,732
Investment securities:					-	
– Available for sale	344,701,935	-	344,701,935	317,749,878	-	317,749,878
– Held to maturity	35,160,640	-	35,160,640	4,511,342	-	4,511,342
Assets pledged as collateral	39,179,198	-	39,179,198	39,173,640	-	39,173,640
Investment in subsidiaries	-	-	-	40,130,284	-	40,130,284
Property and equipment	76,236,447	-	76,236,447	68,042,098	-	68,042,098
Intangible assets	12,516,219	-	12,516,219	2,417,700	-	2,417,700
Deferred tax assets	2,358,280	-	2,358,280			
Restricted deposits and other assets	307,461,561	-	307,461,561	304,174,757	-	304,174,757
	2,355,876,526	**-**	**2,355,876,526**	**2,126,608,312**	**-**	**2,126,608,312**
Liabilities						
Deposits from banks	31,661,622	-	31,661,622	143,713	-	143,713
Deposits from customers	1,618,208,194	-	1,618,208,194	1,439,522,070	-	1,439,522,070
Derivative financial liabilities	253,374	-	253,374	253,374	-	253,374
Other liabilities	57,200,461	-	57,200,461	47,714,495	-	47,714,495
Current income tax liabilities	11,208,907	9,618,250	20,827,157	12,657,634	9,618,250	22,275,884
Deferred tax liabilities	4,391,668	-	4,391,668	3,955,805	-	3,955,805
Debt securities issued	167,321,207	-	167,321,207	-	-	-
Other borrowed funds	91,298,545	-	91,298,545	252,830,895	-	252,830,895
	1,981,543,978	**9,618,250**	**1,991,162,228**	**1,757,077,986**	**9,618,250**	**1,766,696,236**
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
Share premium	123,471,114	-	123,471,114	123,471,114	-	123,471,114
Treasury shares	(3,987,575)	-	(3,987,575)	-	-	-
Retained earnings	61,043,431	(9,618,250)	51,425,181	58,442,378	(9,618,250)	48,824,128
Other components of equity	173,410,666	-	173,410,666	172,901,244	-	172,901,244
	368,653,226	**(9,618,250)**	**359,034,976**	**369,530,326**	**(9,618,250)**	**359,912,076**
Non-controlling interests in equity	**5,679,322**	**-**	**5,679,322**	**-**	**-**	**-**
Total equity	**374,332,548**	**(9,618,250)**	**364,714,298**	**369,530,326**	**(9,618,250)**	**359,912,076**
Total equity and liabilities	**2,355,876,526**	**-**	**2,355,876,526**	**2,126,608,312**	**-**	**2,126,608,312**

In thousands of Nigerian Naira	Reported Group Jan-2014	Restatements Group	Restated Group Jan-2014	Reported Parent Jan-2014	Restatements	Restated Jan-2014
Assets						
Cash and cash equivalents	307,395,676	-	307,395,676	228,609,551	-	228,609,551
Loans and advances to banks	5,596,476	-	5,596,476	16,976	-	16,976
Loans and advances to customers	1,002,370,638	-	1,002,370,638	926,967,093	-	926,967,093
Financial assets held for trading	17,223,667	-	17,223,667	13,746,682	-	13,746,682
Derivative financial assets	170,101	-	170,101	170,101	-	170,101
Investment securities:						
– Available for sale	374,673,147	-	374,673,147	364,056,362	-	364,056,362
– Held to maturity	84,741,890	-	84,741,890	46,682,498	-	46,682,498
Assets pledged as collateral	28,442,629	-	28,442,629	28,440,947	-	28,440,947
Investment in subsidiaries	-	-	-	40,130,284	-	40,130,284
Property and equipment	68,306,197	-	68,306,197	61,419,683	-	61,419,683
Intangible assets	11,214,274	-	11,214,274	2,256,768	-	2,256,768
Deferred tax assets	1,945,629	-	1,945,629	-	-	-
Restricted deposits and other assets	200,766,091	-	200,766,091	191,868,850	-	191,868,850
	2,102,846,415	**-**	**2,102,846,415**	**1,904,365,795**	**-**	**1,904,365,795**
Liabilities						
Deposits from banks	15,208,300	-	15,208,300	88,729	-	88,729
Deposits from customers	1,427,493,697	-	1,427,493,697	1,261,927,035	-	1,261,927,035
Derivative financial liabilities	3,883	-	3,883	3,883	-	3,883
Other liabilities	61,014,954	-	61,014,954	49,008,466	-	49,008,466
Current income tax liabilities	13,073,847	5,357,423	18,431,270	12,632,975	5,357,423	17,990,398
Deferred tax liabilities	5,065,625	-	5,065,625	4,784,323	-	4,784,323
Debt securities issued	156,498,167	-	156,498,167	13,233,595	-	13,233,595
Other borrowed funds	92,134,872	-	92,134,872	233,040,108	-	233,040,108
	1,770,493,345	**5,357,423**	**1,775,850,768**	**1,574,719,114**	**5,357,423**	**1,580,076,537**
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
Share premium	123,471,114	-	123,471,114	123,471,114	-	123,471,114
Treasury shares	(2,046,714)	-	(2,046,714)	-	-	-
Retained earnings	55,205,142	(5,357,423)	49,847,719	55,079,117	(5,357,423)	49,721,694
Other components of equity	135,924,361	-	135,924,361	136,380,860	-	136,380,860
	327,269,493	**(5,357,423)**	**321,912,070**	**329,646,681**	**(5,357,423)**	**324,289,258**
Non-controlling interests in equity	**5,083,577**	**-**	**5,083,577**	**-**	**-**	**-**
Total equity	**332,353,070**	**(5,357,423)**	**326,995,647**	**329,646,681**	**(5,357,423)**	**324,289,258**
Total equity and liabilities	**2,102,846,415**	**-**	**2,102,846,415**	**1,904,365,795**	**-**	**1,904,365,795**

Restatements in respect of prior years:

The restatement arose because the requirements of Section 19 of the Companies Income Tax Act (CITA) was not considered in the computed tax liability for the 2013, 2014 and 2015 years of assessment. Section 19 of the Income Tax Act in Nigeria provides that where total profits are less than the amount of dividend which is paid, whether or not the recipient of the dividend is a Nigerian company, the company shall be charged tax at 30% of the dividend paid. The bank computed its tax liability based on total profits, which was lower than the dividend paid. This resulted in a lower tax liability than would have been if the dividend paid was used.

Prior period corresponding balances

Certain prior period balances have been reclassified in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, to reflect current period presentation:

In thousands of Nigerian Naira	Reported Group Dec-2014	Restatements Group	Restated Group Dec-2014	Reported Parent Dec-2014	Restatements Parent	Restated Parent Dec-2014
Interest income	200,602,653	-	200,602,653	179,984,274	-	179,984,274
Interest expense	(58,210,555)	-	(58,210,555)	(51,285,444)	-	(51,285,444)
Net interest income	**142,392,098**	**-**	**142,392,098**	**128,698,830**	**-**	**128,698,830**
Loan impairment charges	(7,098,448)	-	(7,098,448)	(6,184,289)	-	(6,184,289)
Net interest income after loan impairment charges	**135,293,650**	**-**	**135,293,650**	**122,514,541**	**-**	**122,514,541**
Fee and commission income	47,969,982	-	47,969,982	40,944,512	-	40,944,512
Fee and commission expense	(2,114,365)	-	(2,114,365)	(1,747,518)	-	(1,747,518)
Net fee and commission income	**45,855,617**	**-**	**45,855,617**	**39,196,994**	**-**	**39,196,994**
Net gains/(losses) on financial instruments classified as held for trading[1]	28,274,332	(16,190,224)	12,084,108	24,104,531	(15,760,181)	8,344,350
Other income[1]	1,673,847	16,190,224	17,864,071	3,973,734	15,760,181	19,733,915
Net impairment reversal on financial assets	(273,815)	-	(273,815)	(273,815)	-	(273,815)
Personnel expenses	(27,442,101)	-	(27,442,101)	(21,036,543)	-	(21,036,543)
Operating lease expenses	(913,085)	-	(913,085)	(560,710)	-	(560,710)
Depreciation and amortization	(12,151,655)	-	(12,151,655)	(10,590,175)	-	(10,590,175)
Other operating expenses	(53,930,947)	-	(53,930,947)	(46,960,706)	-	(46,960,706)
Profit before income tax	**116,385,843**	**-**	**116,385,843**	**110,367,851**	**-**	**110,367,851**
Income tax expense[2]	(17,690,924)	(4,260,827)	(21,951,751)	(16,936,247)	(4,260,827)	(21,197,074)
Profit for the year	**98,694,919**	**(4,260,827)**	**94,434,092**	**93,431,604**	**(4,260,827)**	**89,170,777**

Restatements in respect of prior year(s):

[1] Foreign exchange revaluation gain recognized within Net gains on financial instruments classified as held for trading in prior year has been reclassifed to Other Income for better presentation.

[2] The restatement arose because the requirements of Section 19 of the Companies Income Tax Act (CITA) was not considered in the computed tax liability for the 2013, 2014 and 2015 years of assessment. Section 19 of the Income Tax Act in Nigeria provides that where total profits are less than the amount of dividend which is paid, whether or not the recipient of the dividend is a Nigerian company, the company shall be charged tax at 30% of the dividend paid. The bank computed its tax liability based on total profits, which was lower than the dividend paid. This resulted in a lower tax liability than would have been if the dividend paid was used.

Based on the restatement, the Basic and Diluted Earnings per Share dropped by N0.15 from N3.47 to N3.32 for the Group and by N0.14 from N3.17 to N3.03 for the Parent

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”. In GTBank, this involves 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, engagement of third party services, 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. 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 strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

In Guaranty Trust Bank, Strategic Risk is 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.

The 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.

The following practices, tools and methodologies have been deployed in the Bank for the purpose of Operational Risk Management implementation:

- **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, 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 the Risk Self-Assessment process 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 across the

Bank. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

Risk Assessments of the Bank's new and existing products, services, branches and vendors/contractors are also carried out. This process tests the quality of controls the Bank has in place to mitigate likely risks. Other Risk Assessments conducted include Process Risk Assessments, Product Risk Assessments, Vendor Risk Assessments, Fire Risk Assessments, New Branch Risk Assessment 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 and Quarterly 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 ISO 22301 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. Various testing and exercising programs are conducted bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities. The Plan is reviewed and updated periodically to ensure reliability and relevance of information contained. GTBank has been certified ISO 22301 BC compliant by the globally recognized British Standards Institution signifying that the Bank has instituted internationally accepted processes, structures and systems that demonstrate its capacity to resume business within a short timeframe in the event of any business disruption.

- **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 to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence

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 Management Philosophy and Principles

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, minimize 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 Organizations (COSO) / Sarbanes-Oxley (SOX) standards, and International Organization for Standardization (ISO)

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 bank wide.
- 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.

Operational Risk Capital Calculation – The Bank has adopted the Basic Indicator Approach under Basel II Pillar 1 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 other capital calculation methods i.e. the Standardized Approach and 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 Management software/application has been acquired by the Bank. This has been successfully implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

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 for 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 and ensures the implementation of the guiding OpRisk framework bank-wide. It ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities. The Committee considers and approves key decisions relating to Operational Risk before presentation to the Board. .

- All process owners are responsible for the day-to-day management of OpRisk prevalent in their respective Departments, Groups, Divisions and Regions.

- The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Treatment of Operational Risks

- GTBank adopts several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Bank's risk tolerances. 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 For Reduction option, risks that are within the Bank's strategic objectives but are outside the defined risk tolerance are reduced by implementing or increasing controls to reduce the impact and/or likelihood of the risk.

- **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

Agents and Locations

List of Agents and Locations		
S/N	**Name**	**Location**
1	Prince Ebeano Supermarket	9, Northern Business District, Lekki Phase 1, Lagos
2	De Prince Supermarket	3A Adejokun Street, Isheri-Magodo
3	Etisalat Nigeria Plc	Plot 19 Zone L Banana Island Ikoyi, Lagos.
Select Forte Oil Filling Stations in Lagos		
4	Forte Oil, Bank Road	1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos
5	Forte Oil, Old Airport Road	Muritala Mohammed 2, Local Airport Road, Ikeja
6	Forte Oil, Kingsway Road Apapa	72 Kofo Abayomi Road, Kingsway Avenue Apapa Lagos.
7	Forte Oil, Mushin Isolo	259, Agege Motor Road, Mushin, Lagos
8	Forte Oil, Festac Town	21, Road, Festac Town, Lagos
9	Forte Oil, Shomolu	138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos
10	Forte Oil, Wharf Road Apapa	Barracks Bus Stop, Wharf Road, Apapa, Lagos
11	Forte Oil, Ikorodu Round About	2, Sagamu Road, Ikorodu
12	Forte Oil, Jebba	80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos
13	Forte Oil Campus Road	1, Igbosere Road, Campos Lagos Island
14	Forte Oil, Oshodi Apapa (Mile 2)	Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos
15	Forte Oil, Western Avenue	113/115, Funsho Williams Avenue, Surulere
16	Forte Oil, Boundary Apapa	82/84 Mobil Road, Boundary Bus stop Ajegunle Lagos
17	Forte Oil, Old Apapa Road, Costain	80, Old Apapa Road Ebute Metta West , Costain Lagos
18	Forte Oil, Ogba	Oba Ogunji Road, Pen Cinema, Ogba Lagos
19	Forte Oil, Oba-Akran	39, Oba Akran Avenue Ikeja Lagos
20	Forte Oil, Ladipo-Mushin	110, Ladipo Street , Matori Industrial Estate Mushin
21	Forte Oil, Bariga	6/ 8 Fetuga Street, Bariga
22	Forte Oil, Ajiwe-Ajah	Block A, Plot 7, Budo Farm Layout, Ajiwe-Ajah Lagos
23	Forte Oil, Okota	51 Okota Road Opposite Police Barracks, Okota
24	Forte Oil, Idimu	222 Egbeda-Idimu road, Carwash Bus-stop, Idimu
25	Forte Oil, Awolowo Road	111 – 113 Awolowo Road, Ikoyi
26	Forte Oil, Egbe	71, Egbe Road, Powerline B/Stop, Ejigbo-Lagos
27	Forte Oil Idimu 2	215/217 Idimu Ikotun Road, Ikotun- Lagos.
28	Forte Oil, Iyana Iyesi- Sango Otta	Iyana Iyesi road, Sango Otta
29	Forte Oil, Ilo Awela - Sango Otta	11, Ilo Awela road, Sango Otta
Select Total Nigeria Plc Filling Stations in Lagos		
30	Total, Sura - Lagos Island	4 Simpson Street beside Sura shopping complex, Lagos Island
31	Total, Ogijo - Ikorodu	KM 12 Sagamu Express road, Ikorodu Ogijo Ogun State

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 also implemented stringent fraud control measures to reduce financial loss to the bank and our customers.

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 period ended 31 December 2015.

5.1. Table below shows a summary of transactions done on GTBank Cards

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Dec-15	Dec-14	Dec-15	Dec-14	Dec-15	Dec-14
	‘000	‘000	₦'mm	₦'mm	₦'mm	₦'mm
Naira denominated debit cards	164,664	154,975	226,599	235,884	1,649,059	1,638,088
Foreign currency credit cards	114	115	8,934	9,508	-	-
Foreign currency debit cards	278	274	10,696	10,526	539	-

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	Dec-15	Dec-14	Dec-15	Dec-14	Dec-15	Dec-14	Dec-15	Dec-14
Naira MasterCard debit	2,426	2,129	5,633	4,575	144,932	140,723	11,670	7,547
Foreign Currency Denominated Cards:								
MasterCard debit	6	-	57	-	3	-	1	-
MasterCard credit	2	2	24	20		-		-
Visa classic debit	23	42	164	232	12	-	5	-
Visa classic credit	8	11	70	75		-		-
World credit	0.5	0.5	6	6		-		-
Total	**2,466**	**2,185**	**5,954**	**4,908**	**144,947**	**140,723**	**11,676**	**7,547**

Breakdown of transactions done using GTBank Cards (Value of Transactions)

In millions of Naira	**International Transactions**				**Local Transactions**			
	ATM		**POS/Web**		**ATM**		**POS/Web**	
	Dec-15	**Dec-14**	**Dec-15**	**Dec-14**	**Dec-15**	**Dec-14**	**Dec-15**	**Dec-14**
Naira MasterCard debit	103,196	127,142	123,402	108,742	1,515,274	1,547	133,783	90,865
MasterCard debit	309	-	1,814	-	50		17	
MasterCard credit	241	158	1,401	1,150		-		-
Visa classic debit	1,572	2,739	5,751	7,788	195	-	274	-
Visa classic credit	837	1,429	4,910	5,018		-		-
World credit	48	43	1,492	1,710		-		-
Total	**106,203**	**131,511**	**138,770**	**124,408**	**1,515,519**	**1,547**	**134,074**	**90,865**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Declined Transactions	Declined Transactions	Usage on non-EMV terminals Restriction on card/accounts (BVN etc.) Insufficient funds Network Fluctuation from Third Party Processors	Awareness Continue to engage Technology & TPP for improved network up-time.
Complaints on International limits	Spend Limits	Reviewed Regulatory policy on International ATM withdrawal limit Reduction in International POS limit Introduction of monthly International spend limit.	Awareness and proffering alternative payment solutions.
Dispense Error	Cash Not Dispensed	Cash not presented due to network issues.	Implement Acquirer Initiated Refunds Implement Enhanced Auto-reversal process Continue to engage Technology & TPP for improved network up-time
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.	Implemented the dynamic 3D authentication system. This has eliminated customers' inability to generate the secure code online.

Value Added Statements

For the year ended 31 December 2015

Group

In thousands of Nigerian Naira	Dec-2015	%	Dec-2014	%
Gross earnings	301,850,111		278,520,814	
Interest expense:				
-Local	(57,385,475)		(38,390,518)	
- Foreign	(11,904,117)		(19,820,037)	
	232,560,519		220,310,259	
Loan impairment charges / Net impairment loss on financial assets	(12,408,194)		(7,372,263)	
	220,152,325		212,937,996	
Bought in materials and services				
- Local	(57,825,883)		(56,631,617)	
- Foreign	(1,315,393)		(326,780)	
Value added	161,011,049	100	155,979,599	100
Distribution				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	27,721,723	17	27,442,101	18
Government				
- Taxation	21,257,923	13	21,951,751	14
Retained in the Group				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	12,594,522	8	12,151,655	8
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	99,436,881	62	94,434,092	60
	161,011,049	100	155,979,599	100

Value Added Statements

For the period ended 31 December 2015

Parent

In thousands of Nigerian Naira	Dec-2015	%	Dec-2014	%
Gross earnings	268,876,290		249,007,051	
Interest expense:				
-Local	(44,726,705)		(38,361,555)	
- Foreign	(16,718,927)		(12,923,889)	
	207,430,658		197,721,607	
Loan impairment charges / Net impairment loss on financial assets	(11,769,374)		(6,458,104)	
	195,661,284		191,263,503	
Bought in materials and services				
- Local	(49,803,629)		(48,942,154)	
- Foreign	(1,315,393)		(326,780)	
Value added	144,542,262	100	141,994,569	100
Distribution				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	20,727,835	14	21,036,543	15
Government				
- Taxation	18,718,934	13	21,197,074	15
Retained in the Bank				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	10,787,370	7	10,590,175	6
- Profit for the year (including statutory and regulatory risk reserves)	94,308,123	66	89,170,777	64
	144,542,262	100	141,994,569	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Dec-2015	Dec-2014	Dec-2013	Dec-2012	Dec-2011
Assets					
Cash and cash equivalents	254,633,215	246,939,868	307,395,676	276,856,206	349,060,323
Financial assets held for trading	34,626,186	9,415,919	17,223,667	271,073,896	173,297,556
Derivative financial assets	-	529,732	170,101	-	-
Investment securities:					
– Available for sale	364,180,150	344,701,935	374,673,147	15,765,789	3,744,970
– Held to maturity	29,408,045	35,160,640	84,741,890	129,490,810	161,196,356
Assets pledged as collateral	61,954,777	39,179,198	28,442,629	31,203,230	45,588,084
Loans and advances to banks	1,051,521	5,695,592	5,596,476	4,864,824	158,616
Loans and advances to customers	1,371,925,547	1,275,681,135	1,002,370,638	779,050,018	706,893,133
Restricted deposits and other assets	303,110,737	307,461,561	200,766,091	162,922,392	100,320,495
Property and equipment	87,988,778	76,236,447	68,306,197	60,886,728	57,510,622
Intangible assets	12,470,612	12,516,219	11,214,274	1,772,176	1,006,470
Deferred tax assets	3,244,141	2,358,280	1,945,629	991,791	96,820
	2,524,593,709	2,355,876,526	2,102,846,415	1,734,877,860	1,598,873,445
Assets classified as held for sale and discontinued operations	-	-	-	-	9,779,201
Total assets	2,524,593,709	2,355,876,526	2,102,846,415	1,734,877,860	1,608,652,646
Liabilities					
Deposits from banks	26,256,839	31,661,622	15,208,300	23,860,259	37,229,029
Deposits from customers	1,610,349,689	1,618,208,194	1,427,493,697	1,148,197,165	1,026,119,419
Derivative financial liabilities	-	253,374	3,883	-	-
Other liabilities	104,605,713	57,200,461	61,014,954	83,278,066	52,323,162
Current income tax liabilities	17,739,676	20,827,157	18,431,270	15,630,973	14,062,596
Deferred tax liabilities	6,839,522	4,391,668	5,065,625	2,596,405	3,407,652
Debt securities issued	180,117,424	167,321,207	156,498,167	86,926,227	145,767,516
Other borrowed funds	165,122,908	91,298,545	92,134,872	92,561,824	93,230,139
	2,111,031,771	1,991,162,228	1,775,850,768	1,453,050,919	1,372,139,513
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	6,119,979
Total liabilities	2,111,031,771	1,991,162,228	1,775,850,768	1,453,050,919	1,378,259,492
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	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	(4,754,156)	(3,987,575)	(2,046,714)	(2,046,714)	(2,046,714)
Retained earnings	51,089,585	51,425,181	49,847,719	39,766,597	25,130,520
Other components of equity	222,651,255	173,410,666	135,924,361	104,651,663	67,121,427
Total equity attributable to owners of the Bank	407,173,388	359,034,976	321,912,070	280,558,250	228,391,937
Non-controlling interests in equity	6,388,550	5,679,322	5,083,577	1,268,691	2,001,217
Total equity	413,561,938	364,714,298	326,995,647	281,826,941	230,393,154
Total equity and liabilities	2,524,593,709	2,355,876,526	2,102,846,415	1,734,877,860	1,608,652,646

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	Dec-2015	Dec-2014	Dec-2013	Dec-2012	Dec-2011
Interest income	229,236,715	200,602,653	185,383,473	170,295,193	126,471,509
Interest expense	(69,289,592)	(58,210,555)	(48,444,468)	(39,609,462)	(27,980,359)
Net interest income	**159,947,123**	**142,392,098**	**136,939,005**	**130,685,731**	**98,491,150**
Loan impairment charges	(12,408,194)	(7,098,448)	(2,886,005)	(738,786)	(19,503,412)
Net interest income after loan impairment charges	**147,538,929**	**135,293,650**	**134,053,000**	**129,946,945**	**78,987,738**
Fee and commission income	51,865,608	47,969,982	46,631,901	45,445,557	43,518,522
Fee and commission expense	(3,079,439)	(2,114,365)	(1,824,212)	(1,591,016)	(1,837,536)
Net fee and commission income	**48,786,169**	**45,855,617**	**44,807,689**	**43,854,541**	**41,680,986**
Net gains/(losses) on financial instruments classified as held for trading	12,237,394	12,084,108	10,538,095	3,940,524	6,843,478
Other income	8,510,394	17,864,071	111,542	3,383,611	5,575,053
Other income	**20,747,788**	**29,948,179**	**10,649,637**	**7,324,135**	**12,418,531**
Operating income	217,072,886	211,097,446	189,510,326	181,125,621	133,087,255
Net impairment reversal on financial ass	-	(273,815)	118,836	(96,869)	(1,181,354)
Net operating income after net impairment loss on financial assets	217,072,886	210,823,631	189,629,162	181,028,752	131,905,901
Personnel expenses	(27,721,723)	(27,442,101)	(23,761,448)	(23,660,091)	(22,374,358)
General and administrative expenses	-	-	(22,550,173)	(22,405,475)	(21,621,110)
Operating lease expenses	(1,124,691)	(913,085)	(837,218)	(791,433)	(677,886)
Depreciation and amortization	(12,594,522)	(12,151,655)	(10,115,860)	(8,891,796)	(7,608,215)
Other operating expenses	(54,937,146)	(53,930,947)	(25,273,207)	(22,252,034)	(17,544,126)
Operating expenses	(96,378,082)	(94,437,788)	(82,537,906)	(78,000,829)	(69,825,695)
Profit before income tax	120,694,804	116,385,843	107,091,256	103,027,923	62,080,206
Income tax expense	(21,257,923)	(21,951,751)	(17,067,279)	(16,341,043)	(14,277,068)
Profit for the year from continuing operations	**99,436,881**	**94,434,092**	**90,023,977**	**86,686,880**	**47,803,138**
Profit for the year from discontinued operations	-	-	-	609,077	3,938,482
Profit for the year	**99,436,881**	**94,434,092**	**90,023,977**	**87,295,957**	**51,741,620**

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	3.51	3.32	3.17	3.06	1.69
– Diluted	3.51	3.32	3.17	3.06	1.69

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	3.17	3.06	1.69
– Diluted	0.00	0.00	3.17	3.06	1.69

Five Year Financial Summary

Statement of financial Position

Bank

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**	**Dec-2013**	**Dec-2012**	**Dec-2011**
Assets					
Cash and cash equivalents	173,133,109	161,778,647	228,609,551	210,300,286	311,072,270
Financial assets held for trading	25,075,618	5,675,545	13,746,682	267,417,182	151,819,087
Derivative financial assets	-	529,732	170,101	-	-
Investment securities:					
– Available for sale	327,585,822	317,749,878	364,056,362	10,138,761	3,744,970
– Held to maturity	3,210,575	4,511,342	46,682,498	118,897,917	163,914,120
Assets pledged as collateral	61,946,270	39,173,640	28,440,947	31,203,230	45,588,084
Loans and advances to banks	638,817	30,815	16,976	177,985	158,616
Loans and advances to customers	1,265,207,443	1,182,393,874	926,967,093	742,436,944	679,358,919
Restricted deposits and other assets	297,240,082	304,174,757	191,868,850	159,783,305	94,880,959
Investment in subsidiaries	41,905,781	40,130,284	40,130,284	22,925,088	16,233,581
Property and equipment	79,192,748	68,042,098	61,419,683	55,496,808	52,494,230
Intangible assets	2,492,959	2,417,700	2,256,768	1,539,717	762,709
	2,277,629,224	2,126,608,312	1,904,365,795	1,620,317,223	1,520,027,545
Assets classified as held for sale and discontinued operations	-	-	-	-	3,500,000
Total assets	2,277,629,224	2,126,608,312	1,904,365,795	1,620,317,223	1,523,527,545
Liabilities					
Deposits from banks	39,941	143,713	88,729	7,170,321	21,636,242
Deposits from customers	1,422,550,125	1,439,522,070	1,261,927,035	1,054,122,573	962,486,292
Derivative financial liabilities	-	253,374	3,883	-	-
Other liabilities	85,126,211	47,714,495	49,008,466	72,178,426	45,275,666
Current income tax liabilities	19,378,526	22,275,884	17,990,398	15,340,116	13,760,343
Deferred tax liabilities	6,345,773	3,955,805	4,784,323	2,533,627	3,308,557
Debt securities issued	-	-	13,233,595	13,238,291	13,233,169
Other borrowed funds	338,580,300	252,830,895	233,040,108	169,194,418	229,647,220
Total liabilities	1,872,020,876	1,766,696,236	1,580,076,537	1,333,777,772	1,289,347,489
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	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained earnings	46,048,031	48,824,128	49,721,694	45,944,146	31,560,746
Other components of equity	221,373,613	172,901,244	136,380,860	102,408,601	64,432,606
Total equity	405,608,348	359,912,076	324,289,258	286,539,451	234,180,056
Total equity and liabilities	2,277,629,224	2,126,608,312	1,904,365,795	1,620,317,223	1,523,527,545

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	**Dec-2015**	**Dec-2014**	**Dec-2013**	**Dec-2012**	**Dec-2011**
Interest income	206,478,499	179,984,274	172,433,167	160,124,580	119,016,532
Interest expense	(61,445,632)	(51,285,444)	(44,575,952)	(37,025,839)	(25,489,191)
Net interest income	**145,032,867**	**128,698,830**	**127,857,215**	**123,098,741**	**93,527,341**
Loan impairment charges	(11,769,374)	(6,184,289)	(2,913,318)	667,667	(18,661,992)
Net interest income after loan impairment charges	**133,263,493**	**122,514,541**	**124,943,897**	**123,766,408**	**74,865,349**
Fee and commission income	44,034,897	40,944,512	40,189,316	40,339,298	38,765,945
Fee and commission expense	(2,689,751)	(1,747,518)	(1,718,975)	(1,508,915)	(1,821,651)
Net fee and commission income	**41,345,146**	**39,196,994**	**38,470,341**	**38,830,383**	**36,944,294**
Net gains/(losses) on financial instruments classified as held for trading	9,189,686	8,344,350	7,923,744	2,339,332	4,878,110
Other income	9,173,208	19,733,915	1,054,057	2,646,041	9,940,364
Other income	**18,362,894**	**28,078,265**	**8,977,801**	**4,985,373**	**14,818,474**
Total Operating income	192,971,533	189,789,800	172,392,039	167,582,164	126,628,117
Net impairment reversal on financial	-	(273,815)	118,836	(96,869)	(1,181,354)
Net operating income after net impairment loss on financial assets	192,971,533	189,515,985	172,510,875	167,485,295	125,446,763
Personnel expenses	(20,727,835)	(21,036,543)	(19,625,269)	(18,468,570)	(17,851,900)
General and administrative expenses	-	-	(20,077,522)	(20,285,783)	(19,779,440)
Operating lease expenses	(674,958)	(560,710)	(623,379)	(622,158)	(487,393)
Depreciation and amortization	(10,787,370)	(10,590,175)	(9,273,196)	(8,052,743)	(6,830,267)
Other operating expenses	(47,754,313)	(46,960,706)	(22,449,780)	(19,914,374)	(15,752,662)
Total expenses	(79,944,476)	(79,148,134)	(72,049,146)	(67,343,628)	(60,701,662)
Profit before income tax	113,027,057	110,367,851	100,461,729	100,141,667	64,745,101
Income tax expense	(18,718,934)	(21,197,074)	(14,916,219)	(14,877,841)	(13,091,850)
Profit for the year	**94,308,123**	**89,170,777**	**85,545,510**	**85,263,826**	**51,653,251**

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	3.35	3.03	2.91	2.90	1.77
– Diluted	3.35	3.03	2.91	2.90	1.77

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	2.91	2.90	1.77
– Diluted	0.00	0.00	2.91	2.90	1.77

Share Capitalisation History

YEAR	AUTHORISED		ISSUED			
	INCREASE	CUMULATIVE	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
2015	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 2015

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31-Dec-15	Percentage Dividend Amount Unclaimed
Payment 26	Interim	28/02/2005	1,000,000,000.00	25 kobo	56,321,995.65	5.63%
Payment 27	Final	28/02/2005	2,700,000,000.00	45 kobo	76,905,359.32	2.85%
Payment 28	Interim	28/02/2006	1,500,000,000.00	25 kobo	64,445,934.36	4.30%
Payment 29	Final	28/02/2006	4,200,000,000.00	70 kobo	160,569,159.03	3.82%
Payment 30	Interim	28/02/2007	2,000,000,000.00	25 kobo	178,718,666.87	8.94%
Payment 31	Final	28/02/2007	4,000,000,000.00	50 kobo	198,447,214.27	4.96%
Payment 32	Interim	28/02/2008	3,419,853,912.50	25 kobo	233,877,110.70	6.84%
Payment 33	Final	28/02/2008	9,575,590,955.00	70 kobo	552,764,226.42	5.77%
Payment 34	Final	31/12/2008	14,922,998,891.00	100 kobo	849,551,151.95	5.69%
Payment 35	Final	31/12/2009	13,990,311,460.50	75 kobo	796,229,626.14	5.69%
Payment 36	Interim	31/12/2010	5,829,296,441.75	25 kobo	311,682,435.40	5.35%
Payment 37	Final	31/12/2010	17,487,889,325.37	75 kobo	936,249,312.79	5.35%
Payment 38	Interim	31/12/2011	7,286,620,552.30	25 Kobo	382,328,291.04	5.25%
Payment 39	Final	31/12/2011	25,016,502,340.40	85 Kobo	1,253,750,810.63	5.01%
Payment 40	Interim	31/12/2012	7,357,794,806.00	25 Kobo	366,297,915.74	4.98%
Payment 41	Final	31/12/2012	38,260,532,991.20	130 kobo	1,891,414,300.27	4.94%
Payment 42	Interim	31/12/2013	7,357,794,806.00	25 Kobo	414,309,739.87	5.63%
Payment 43	Final	31/12/2013	42,675,209,874.80	145 kobo	2,338,080,602.93	5.48%
Payment 44	Interim	31/12/2014	7,357,794,806.00	25 Kobo	415,771,529.83	5.65%
Payment 45	Final	31/12/2014	44,146,768,836.00	150 kobo	2,331,270,728.05	5.28%
Payment 46	Interim	31/12/2015	7,357,794,806.00	25 kobo	454,752,431.59	6.18%

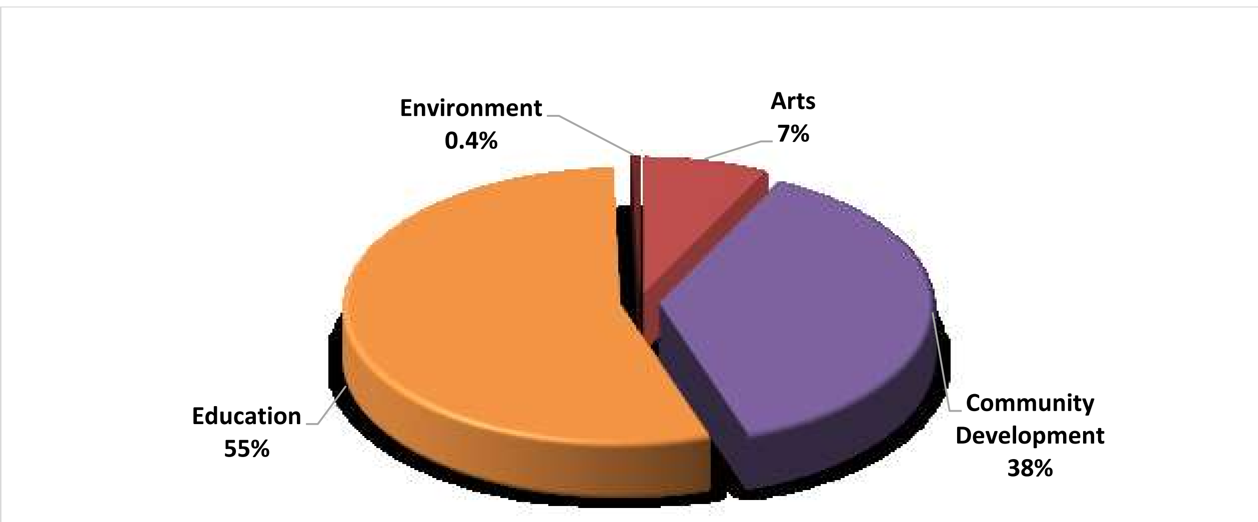
Corporate Social Responsibility Report

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.

As at 31 December 2015, we invested the sum of **₦241, 666,961.10** 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	132,357,264.30	54.8%
Community Development	90,621,366.07	37.5%
Arts	17,649,830.75	7.3%
Environment	1,038,499.98	0.4%
Total	**241,666,961.10**	**100%**



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

We recognize the importance of educating the people in our community and we have done this through series of programmes that are impactful and beneficial to their well-being, day to day activities and social interaction.

We are convinced that quality education is important and we aim to ensure young people do not stop learning and make meaningful contributions to the society 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.

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. We have to date, fully adopted 6 schools and partially adopted / supported several other schools across the geo-political zones of the country.

A school is chosen and adopted (based on set out criteria). Once a school is adopted, there is focus on 3 core elements to ensure consistency in set standards;

- Provision and/or upgrade of Infrastructure such as buildings, basic amenities, furniture and beautification of the environment – this ensures conducive learning environment.
- Capacity building for teachers through trainings – this ensures capacity development is sustained and our children have access to quality education.
- Capacity building for students through scholarship programmes, coaching classes, provision of basic school materials and extra-curricular/physical education – this ensures healthy competition and physical development amongst students.

Highlights of 2015 Half Year Projects

Adopt-a-school Initiative

- Provided scholarships to 20 indigent students in Ogun State.
- Trained 200 secondary students in Ondo State on financial literacy
- Provided study materials for 2,500 students in preparation for the Joint Admission Matriculation Examination (JAMB).
- Supported inter-house sports and other school activities for adopted schools.
- Donated 12,000 books on Children's day
- Donations 1,350,000 optical marker exams sheets to 16 tertiary institutions for entrance examinations.

Staff Volunteer Coaching Programme: This is a GTBank staff-led initiative introduced in 2012 to coach students on weekends, in preparation for external / entrance examinations. 70 pupils were coached over 26 hours by 13 members of staff during year.

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 GTBank-Lagos State Principals Cup competition started in 2009/10 and has grown in the last six years from 296 schools in 2009 to 355 schools with 615 teams in 2015.

  The GTBank-Ogun state Principals Cup has also grown in three years from 237 schools with 337 teams in 2012 to 242 schools with 344 teams in 2015.

  Cash prizes of N45,000,000.00 has been awarded to date, 1 sport facility has been provided and 91 players had been trained for football carrier opportunities over 3 years.

- **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).

(2) COMMUNITY DEVELOPMENT

Beyond the benefits of our core business brings to our host communities, we aim to encourage social and economic opportunities through community investment activities.

We work in partnership with Non-Governmental and Charity Organizations that share our vision and values, to create societal awareness and acceptance of developmental disabilities, stimulate community investment activities in child healthcare and support victims of natural disasters and other humanitarian issues in the world.

During the year, we invested in the following projects

Highlights for 2015 Half Year Projects
Orange Ribbon Initiative

- 2 days training of 1,500 health practitioners, care givers, teachers and parents on the management and care for children living with autism.
- Free consultation/assessment service was provided for 200 children within 7 days period.
- Enlightenment talks on management and care for children living with autism was provided to the general public through various radio stations to further enlighten the general public.

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.

We started this journey 5 years ago, when we saw the need to stop the stigmatization and public belief system towards children living autism, with an advocacy/awareness seminar. The seminar attendance grew from less than 500 to over 1,500 participants annually. By the 3rd year of the programme, we introduced the diagnosis and free consultation programme for children.

The services were provided through collaboration with ASD professionals from the United States and Nigeria and the College of Medicine, University of Lagos.
At the inception of this project, little was known about autism and attendance was very limited. Over the years, awareness has grown, other non-organisations have started autism advocacy and parents are now getting comfortable bringing their children for diagnosis. We received an average of 10 consultation appointments/day in 2014 and by 2015, this grew to 40 consultations/day.

Staff Charity Initiative: In 2012, a voluntary donation by staff on 14th February of every year was introduced. The donation was targeted at supporting a community development related activity. The interest by staff grew by the year and in 2014, we adopted a project to support Sickle Cell patients by providing free health insurance annually. The donation in 2014 was used to support 40 patients and the donation in 2015 will be used to support 60 patients.

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.

During the year under review, we have;

- Donated the sum of N40,000,000.00 towards support for Ebola intervention in Africa
- Strategic partnership with Special Olympics to support 42 children with intellectually and physically challenged to participate in Special Olympics world games in Los Angeles.
- Supported special persons activities in Nigeria
- Supported cardiovascular health programme in 4 secondary schools in Lagos State

(3) ARTS

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.

In the 6 months under review, we have engaged in 2 major projects;

GTBank-TATE Partnership: The GTBank and Tate partnership started in 2011 and is focused on promoting the value of African Art by bringing the works of African artists to the attention of new audiences both in Africa and international market, through project-lead initiatives. In 2015, we started a new project on curatorial research with a focus on Africa.

GTBank Virtual Art Gallery: This project supports art and artists, by creating a Virtual Museum through an on-line documentation of our art collections to create opportunity for art education, exhibitions, and provide access to arts materials for the general public as a reference point. It will also increase publicity for the artists as well as broaden the reach and viewership of their works.

(4) ENVIRONMENT

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.

Beautification and conservation: We adopted 3 major public areas in Lagos, Kano and Sokoto to tend and beautify and ensure their maintenance.
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.