

Guaranty Trust Bank Plc and Subsidiary Companies

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



December 2013

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 2013. 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. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Corporate Governance

Introduction

At Guaranty Trust Bank Plc (“the Bank”) we are committed to the highest standards of corporate governance in the creation and delivery of long-term sustainable value in a manner consistent with our obligations as a responsible corporate citizen. This has become increasingly important in the light of developments and continuous evolution of the regulatory policy in respect of financial services, society’s view of the role of banks and the need to maintain investor confidence. The Bank therefore views corporate governance not as an end in itself but a vital facilitator to the creation of long-term value for our stakeholders. The Bank continues to emphasize a values-led culture, high behavioural standards and robust procedures as fundamental tools in the entrenchment of a strong corporate governance framework. In building our corporate governance mantra we continue to review the external factors that present risks and opportunities for our business in order to ensure our strategy is appropriate; building strong and stable relationships with our customers, employees and suppliers; and ensuring that we manage our risks and resources including capital appropriately.

The Bank’s “Orange rules” of Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation symbolize the Bank’s guiding principles upon which it was founded and remain the bedrock upon which we have built and developed our exemplary corporate governance practices. At Guaranty Trust Bank plc, the Orange rules are fundamental to our culture and are embedded in the fabric of our business conduct.

The Bank is a company publicly quoted on the Nigerian Stock Exchange with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, and remains focused on its responsibilities and commitment to protect and increase shareholder 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 Code of Corporate Governance for Banks in Nigeria Post Consolidation issued by the Central Bank of Nigeria (“the CBN Code”), as well as disclosure requirements under the Disclosure and Transparency Rules of the Financial Services Authority (FSA), United Kingdom, which are applicable to non-United Kingdom companies with Global Depositary Receipts (GDRs) listed on the London Stock Exchange.

The Bank continuously reviews its Code of corporate governance 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 of corporate governance the Bank aggressively promotes the Bank’s core values to its employees through its Code of Professional Conduct and an Ethics Policy which regulate employee relations with internal and external parties. This is a pointer to 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 monthly internal review of its compliance status with defined corporate governance practices and submits reports on the Bank’s compliance status to the CBN and the Nigeria Deposit Insurance Corporation. An annual Board Appraisal is also conducted by an Independent Consultant appointed by the Bank whose report is submitted to the CBN and presented to Shareholders at the Annual General Meeting of the Bank in compliance with the provisions of the CBN Code of Corporate Governance.

In Guaranty Trust Bank plc there is a culture of openness in which healthy debate is encouraged and employees are expected to report improper activity. As the Bank continues to work towards serving customers, clients and communities and generate returns for stakeholders, we are guided by our creed that success is only meaningful when it is achieved the right way with the right values. Our commitment

to this principle is for us the key to sustaining public trust and confidence in our Bank and the key to our continued long-term success.

Governance Structure

The Board

The Board is committed to sound and effective corporate governance policies and practices. The ultimate responsibility for the governance of the Bank resides with the Board of Directors which is accountable to shareholders for creating and delivering sustainable value through the management of the Bank's business. In addition to the corporate governance codes of applicable regulatory agencies which the Bank is obliged to adopt, the Bank has also adopted its own corporate governance code to provide a more robust framework for the governance of the Board and the Bank.

The Bank believes that ensuring that there is 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. One way to ensure that we continue to have the right people is to have a rigorous appointment and an effective succession planning process in place for Board and key management roles.

In addition to the Board's direct oversight, the Board exercises its oversight responsibilities through five (5) Committees, namely, Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations Committee, Board Remuneration Committee and the Board Information Technology Strategy Committee. The 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 Committees play an important role in working with Management to ensure that the Bank is financially strong, well governed and risks are identified and well mitigated. The Board through the instrumentality of its Committees working closely with Management ensures that the Bank generates income in a sustainable way and risks are properly managed.

Through these Committees, interactive dialogue is employed to set broad policy guidelines, and to ensure the proper management and direction of the Bank on a regular basis.

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

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

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

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

four times during the financial year ended December 31, 2013.

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 Non-Executive Directors attended foreign and local courses during the financial year ended December 31, 2013.

Changes on the Board

During the year under review, the erstwhile Chairman of the Board, Mr. O. S. Oduyemi, retired from the Board of Directors at the end of the Annual General Meeting held on April 25, 2013. This was due to impending attainment of the age of 70 years in May 2013 by Mr. Oduyemi. The provisions of the Code of Corporate Governance of the Bank stipulates that Non-Executive Directors shall retire from the Board upon attaining the age of seventy (70) years. Mr Oduyemi joined the Board of the Bank in June 2005 and became Chairman in April 2010, Subsequent upon the retirement of the erstwhile Chairman, the Board of Directors appointed Mr. Imomoh as the Chairman of the Board, in line with the well defined succession plan of the Company. Mr. Imomoh was formally presented to shareholders at the 23rd Annual General Meeting of the Bank.

The Board appointed Mrs. Osaretin Afusat Demuren as a Non-Executive Director to fill the vacancy created by the retirement of Mr. Oduyemi. Her appointment has been approved by the Central Bank of Nigeria and will be presented for shareholders' approval at the 24th Annual General Meeting of the Bank.

Profile of Mrs. Demuren

Mrs. Demuren holds a Masters Degree in Economics and Statistics from the Moscow Institute of Economics and Statistics, Moscow, and a Diploma in Russian Language and Preliminary Studies from the Kiev State University, Kiev. She had a successful career with the Central Bank of Nigeria which spanned over 33 years, during which she served as Director, Trade and Exchange Department and was deployed to serve as the Director, Human Resources Department in 2004, a position which she held until her retirement from the Central Bank of Nigeria in December, 2009. She was the first female Director of the Central Bank of Nigeria.

She is a member of many professional associations including the Society for Human Resource Management of America, Nigerian Statistical Association, and Chartered Institute of Personnel Management of Nigeria and the Chartered Institute of Bankers of Nigeria.

The appointment of Mrs. Demuren will be presented to shareholders' approval at the 24th Annual General Meeting of the Bank.

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 49 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 five (5) Standing Committees in addition to the Audit Committee of the Bank, namely; Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations Committee, Board Remuneration Committee, Board Information Strategy Committee.

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

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

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

Board Risk Management Committee

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

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

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

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times in the financial year ended December 31, 2013.

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

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

* Ceased to be a Member and Chairman of the Committee effective from April 25, 2013 (the date of his appointment as Chairman of the Board), in compliance with the Central Bank of Nigeria Code of Corporate Governance which prohibits the Chairman of the Board from being a member of any Board Committee.

Replaced Mr. Imomoh as Chairman of the Committee. *Appointed as Member of the Committee in July 2013.

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 nine (9) times during the financial year ended December 31, 2013.

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. Agosto	Non-Executive Director	Member
5	Mr. I. Hassan	Non-Executive Director	Member
6	Mr. O. Ohiwerei	Executive Director	Member
7	Mr. A. A. Oyedeji	Executive Director	Member

Board Human Resources and Nominations Committee

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

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

The membership of the Committee is as follows:

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

The Committee met three times during the financial year ended December 31, 2013.

Board Remuneration Committee

The Board Remuneration Committee has the responsibility of setting the principles and parameters of Remuneration Policy across the Bank, determining the policy of the Bank on the remuneration of the Managing Director and other Executive Directors and the specific remuneration packages and to approve the policy relating to all remuneration schemes and long term incentives for employees of the Bank.

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

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

* He ceased to be a Member and Chairman of the Committee effective from April 25, 2013 (the date of his appointment as Chairman of the Board), in compliance with the Central Bank of Nigeria Code of Corporate Governance which prohibits the Chairman of the Board from being a member of any Board Committee.

** Appointed as a Member of the Committee on July 17, 2013.

The Committee met once during the 2013 financial year.

Board Information Technology Strategy Committee

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

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

1. To provide advice on the strategic direction of Information Technology issues in the Bank;
2. To inform and advise the Board on important Information Technology issues in the Bank;
3. To monitor overall Information Technology performance and practices in the Bank.

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

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

The Committee met twice during the 2013 financial year.

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 meets at least four (4) times in a year.

The Audit Committee of the Bank met four times during the 2013 financial year

The following members served on the Committee during the 2013 financial year:

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

*Alhaji M. F. Lawal ceased to be a member of the Audit Committee at the Annual General Meeting of the Bank held on April 25, 2013.

**Mr. A. B. Akisanmi was appointed as a member of the Audit Committee at the Annual General Meeting of the Bank held on April 25, 2013 and elected as Chairman of the Audit Committee at its 62nd Meeting which held on July 15, 2013.

Profile of Mr. Akisanmi

**Mr. A. B. Akisanmi has over forty (40) years work experience in Accounting, 25 years of which he spent in Mobil Producing Nigeria Unlimited ("Mobil") in Nigeria and the United States of America. He was seconded by Mobil to the Budget Office of the Federal Government of Nigeria as a Technical Consultant to the Director General where he served from 2004 to 2007. He currently works as a consultant to several firms.

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, 2013.

S/ N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I. T. STRATEGY	TOTAL
	DATE OF MEETINGS	23- Jan-2013, 17-Apr- 2013, 17-Jul-2013 23-Oct- 2013	22-Jan-2013, 9-Feb- 2013, 26-Feb-2013 16-Apr-2013 27-Apr- 2013 July 16, 2013 19-Aug- 2013 22-Oct- 2013 13-Nov- 2013	22-Jan-2013 16-Apr-2013 16-Jul-2013 22-Oct-2013	22-Jan-2013 16-Apr-2013 16-July-2013	23-Jan-2013	23-Jan-2013 July 15, 2013	
	NUMBER OF MEETINGS	4	9	4	4	1	2	24
1	Mr. O. S. Oduyemi*	2	N/A	N/A	N/A	N/A	N/A	2
2	Mr. E. U. Imomoh**	4	N/A	2	N/A	1	N/A	7
3	Mr. J. K. O Agbaje	4	N/A	4	3	N/A	2	13
4	Mrs. C. N. Echeozo	4	7	N/A	N/A	N/A	N/A	11
5	Mr. A O. Akintoye	4	9	N/A	3	N/A	N/A	16
6	Mr. A. F. Alli	4	N/A	4	3	N/A	N/A	11
7	Dr (Mrs.) S. C. Okoli	4	N/A	4	3	N/A	N/A	11
8	Mr. O. M. Agosto	4	7	N/A	N/A	1	N/A	12
9	Mr. K. A. Adeola	4	9	N/A	N/A	1	2	16
10	Mr. I. Hassan	4	9	N/A	3	N/A	N/A	16
11	Mr. A. A. Odeyemi	4	N/A	4	N/A	N/A	2	10
12	Mr. O. Ohiwerei	4	9	N/A	N/A	N/A	2	15
13	Mrs. O. O. Omotola	4	N/A	4	3	N/A	N/A	11
14	Mr. A. Oyedeji	4	9	N/A	N/A	N/A	N/A	13
15	Mrs. O. A. Demuren***	2	N/A	1	N/A	N/A	N/A	3

*Retired from the Board on April 25, 2013

**Appointed as Chairman and ceased to be a Member of any Board Committee

***Appointed to the Board on April 18, 2013 and became a member of the Committee in July, 2013

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, J. K. Randle International, to carry out the annual Board and Directors appraisal for the 2013 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 Independent Consultant adjudged the performance of the Board as outstanding and rated the performance of each individual Director as well above requirement.

The Annual Board and Director Review/Appraisal Report for the 2013 financial year would be presented at this Meeting and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

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

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

The Bank ensures that institutional investors and international holders of the Global Depository 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 Depository Receipts by the Bank on The London Stock Exchange in July 2007);

- (ii) **Efficiency:** The Bank uses modern communication technologies in a timely manner to convey its messages to its target groups. Synergies are sought when it comes to using different communication channels. The Bank replies without unnecessary delay to information requests by the media and the public;
- (iii) **Transparency:** As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Bank and its customers, and bank secrecy. This contributes to maintaining a high level of accountability;
- (iv) **Pro-activity:** The Bank proactively develops contacts with its target groups and identifies topics of possible mutual interest;
- (v) **Clarity:** The Bank aims at clarity, i.e. to send uniform and clear messages on key issues;
- (vi) **Cultural awareness:** As an international financial institution, the Bank operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;
- (vii) **Feedback:** The Bank actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine-tune communication activities.

Information Flows

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

The Company Secretary

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

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

Independent Advice

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

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

Insider Trading and price sensitive information

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

Management Committees

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

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

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

The mandate of the Committee includes;

- Reviews the effectiveness of GTBank’s overall risk management strategy at the enterprise level.
- Follow-up on management action plans based on the status of implementation compiled by the Management Risk Committee

- Identify and evaluate new strategic risks including corporate matters involving regulatory, business development issues, etc., and agree on suitable mitigants.
- Review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

Management Credit Committee

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. Planning, Budgeting and Monitoring

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

2. Ensuring Operational Excellence

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

3. IT Risk Assurance

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

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

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

Whistle Blowing procedures

In line with the Bank's commitment to instill the best corporate governance practices, the Bank has

established a whistle blowing procedure that ensures anonymity. The Bank has two (2) hotlines and a dedicated e-mail address for whistle-blowing procedures. The hotline numbers are 01-4480905 and 01-4480906, and the email address is hotline@gtbank.com

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

Code of Professional Conduct for Employees

The Bank has an internal Code of Professional Conduct which all members of staff are expected to subscribe to upon assumption of duties. Staffs 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 40 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.

Sustainability Report

As a first-class financial services provider with an internal obligation to comply with international best practices, Guaranty Trust Bank continued to ensure that its operations comply with international performance standards and applicable national environmental and social regulations in 2013. It remained at the forefront of using its banking activities in influencing the sustainability behaviour of its stakeholders – customers, suppliers, workers and communities where it operates. The bank's leadership position entrusts it with the responsibility of creating awareness amongst its stakeholders on the urgency, importance and benefits of ensuring a sustainable society and the consequences of not doing so.

Guaranty Trust Bank continued to abide by the Nigerian Sustainable Banking Principles it adopted. Consequently, throughout 2013 financial year, the bank was not involved nor financed any operation that had negative impact on the environment of the society. The fact that 44% of the Bank's staff and 30% of Senior Management Staff as at December 31, 2013 were female is a clear testimony to the Bank's commitment to gender equality and women empowerment.

During the year under review, Guaranty Trust Bank adopted a three-tiered KYC regime, with flexible account opening requirements to promote financial inclusion. The Bank introduced Low (Tier 1) and Medium- value (Tier 2) accounts to allow for socially and financially disadvantaged persons to gain access to its products and services, with minimal or no account documentation.

In addition, Guaranty Trust Bank launched its Agent Banking services, to allow for a wider access to the Bank's products and services by customers. The new platform serves as a veritable tool in reaching the un-banked and under-banked members of the community. At the same, allowing for decongestion of the banking halls and the provision of financial services to low income earners at lower operating cost.

The first Agent banking branch was launched on November 16, 2013 at a Supermarket in Lagos. Also, Guaranty Trust Bank has continued to provide necessary support to Small and Medium- scale Entrepreneurs (SMEs). In the reporting year, the Bank introduced the 'SME MarketHub' which serves as an avenue for SMEs to showcase their businesses online and expand their reach.

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

Complaints and Feedback

Introduction

Guaranty Trust Bank plc values its relationship with its customers and considers customers' feedback as an important tool in gauging our customers' response to our products and services.

Over the years, the Bank has built the relationship with its customers, into a partnership that hinges on trust and friendliness. Feedback provided by customers is regarded as a necessary and important factor in our desire to always treat our customers fairly.

Treating Customer Fairly (TCF)

At Guaranty Trust Bank plc, we consider treating customers fairly a pivotal part of our business strategy. We believe that our customers are critical and key stakeholders in our business and we therefore ensure that fair treatment of all our customers forms an integral and important part of our business processes.

In keeping with our vision to deliver the utmost in customer service, we have formulated some salient principles which guide every aspect of our relationship with our customers in ensuring that our customers are treated fairly at all times.

These principles have been prepared to guide Management and employees in understanding the following:

- The essence of Treating Customers Fairly (TCF)
- The need for obtaining customers' feedback
- The importance of providing feedback to Management to assist in decision making
- The relevance of self audit in monitoring TCF activities

Our Feedback Channels

In recognizing the need and importance of customers' feedback, the Bank has made available various channels for customers to provide feedback on the Bank's processes, products and services. The available platforms provided by the Bank include:

- The Complaints portal on the Bank's website,
- Feedback form on the Internet banking platform
- Correspondence from customers,
- SMS from customers via the SMS unhappy platform,
- GTConnect (a 24 hours self service interactive call center),
- Social Media feedback platform

The Bank also encourages customers to provide their complaints and feedback through our social media platform and via our branches.

Complaints Handling and Resolution Structure

The Bank's complaints and feedback structure ensures the prompt resolution of customers' complaints. The Bank has a dedicated Complaints Unit which is responsible for receiving prompt investigation and

Complaints and Feedback

resolution of customers' complaints. The Complaints Unit serves as the liaison between the Bank and its customers in ensuring that complaints are satisfactorily resolved.

The Complaints Unit is responsible for the prompt investigation and resolution of customers' complaints within the Service Level Agreement (SLA) period. The Complaints Unit ensures complaints are referred to the appropriate unit in order to ensure that complaints received are satisfactorily resolved.

Complaints are categorized based on the nature of the complaints and feedback. The categorization is to ensure proper monitoring, proper documentation, efficient management and a learning point towards enhancing the Bank's processes, service and products.

The process flow of customer complaints receipt and resolution is as follows:

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

**** Where the customer is not satisfied with the Bank's position, the feedback can be further escalated to the Group Head of Compliance of the Bank. This is a process that encourages the revisiting of our customers' complaints and feedback. The Bank engages the customer in a face-to-face discussion in order to ensure an amicable resolution of the issues raised by the customer

Feedback on processes, products and services

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

- One-on-one focus meetings with key customers.
- Interviews with select customers.
- Opinion cards placed in banking halls
- Questionnaires administered to customers.

The Bank views the feedback process as a first-hand learning experience about the perception of the Bank, and to also enable the Bank plug any identified gaps in our processes, products and services.

Feedback on customers' complaints to the Bank

The Bank views feedback from our customers as a valuable tool towards improving our processes, products and services. Feedback received from customers' are provided to the Management, relevant units and groups in the Bank to ensure that complaints and issues raised by customers do not reoccur. This serves as a learning point for the various units within the Bank on the Bank's products and services.

Complaints and Feedback

The feedback gathered ensures that:

- The Bank retains its customers as such customers feel appreciated and respected;
- The Bank is provided with information about its products and services.
- The quality of service delivery set by the Bank is maintained and made uniform across board;
- A reliable source of identifying improvement opportunities is presented to management;
- A reliable source of data on customers' complaints and expectations is collated.

The feedbacks are circulated through the Bank's internal information channels for the general information of all staff.

In addition, the Bank provides monthly reports to the Central Bank of Nigeria (CBN) in line with the CBN's guidelines on resolution of customers' complaints.

Report of Complaints received and resolved by the Bank between January and December 2013 pursuant to CBN circular dated August 16, 2011

Description	Number		Amount Claimed (₦'000)		Amount Refunded (₦'000)	
	2013	2012	2013	2012	2013	2012
1. Pending Complaints B/F	64*	119*	264,294	138,252	-	-
2. Received Complaints	4,136*	2,970*	10,574,003	11,516,840	N/A	N/A
3. Resolved Complaints	4,103	3,025	10,322,626	11,390,798	5,159,112**	5,169,990**
4. Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5. Unresolved Complaints pending with the bank C/F	97***	64***	515,671	264,293	-	-

* The number of pending complaints brought forward (B/F) is added to the received complaints of the current year.

** The refunds for the year includes dispense error refunds, reversal of excess charges or other charges.

***Outstanding complaints as at December 31, 2013 are mainly international dispense errors or international card unauthorized transactions that are yet to be resolved by international card operators. The outstanding also include feedback where the Bank is currently liaising with the customers

The tables below show the of complaints received and resolved by the Bank in other currencies in the 2012 and 2013 financial Year

Received Complaints

Currency	Amount Claimed	
	2013	2012
1. United States Dollars	\$5,833,663	\$2,033,550
2. Great Britain Pounds	£102,740	£73,975
3. Euro	€224,633	€61,642
4. Canadian Dollars	-	CAD7102

Complaints and Feedback

Resolved Complaints

	Currency	Amount Claimed		Amount Refunded	
		2013	2012	2013	2012
1.	United States Dollars	\$5,810,218	\$2,033,550	\$426,951	\$77,296
2.	Great Britain Pounds	£102,740	£73,975	£39,165	£16,779
3.	Euro	€224,633	€61,642	€31,500	€38,868
4.	Canadian Dollars	-	CAD7102	-	CAD6,537

Unresolved Complaints

	Currency	Amount Claimed	
		2013	2012
1.	United States Dollars	\$23,444	-

Conclusion

In our quest to handle complaints and feedback properly and fairly, we ensure that:

- We get the complaints right;
- We are Customer Centric and make our focus all about the customer;
- We are open and accountable as a Bank;
- We act fairly in our dealings;
- We put things right;
- We seek for ways to continuously improve on our processes, products and services

AML/CFT Framework

Anti-Money Laundering and Combating Terrorist Financing (AML/CFT) framework

Guaranty Trust Bank plc (“GTBank” or “the Bank”) has implemented an Anti- Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework that is maintained and continually reviewed to guarantee compliance with the provisions of the Money Laundering (Prohibition) Act 2011 (as amended); the Terrorism (Prevention) Act of 2011 (as amended), the Central Bank of Nigeria (CBN) AML/CFT Regulations 2013; the Terrorism Prevention Regulations 2013, the Financial Action Task Force (FATF) recommendations; and all other relevant regulations and principles relating to AML/CFT.

The Framework

GTBank’s AML/CFT framework is designed to ensure that there are appropriate systems and processes in place to prevent, promptly detect, and report suspected money laundering and terrorism financing activities within the Bank.

The Bank has approved policies, processes and systems, serving as tools for employees in the Bank to carry out their AML/CFT obligations. These tools include the AML/CFT policy, Standard Operating Procedures (SOPs), the Compliance Policy, the Ethics Policy, the Know Your Customer (KYC) Policy, the various regulatory documents and the AML software.

This is to ensure that the Bank continually monitors and improves its framework in accordance with regulations as well as international best practice, and engender a culture of AML/CFT awareness within the Bank.

Scope of the framework

The scope of the GTBank’s AML/CFT framework includes the following:

- i. Board and Management responsibilities;
- ii. Information to Board and Management;
- iii. Know your customer (KYC) Implementation;
- iv. Transaction Monitoring and Reporting;
- v. Co-operation with Regulators and Law Enforcement Agencies;
- vi. Politically Exposed Persons (PEPs);
- vii. Sanctions Compliance Management;
- viii. AML/CFT principles for Correspondent Banking;
- ix. AML/CFT Training for employees;
- x. AML/CFT Audits;
- xi. Preservation of customers’ records.

AML/CFT Framework

Board and Management Responsibilities

The Board of Directors has oversight function over the AML/CFT framework in the Bank. The Board has delegated this oversight function to the Board Risk Management Committee. The Committee receives AML/CFT reports at its quarterly Board meetings and reviews the reports to ensure that the Bank is in strict compliance with all statutory, regulatory and internal procedures relating to AML/CFT.

GTBank's Management exhibits its obligation to its AML/CFT framework with a clear declaration on AML/CFT compliance and how it plans to achieve the goal(s). The Bank's Management participates in the AML/CFT framework by documentation of the AML policy, approval of all amendments to the policy and provision of resources needed for the framework to function, including the training of employees of the Bank to appreciate and understand their roles and responsibilities in the fight against money laundering and terrorism financing.

The Bank's Management has through its organizational structure cascaded down the roles and function of each staff, informing them of their responsibility to cooperate with regulators, promptly report suspicious activities and transactions, report any violation of the Bank's AML/CFT policy as well as the function of carrying out sanctions screening where applicable.

Reports to Senior Management and the Board of Directors

Reports on current trends and regulatory developments on AML/CFT are submitted to Management and the Board of Directors periodically. In particular, the following reports are submitted:

- Monthly reports on AML/CFT activities are submitted to the Managing Director;
- Quarterly reports on AML/CFT activities are reported to the Management Risk Committee;
- Quarterly AML/CFT Report is submitted to the Board Risk Committee;
- A summary of the Bank's AML/CFT Policy is included in the audited financial statements of the Bank to shareholders.

Know Your Customer (KYC) principles

The Bank ensures that due diligence and KYC requirements are carried out on all new customers. These include, but are not limited to obtaining proof of identity (name and address), verification of the identity using reliable, independent source documents, data or information and where the customer is believed not to be acting on his or her own account, information on the true identity of the principal is sought and obtained.

The process of on-boarding a customer varies based on whether the customer is a "walk-in" or "marketed" customer. The completion of an account opening form and the collection of identification documents is the foundation/bedrock for account opening.

The Bank also verifies and maintains records on the nature of business carried out by the customer and the financial status of the customer. This is to enable employees identify any significant change in pattern or unusual account behavior.

Employees are also required to scrutinize all on-going transactions undertaken by the customer during

AML/CFT Framework

the duration of the relationship in order to ensure that the customer's transactions are consistent with the business and risk profile of the customer.

The Bank takes the requisite and regulatory measures when embarking upon relations with designated non-financial institutions due to the risks inherent with these customers and in compliance with regulatory requirements. This is also the case with politically exposed persons and other high risk customers.

Transaction Monitoring

Transaction monitoring is the daily act of screening transactions of all types that occur in any account managed by GTBank. The main objective of this procedure is for the timely identification of significant changes in patterns or unusual account behavior. This would also enable us conduct further investigation that would ascertain whether or not such accounts can be classified as 'suspicious' and disclosed to the relevant authorities.

Monitoring unusual transactions is the collective responsibility of all employees of the Bank. However, as a result of peculiarities of job functions and for ease of monitoring, officers in certain units/groups have been assigned the responsibility of ensuring unusual transactions are identified and reported to the Compliance team for further investigation and reporting, where necessary.

Transaction Reporting

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

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

GTBank 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 ₦5 million and above for individuals and ₦10 million and above for corporate customers must be reported.

Co-operation with Regulators and Law Enforcement Agencies

All employees are required to co-operate fully with regulators and law enforcement agents and make available required documents/information as requested by the relevant regulatory or law enforcement

AML/CFT Framework

agencies, based on the powers conferred on these agencies by the provisions of the Act.

The Bank will not use confidential or secrecy laws to inhibit implementation of any request from regulators but will promptly comply with all requests made, pursuant to the law, and provide information to regulators including the NFIU, the CBN and other relevant agencies

Upon receipt of a regulatory request for information or document, relevant employees are required to conduct a search on the Bank's database with a view to promptly treating the request by providing the required information or document where available. Confidentiality and security of such requests must be protected at all times.

Politically Exposed Persons (PEPs)

Enhanced measures of due diligence are applied to high-risk customers such as PEPs 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, GTBank employs the use of appropriate discretionary risk based systems based on the definition of a PEP which includes all persons that might have some form of relationship with an actual current political office holder or all persons who have been political office holders at one time or another. This is achieved through the thorough review of details provided by the customer and transaction trends which help in determining which customers should be classified as PEPs.

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.

Sanctions Compliance Management

The Bank maintains and constantly updates its "Blacklisted Table" containing a list of all individuals and entities that have been sanctioned by relevant local and international regulatory bodies.

The safeguard against maintaining relationships with blacklisted persons or entities is assured by screening any new relationship against the names on the blacklisted table.

All employees, as applicable to their functions, are required to screen names of individuals and organizations which have or plan to enter a business relationship or carry out a transaction with/through the Bank against the blacklisted table. Employees are mandated, as part of the Bank's policy, to stop any relationship and or transaction which yield a true or positive match and follow the escalation procedure.

The Blacklisted table is made of lists from the following:

- The Office of Foreign Assets Control (OFAC) (United States of America);
- Her Majesty's Treasury (United Kingdom);
- The Ministry of Economy, Finance and Industry (France);
- The United Nations;
- European Union;

AML/CFT Framework

- The Nigeria List.

Updates on guidelines would be obtained by subscribing to the publications/ information centers of these bodies. Strict compliance with sanction of persons or entities blacklisted by these organizations would be ensured.

AML/CFT principles for Correspondent Banking

GTBank ensures that it only enters into and maintains correspondent banking relations with financial institutions that have implemented AML/CFT policies and procedures. The Bank will gather information about the financial institutions, assess the adequacy of the AML/CFT of the financial institution, obtains management approval and document the process.

GTBank will not enter into correspondent relations with a Shell bank and shall endeavour to fully understand the nature of the business of its correspondent banking partners.

AML/ CFT Training

GTBank places a high value on the training of its employees. Trainings are carried out to ensure employees are familiar with the AML/CFT Laws, KYC principles and other AML/CFT related information. This process is from the training school class to senior management and the Board of Directors. Seminars, workshops, intranet notifications, internal memos and emails are used to create awareness within the Bank on AML/CFT regulations.

In addition to the above, an intranet based e-learning platform, eVolve is also used as a training tool to ensure that employees are conversant with contemporary compliance issues and latest trends in AML/CFT.

AML/CFT Audits

Internal audit of the AML/CFT function is carried out in accordance with the Act and best practice. The audit is conducted quarterly, with the report and findings circulated to various levels of senior management. Follow-up to the audits take place to ensure that the relevant issues are closed out.

In addition, the Bank appoints independent auditors or consultants to periodically audit the AML/CFT function of the Bank in order to confirm that the functions are carried out in conformity with the extant laws and international best practice.

The Bank's AML/CFT functions are also reviewed and audited periodically by regulators.

Preservation of customers' records

The Bank maintains an offsite secured storage of all documents and transaction records. 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.

AML/CFT Framework

Conclusion

GTBank's policy is robust and a key management business tool used to ensure compliance bank-wide. The policy mitigates the possibility of operational, reputation, legal and concentration risks associated with money laundering and terrorist financing.

Changes to the policy are to be approved by the Management and Board of Directors of the Bank based on technological changes, the Bank's business strategy, new/modified standard operating procedure manuals and regulatory/statutory requirements.

Internal control and Risk Management Systems

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 two Board Committees (Board Risk Committee and Board Credit 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 and three Non- Executive Directors; one of the shareholders 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

Internal control and Risk Management Systems

Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process.

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

Control Activities

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

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

Top Management Reviews

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

Activity Control

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

Physical Controls

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

Compliance with Limits

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

Approval and Authorisation Limits

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

Verifications and Reconciliations

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

Internal control and Risk Management Systems

Information and Communication/ Monitoring

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

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

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

Directors' Report

For the year ended December 31, 2013

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 full year ended December 31, 2013.

Legal form and principal activity

The Bank was incorporated as a private limited liability company on July 20, 1990. It obtained a license to operate as a commercial bank on August 1, 1990, and commenced business on February 11, 1991. It became a public limited company on April 2, 1996, and its shares were listed on the Nigerian Stock Exchange on September 9, 1996. The Bank was issued a universal banking license by the Central Bank of Nigeria on February 5, 2001 and a Commercial banking license with international scope in December 2012.

The Bank’s principal activity continues to be the provision of commercial banking services to its customers. Such services include retail banking, granting of loans and advances, equipment leasing, corporate finance, money market activities and related services, as well as foreign exchange operations.

With the recent expansion into East Africa the Bank currently owns eight overseas subsidiaries namely Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Ivory Coast) Limited, Guaranty Trust Bank (Kenya) Limited with subsidiaries in Rwanda and Uganda and GTB Finance B.V. Netherlands, the special purpose entity used to raise 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 and Profit before tax increased by 8.8% and 3.9% respectively. Highlights of the Group’s operating results for the period are as follows:

	Group Dec-13 N'000	Group Dec-12 N'000	Bank Dec-13 N'000	Bank Dec-12 N'000
GROSS EARNINGS	242,665,011	223,064,885	221,600,284	205,449,251
Profit before taxation	107,091,256	103,027,923	100,461,729	100,141,667
Taxation	(17,067,279)	(16,341,043)	(14,916,219)	(14,877,841)
Profit for the period from continuing operations	90,023,977	86,686,880	85,545,510	85,263,826
Profit for the period from discontinued operations	-	609,077	-	-
Profit for the period	90,023,977	87,295,957	85,545,510	85,263,826
Non-controlling interest	(424,882)	(559,780)	-	-
Profit attributable to equity holders of the Bank	89,599,095	86,736,177	85,545,510	85,263,826
Earnings per share (kobo) - Basic	3.2	3.1	2.9	2.9
Earnings per share (kobo) - Diluted	3.2	3.1	2.9	2.9

Dividends

During the year under review, the Directors paid final dividend in the sum of ₦1.30 Kobo per ordinary share and interim dividend of ₦ 0.25 Kobo per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each for the financial year ended December 2012 and 6 months ended June 2013.

Withholding tax was deducted at the time of the payment of this dividend and there was no income tax consequence on the Bank as a result of the dividend pay-out, as the bank is only required to deduct at source this tax 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 N1.45k per ordinary share of 50 kobo (bringing the total dividend for the financial year ended December 31, 2013 to N1.70 (2012 N1.55k 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 Dec 13	*Indirect Holding Dec 13	Direct Holding Dec 12	*Indirect Holding Dec 12
		Shares of 50k each		Shares of 50k each	
1	Mr. Egbert Imomoh	1,102,972	6,243,128	1,102,972	6,243,128
2	Mr. Olusegun Agbaje	32,146,651	9,481,350	32,146,651	9,481,350
3	Mrs. Cathy Echeozo	2,505,118	2,940,300	2,505,118	2,940,300
4	Mr. Andrew Alli	1,163,975	0	1,163,975	0
5	Mr. Akindele Akintoye	13,800	0	363,800	0
6	Mrs. Stella Okoli	3,344,032	0	3,344,032	0
7	Mr. Adebayo Adeola	4,869,492	0	4,869,492	0
8	Mr. Ibrahim Hassan	1,130,838	0	1,130,838	0
9	Mr. Olabode Augusto	200,000	0	0	0
10	Mrs. Osaretin A. Demuren	148,827	0	148,827	0
11	Mrs. Olutola Omotola	452,531	234,350	452,531	234,350
12	Mr. Demola Odeyemi	7,661,601	899,200	7,661,601	745,650
13	Mr. Wale Oyedeji	492,787	0	492,787	0
14	Mr. Ohis Ohiwerei	2,000,000	0	2,000,000	0

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

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

Directors' Remuneration

The remuneration of the bank's directors is disclosed pursuant to section 34(5) of the Code of Corporate Governance for public companies as issued by Securities and Exchange Commission 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
13 th 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 AGM to Non-Executive Directors only	Paid once on the day of the AGM
Sitting allowances	- Allowances paid to Non-Executive Directors only for sitting at board meetings and Board Committee meetings.	Paid during the year

Changes on the Board

During the period under review, the erstwhile Chairman of the Board, Mr. O. S. Oduyemi, retired from the Board of Directors at the end of the Annual General Meeting held on April 25, 2013. This was due to impending attainment of the age of 70 years in May 2013 by Mr. Oduyemi. The provisions of the Code of Corporate Governance of the Bank stipulates that Non-Executive Directors shall retire from the Board upon attaining the age of seventy (70) years. Mr. Oduyemi joined the Board of the Bank in June 2005 and became Chairman in April 2010. Subsequent upon the retirement of the erstwhile Chairman, the Board of Directors appointed Mr. Imomoh as the Chairman of the Board, in line with the well defined succession plan of the Bank. Mr. Imomoh was formally presented to shareholders at the 23rd Annual General Meeting of the Bank.

The Board appointed Mrs. Osaretin Afusat Demuren as a Non-Executive Director to fill the vacancy created by the retirement of Mr. Oduyemi. Her appointment has been approved by the Central Bank of Nigeria. The appointment of Mrs. Demuren would be presented to Shareholders at the 24th Annual General Meeting of the Bank for approval

Profile of Mrs. Demuren

Mrs. Demuren holds a Masters Degree in Economics and Statistics from the Moscow Institute of Economics and Statistics, Moscow, and a Diploma in Russian Language and Preliminary Studies from the Kiev State University, Kiev. She had a successful career with the Central Bank of Nigeria which spanned over 33 years, during which she served as Director, Trade and Exchange Department and was deployed to serve as the Director, Human Resources Department in 2004, a position which she held until her retirement from the Central Bank of Nigeria in December, 2009.

She is a member of many professional associations including the Society for Human Resource Management of America, Nigerian Statistical Association, and Chartered Institute of Personnel Management of Nigeria and the Chartered Institute of Bankers of Nigeria.

Directors' interest in Contracts

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

Augusto & company Limited carried out an issuer risk rating on GTBank's Plc's N13.165 Billion 3-year Fixed Rate Senior Unsecured Non Convertible Corporate Bonds issued in 2010. The transaction during the period relates to payment of annual monitoring fee of N2,100,000 to this firm in respect of the bond rating.

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

Retirement by Rotation

In accordance with Article 84 of the Bank's Articles of Association, which requires (one-third (or the number closest to it of the) Non-Executive Directors to retire biennially, no Non-Executive Director is required to retire by rotation at this Annual General Meeting.

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at full year ended December 31, 2013, is as follows:

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1 - 10,000	253,176	73.56	808,986,404	2.75
10,001 - 50,000	67,293	19.55	1,464,379,068	4.98
50,001 - 100,000	11,022	3.20	775,053,592	2.63
100,001 - 500,000	10,047	2.92	2,052,986,448	6.98
500,001 - 1,000,000	1,187	0.34	825,552,852	2.81
1,000,001 - 5,000,000	1,124	0.33	2,255,263,146	7.66
5,000,001 - 10,000,000	152	0.04	1,019,921,920	3.47
10,000,001 - 50,000,000	134	0.04	3,037,250,534	10.32
50,000,001 - 100,000,000	29	0.01	2,006,613,162	6.82
100,000,001 - 500,000,000	21	0.01	4,853,465,573	16.49
500,000,001 - 1,000,000,000	1	0.00	875,821,252	2.98
1,000,000,01 - 2,000,000,000	3	0.00	3,961,320,436	13.46
2,000,000,01 - 5,000,000,000	1	0.00	2,109,650,000	7.17
Sub-Total	344,190	100.00	26,046,264,387	88.50
GDR [underlying shares]	1	0.00	3,384,914,837	11.50
TOTAL	344,190	100.0000	29,431,179,224	100.0000

According to the Register of members as at December 31, 2013, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

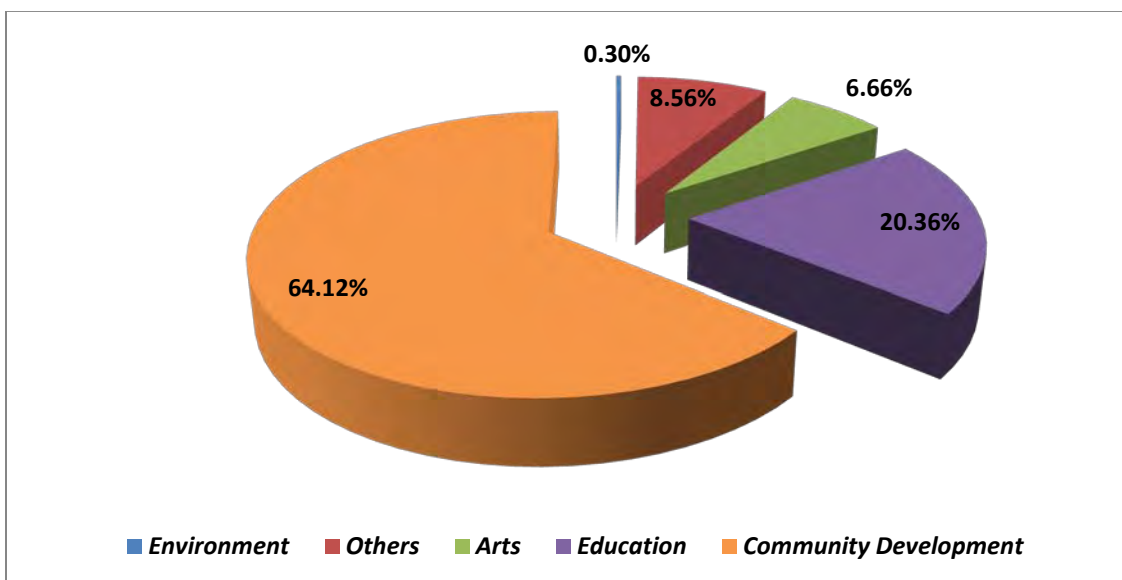
Shareholder	No. of Shares held	Percentage of Shareholding
GDR (underlying shares)*	3,384,914,837	11.50
Stanbic Nominees Nigeria Limited**	6,571,019,331	22.33

* Citibank Nigeria Limited held the 3,384,914,837 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 22.33% 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 ₦631,991,911 (Dec. 2012: ₦364,750,865) as donations and charitable contributions during the period. This represents a growth of 73% over the donations given in 2012 and it comprises contributions to Educational organizations, Art and Cultural organizations, Professional organizations amongst others. The distribution of these donations is show below:



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

Sector	Project	Total
Arts	House Of Tara	500,000.00
	Mare Festival	200,000.00
	Media Development	200,000.00
	MUSON	325,000.00
	Nollywood Awards	500,000.00
	Nollywood Study Centre	838,000.00
	Ogun Schools Art workshop	500,000.00
	Tate Partnership	29,436,494.65
	Terra Kulture	3,240,000.00
	Yinka Shonibare'S 2013 Art Exhibition	6,350,000.00
Community Development	African Gifted Foundation Academy	1,905,000.00
	Aret Adams Foundation	250,000.00
	Cerebral Palsy Centre	250,000.00
	Chartered Institute of Bankers of Nigeria	10,000,000.00

Chike Okoli Foundation	1,200,000.00
Children's Day Initiative	450,000.00
CSR Nigeria	350,000.00
Emerging Leaders Conference	500,000.00
Fate Foundation	1,500,000.00
Finance Correspondents Association of Nigeria	500,000.00
Flood Disaster Contribution	300,000,000.00
Hallmark of Labour Foundation	2,000,000.00
Honey Bee Foundation	300,000.00
Ikeja Golf Club	200,000.00
International Golf &Country Club	250,000.00
Kids Start Right	50,000.00
Lebanese Ladies Society	130,000.00
Lindy's Gem Foundation	500,000.00
Massey Street Hospital	2,358,950.00
National Seminar on Banking and Allied Matters 2013	1,785,694.00
Nigeria Finance And Investment Summit	300,000.00
Nigeria Police Games	5,000,000.00
Nigeria Society for the Blind	200,000.00
Nigeria Telecoms Award	800,000.00
Orange Ribbon Initiative - Autism	29,316,635.50
Pass Now Now	9,999,998.68
Richardson HSSE Forum	500,000.00
Rotary Club	2,000,000.00
Shekere Magazine	500,000.00
Small World 2014	150,000.00
Social Enterprise Reporting Awards	2,000,000.00
Special Olympics Nigeria	2,615,500.94
Special Persons Association	50,000.00
Sustainable Banking Principles	112,500.00
Swiss Red Cross	23,773,954.00
Yoruba Council of Youth	150,000.00
Department of Pediatrics UNTH, Enugu	500,000.00
International Women Organisation For Charity	20,000.00
Nigeria Stock Exchange	271,267.75
Patrick Speech and Language Centre	500,000.00
Nigeria @100	2,000,000.00
Education	
Adopt-A-School	3,508,586.50
Africa Gifted Foundation	42,000.00
Association of Vice Chancellors	200,000.00
Camp GTBank	7,552,756.60
Day Waterman College	1,538,461.52
Donation of OMR forms to selected Universities	8,190,000.00
Downen College	20,000.00

	Durham University	269,500.00
	Gem's Preparatory School	273,800.00
	Heritage Cup	23,069,617.25
	King's College	68,250.00
	Lagos State Spelling Bee	100,000.00
	Laura Stephens School	250,000.00
	Methodist Boys High School	75,000.00
	National Education Finance	300,000.00
	Pacelli School For The Blind	165,550.00
	Port Harcourt Book Festival	65,000.00
	Principal's Cup	78,141,858.15
	St. Gregory'S College	1,755,600.00
	St. Saviours School	1,500,000.00
	UNAAB Int Schools	200,000.00
	United for Kid Foundation	150,000.00
	Usman Dan Fodiyo University	150,000.00
	Lagos Preparatory School	250,000.00
	Ikoyi Nursery School	250,000.00
	Olashore International School	422,000.00
	St. George Boys and Girls school	157,500.00
Environment	Adopt-a- Roundabout	1,353,410.00
	Environment Maintenance-Daoula Rounabout Kano	83,160.00
	Lagos State Government Environmental Protection Agency	250,000.00
	Nigerian Conservatory	200,000.00
Others	Others	54,110,865.77
Grand Total		631,991,911.31

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, 2013 and profit attributable to equity holders for the year ended 31 December, 2013 other than as disclosed in the financial statements.

Research and development

The Bank is on a continuous basis, carrying out research into new banking products and services.

Gender Analysis

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

	Male	Female	Total	Male	Female
	Number			%	
Employees	1,779	1,376	3,155	56%	44%

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)	37	17	54	69%	31%
Total	47	21	68		

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

	Male	Female	Total	Male	Female
	Number			%	
Assistant General Manager	17	6	23	74%	26%
Deputy General Manager	13	4	17	76%	24%
General Manager	7	7	14	50%	50%
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	47	21	68		

Human Resources Policy

(1) Employment of disabled persons

The Bank operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

In the event of any employee becoming disabled in the course of employment, 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. Currently, the Bank has five persons on its staff list with physical disability.

(2) 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.

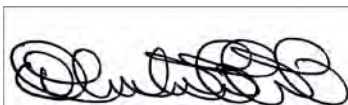
Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates a Group Personal Account Accident and the Workmen's Compensation Insurance covers for the benefits of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 as well as a terminal gratuity scheme for its employees.

(3) Employee Involvement and Training

The Bank encourages participation of employees in arriving at decisions in respect of matters affecting their well being. 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 manpower. Consequently, the Bank sponsored its employees for various training courses, both locally and overseas, in the period under review.

BY ORDER OF THE BOARD



Olutola Omotola

Company Secretary

Plot 635, Akin Adesola Street, Victoria
Island, Lagos

29 January, 2014

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended December 31, 2013

The Directors accept responsibility for the preparation of the financial statements set out on pages 47 to 294 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 OF THE DIRECTORS BY:



CATHY ECHEOZO

29 January, 2014



SEGUN AGBAJE

29 January, 2014

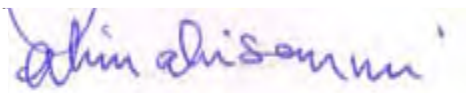
Report of the Audit Committee

For the period ended 31 December, 2013

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 period ended 31 December, 2013 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 N2,371,690,000 (31 December, 2012: N6,336,282,000) was outstanding as at 31 December, 2013. The status of performance of insider related credits is as disclosed in Note 49(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
 29 January, 2014

Members of the Audit Committee are:

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

In attendance:
 Mr. Segun Fadahunsi - Secretary



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 statements of financial position as at 31 December 2013 and the income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors’ responsibility for the financial statements

The directors of the bank are responsible for the preparation and fair presentation of 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.



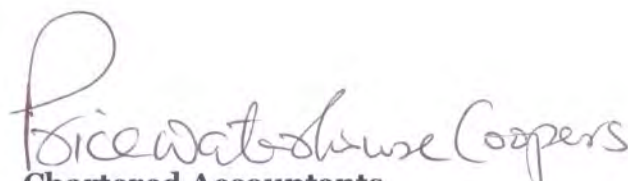
Opinion

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 2013 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 statement of financial position, income statement, statement of comprehensive income and statement of changes in equity are in agreement with the books of account;
- iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 49 to the financial statements;
- v) as disclosed in Note 50, the bank did not pay any penalty for contravention of relevant circulars issued by the Central Bank of Nigeria.


Chartered Accountants
FRC/2013/ICAN/0000000946
Lagos, Nigeria



28 February 2014

Financial statements

Statements of financial position

As at 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	Group Dec-2013	Group Dec-2012	Group Jan-2012	Parent Dec-2013	Parent Dec-2012	Parent Jan-2012
Assets							
Cash and cash equivalents	4, 8, 23	307,395,676	276,856,206	349,060,323	228,609,551	210,300,286	311,072,270
Loans and advances to banks	4, 8, 24	5,596,476	4,864,824	158,616	16,976	177,985	158,616
Loans and advances to customers	4, 8, 25	1,002,370,638	779,050,018	706,893,133	926,967,093	742,436,944	679,358,919
Financial assets held for trading	4, 8, 26	17,223,667	271,073,896	173,297,556	13,746,682	267,417,182	151,819,087
Derivative financial assets	27	170,101	-	-	170,101	-	-
Investment securities:							
– Available for sale	4, 8, 28	374,673,147	15,765,789	3,744,970	364,056,362	10,138,761	3,744,970
– Held to maturity	4, 8, 28	84,741,890	129,490,810	161,196,356	46,682,498	118,897,917	163,914,120
Assets pledged as collateral	4, 8, 29	28,442,629	31,203,230	45,588,084	28,440,947	31,203,230	45,588,084
Investment in subsidiaries	30	-	-	-	40,130,284	22,925,088	16,233,581
Property and equipment	31	68,306,197	60,886,728	57,510,622	61,419,683	55,496,808	52,494,230
Intangible assets	32	11,214,274	1,772,176	1,006,470	2,256,768	1,539,717	762,709
Deferred tax assets	33	1,945,629	991,791	96,820	-	-	-
Restricted deposits and other assets	34	200,766,091	162,922,392	100,320,495	191,868,850	159,783,305	94,880,959
		2,102,846,415	1,734,877,860	1,598,873,445	1,904,365,795	1,620,317,223	1,520,027,545
Assets classified as held for sale and discontinued operations		-	-	9,779,201	-	-	3,500,000
Total assets		2,102,846,415	1,734,877,860	1,608,652,646	1,904,365,795	1,620,317,223	1,523,527,545
Liabilities							
Deposits from banks	4, 8, 36	15,208,300	23,860,259	37,229,029	88,729	7,170,321	21,636,242
Deposits from customers	4, 8, 37	1,427,493,697	1,148,197,165	1,026,119,419	1,261,927,035	1,054,122,573	962,486,292
Derivative financial liabilities	27	3,883	-	-	3,883	-	-
Other liabilities	8, 39	61,014,954	83,278,066	52,323,162	49,008,466	72,178,426	45,275,666
Current income tax liabilities	21	13,073,847	15,630,973	14,062,596	12,632,975	15,340,116	13,760,343
Deferred tax liabilities	33	5,065,625	2,596,405	3,407,652	4,784,323	2,533,627	3,308,557
Debt securities issued	4, 8, 38	156,498,167	86,926,227	145,767,516	13,233,595	13,238,291	13,233,169
Other borrowed funds	4, 8, 41	92,134,872	92,561,824	93,230,139	233,040,108	169,194,418	229,647,220
		1,770,493,345	1,453,050,919	1,372,139,513	1,574,719,114	1,333,777,772	1,289,347,489
Liabilities included in assets classified as held for sale and discontinued operations		-	-	6,119,979	-	-	-
Total liabilities		1,770,493,345	1,453,050,919	1,378,259,492	1,574,719,114	1,333,777,772	1,289,347,489

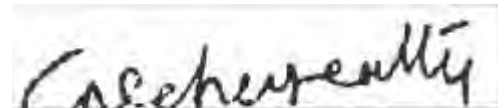
Statements of financial position (Continued)
As at 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	Group Dec-2013	Group Dec-2012	Group Jan-2012	Parent Dec-2013	Parent Dec-2012	Parent Jan-2012
Equity	42						
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		(2,046,714)	(2,046,714)	(2,046,714)	-	-	-
Retained earnings		55,205,142	39,766,597	25,130,520	55,079,117	45,944,146	31,560,746
Other components of equity		135,924,361	104,651,663	67,121,427	136,380,860	102,408,601	64,432,606
Total equity attributable to owners of the Parent		327,269,493	280,558,250	228,391,937	329,646,681	286,539,451	234,180,056
Non-controlling interests in equity		5,083,577	1,268,691	2,001,217	-	-	-
Total equity		332,353,070	281,826,941	230,393,154	329,646,681	286,539,451	234,180,056
Total equity and liabilities		2,102,846,415	1,734,877,860	1,608,652,646	1,904,365,795	1,620,317,223	1,523,527,545

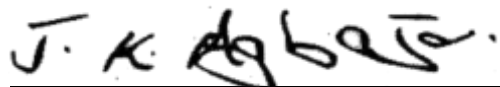
Approved by the Board of Directors on 29 January 2014:



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



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



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

The accompanying notes are an integral part of these financial statements

Income statements

For the year ended 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Interest income	9	185,383,473	170,295,193	172,433,167	160,124,580
Interest expense	10	(48,444,468)	(39,609,462)	(44,575,952)	(37,025,839)
Net interest income		136,939,005	130,685,731	127,857,215	123,098,741
Loan impairment charges	11	(2,886,005)	(738,786)	(2,913,318)	667,667
Net interest income after loan impairment charges		134,053,000	129,946,945	124,943,897	123,766,408
Fee and commission income	12	46,631,901	45,445,557	40,189,316	40,339,298
Fee and commission expense	13	(1,824,212)	(1,591,016)	(1,718,975)	(1,508,915)
Net fee and commission income		44,807,689	43,854,541	38,470,341	38,830,383
Net gains/(losses) on financial instruments classified as held for trading	14	7,686,240	3,940,524	5,395,773	2,339,332
Other income	15	2,963,397	3,383,611	3,582,028	2,646,041
Net impairment change in other financial assets	16	118,836	(96,869)	118,836	(96,869)
Personnel expenses	17	(23,761,448)	(23,660,091)	(19,625,269)	(18,468,570)
General and administrative expenses	18	(22,550,173)	(22,405,475)	(20,077,522)	(20,285,783)
Operating lease expenses		(837,218)	(791,433)	(623,379)	(622,158)
Depreciation and amortization	19	(10,115,860)	(8,891,796)	(9,273,196)	(8,052,743)
Other operating expenses	20	(25,273,207)	(22,252,034)	(22,449,780)	(19,914,374)
Profit before income tax		107,091,256	103,027,923	100,461,729	100,141,667
Income tax expense	21	(17,067,279)	(16,341,043)	(14,916,219)	(14,877,841)
Profit for the year from continuing operations		90,023,977	86,686,880	85,545,510	85,263,826
Profit for the year from discontinued operations	35	-	609,077	-	-
Profit for the year		90,023,977	87,295,957	85,545,510	85,263,826

Income statements (Continued)

For the year ended 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Profit attributable to:					
Equity holders of the parent entity (total)		89,599,095	86,958,135	85,545,510	85,263,826
– Profit for the year from continuing operations		89,599,095	86,398,355	85,545,510	85,263,826
– Profit for the year from discontinued operations	35	-	559,780	-	-
Non-controlling interests (total)		424,882	337,822	-	-
– Profit for the year from continuing operations		424,882	288,525	-	-
– Profit for the year from discontinued operations	35	-	49,297	-	-
		90,023,977	87,295,957	85,545,510	85,263,826

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	3.17	3.05	2.91	2.90
– Diluted	22	3.17	3.05	2.91	2.90

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		-	0.02	-	-
– Diluted		-	0.02	-	-

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income

For the year ended 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Note:</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Profit for the year		90,023,977	87,295,957	85,545,510	85,263,826
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains and losses		655,769	(2,305,970)	655,769	(2,305,970)
Income tax relating to actuarial gains and losses		(196,731)	691,791	(196,731)	691,791
		459,038	(1,614,179)	459,038	(1,614,179)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation differences for foreign operations		(1,039,643)	(2,706,774)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	311,893	812,032	-	-
Net change in fair value of available for sale financial assets		4,080,429	1,463,183	3,887,157	1,463,183
Income tax relating to Net change in fair value of available for sale financial assets	21	(1,224,129)	(438,955)	(1,166,147)	(379,137)
		2,128,550	(870,514)	2,721,010	1,084,046
Other comprehensive income for the year, net of tax		2,587,588	(2,484,693)	3,180,048	(530,133)
Total comprehensive income for the year		92,611,565	84,811,264	88,725,558	84,733,693
Profit attributable to:					
Equity holders of the parent entity (total)		92,329,571	84,578,636	88,725,558	84,733,693
– Total comprehensive income for the year from continuing operations		92,329,571	84,018,856	88,725,558	84,733,693
– Total comprehensive income for the year from discontinued operations		-	559,780	-	-
Non-controlling interests (total)		281,994	232,628	-	-
– Total comprehensive income for the year from continuing operations		281,994	183,331	-	-
– Total comprehensive income for the year from discontinued operations		-	49,297	-	-
Total comprehensive income for the year		92,611,565	84,811,264	88,725,558	84,733,693

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
December 2013
Group

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

Consolidated Statement of Changes in Equity
December 2012
Group

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2012	14,715,590	123,471,114	-	68,088,215	(2,046,714)	(854,621)	(112,167)	25,130,520	228,391,937	2,001,217	230,393,154
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	86,958,135	86,958,135	337,822	87,295,957
Other comprehensive income, net of tax:											
Foreign currency translation difference	-	-	-	-	-	-	(1,789,548)	-	(1,789,548)	(105,194)	(1,894,742)
Actuarial losses	-	-	-	-	-	-	-	(1,614,179)	(1,614,179)	-	(1,614,179)
Fair value adjustment	-	-	-	-	-	1,024,228	-	-	1,024,228	-	1,024,228
Total other comprehensive income	-	-	-	-	-	1,024,228	(1,789,548)	(1,614,179)	(2,379,499)	(105,194)	(2,484,693)
Total comprehensive income	-	-	-	-	-	1,024,228	(1,789,548)	85,343,956	84,578,636	232,628	84,811,264
Transactions with equity holders, recorded directly in equity:											
Loss on transaction with NCI	-	-	-	-	-	-	-	(38,025)	(38,025)	38,025	-
Transfers for the year	-	-	11,312,801	26,982,755	-	-	-	(38,295,556)	-	-	-
Increase/dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	59,678	59,678
Dividend to equity holders	-	-	-	-	-	-	-	(32,374,298)	(32,374,298)	(39,088)	(32,413,386)
Non-controlling interest of subsidiaries disposed	-	-	-	-	-	-	-	-	-	(1,023,769)	(1,023,769)
Total transactions with equity holders	-	-	11,312,801	26,982,755	-	-	-	(70,707,879)	(32,412,323)	(965,154)	(33,377,477)
Balance at 31 December 2012	14,715,590	123,471,114	11,312,801	95,070,970	(2,046,714)	169,607	(1,901,715)	39,766,597	280,558,250	1,268,691	281,826,941

Statement of Changes in Equity

December 2013

Parent

In thousands of Nigerian Naira

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

Statement of Changes in Equity

December 2012

Parent

In thousands of Nigerian Naira

	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2012	14,715,590	123,471,114	-	65,347,045	(914,439)	31,560,746	234,180,056
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	85,263,826	85,263,826
Other comprehensive income, net of tax							
Actuarial losses	-	-	-	-	-	(1,614,179)	(1,614,179)
Fair value adjustment	-	-	-	-	1,084,046	-	1,084,046
Total other comprehensive income	-	-	-	-	1,084,046	(1,614,179)	(530,133)
Total comprehensive income	-	-	-	-	1,084,046	83,649,647	84,733,693
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	11,312,801	25,579,148	-	(36,891,949)	-
Dividend to equity holders	-	-	-	-	-	(32,374,298)	(32,374,298)
Total transactions with equity holders	-	-	11,312,801	25,579,148	-	(69,266,247)	(32,374,298)
Balance at 31 December 2012	14,715,590	123,471,114	11,312,801	90,926,193	169,607	45,944,146	286,539,451

Statements of cash flows

For the year ended 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cash flows from operating activities					
Profit for the period		90,023,977	87,295,957	85,545,510	85,263,826
Adjustments for:					
Depreciation of property and equipment	19, 31	9,332,590	8,539,277	8,627,942	7,634,982
Amortisation of Intangibles		783,270	352,519	645,254	417,761
Gain on disposal of property and equipment		(59,111)	(462,033)	(41,317)	(454,752)
Gain from disposal of subsidiaries		-	(411,040)	-	-
Impairment on financial assets		4,542,693	1,361,908	3,273,673	(299,241)
Net interest income		(136,939,005)	(130,685,731)	(127,857,215)	(123,098,741)
Foreign exchange gains	15	(2,851,855)	(1,002,061)	(2,527,971)	(1,003,068)
Derivatives fair value changes		(166,218)	-	(166,218)	-
Dividend received		(177,753)	(139,934)	(1,138,930)	(658,406)
Income tax expense	21, 35	17,067,279	16,341,043	14,916,219	14,877,841
Other non-cash items		943,122	2,265,863	577,931	2,265,863
		(17,501,011)	(16,544,232)	(18,145,122)	(15,053,935)
Changes in:					
Financial assets held for trading		253,075,979	(100,151,348)	253,670,500	(115,598,095)
Assets pledged as collateral		2,760,601	14,384,854	2,762,283	14,384,854
Loans and advances to banks		(524,646)	(4,706,217)	161,239	(19,378)
Loans and advances to customers		(196,757,545)	(78,802,378)	(187,804,052)	(62,681,906)
Other assets		(38,870,235)	(62,806,908)	(33,803,774)	(64,999,216)
Deposits from banks		(10,656,415)	(13,167,582)	(7,081,592)	(14,465,921)
Deposits from customers		237,177,738	128,850,248	207,804,462	91,636,281
Other liabilities		(22,673,788)	29,104,205	(22,893,983)	25,100,168
		223,531,689	(87,295,126)	212,815,083	(126,643,213)
Interest received		185,222,033	168,344,855	172,271,727	158,174,241
Interest paid		(48,865,656)	(39,919,864)	(44,997,139)	(37,336,241)
		342,387,055	24,585,633	321,944,549	(20,859,148)
Income tax paid ¹		(17,198,130)	(15,346,557)	(15,340,119)	(13,760,345)
Net cash/(used in) provided by operating activities		325,188,925	9,239,076	306,604,430	(34,619,493)

¹ Group figures for the period ended December 2012 on income tax paid, purchase of property and equipment and purchase of intangible assets include impact of discontinued operations of N134,223,000, N8,171,000 and N353,000 respectively.

Statements of cash flows

For the year ended 31 December 2013

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cash flows from investing activities					
Sale of investment securities		64,667,318	413,302,482	64,667,318	413,302,482
Purchase of investment securities		(360,513,606)	(392,644,271)	(342,482,343)	(373,216,887)
Dividends received		177,753	139,934	1,138,930	658,406
Purchase of property and equipment ¹	31	(14,819,658)	(14,921,277)	(13,674,839)	(13,126,071)
Proceeds from the sale of property and equipment		231,595	3,046,542	143,911	2,943,263
Purchase of intangible assets ¹	32	(1,589,242)	(1,140,629)	(1,362,305)	(1,194,769)
Acquisition of subsidiary, net of cash acquired		(5,779,017)	-	(17,205,196)	(6,691,507)
Purchase of investment properties		-	(31,983)	-	-
Proceeds from disposal of investment properties		-	268,284	-	-
Cash inflow on disposal of subsidiaries	35	-	3,500,000	-	3,500,000
Cash outflow on disposal of subsidiaries	35	-	(3,775,711)	-	-
Net cash provided by/(used in) investing activities		(317,624,857)	7,743,371	(308,774,524)	26,174,917
Cash flows from financing activities					
Increase in debt securities issued		67,290,718	-	-	-
Repayment of debt securities issued		-	(55,499,536)	-	-
Repayment of long term borrowings		(5,476,789)	(6,717,203)	59,263,626	(66,799,072)
Increase in long term borrowings		4,582,064	6,346,270	4,582,064	6,346,270
Finance lease repayments		(275,977)	(503,378)	(275,977)	(503,378)
Dividends paid to owners	43	(45,618,328)	(32,374,298)	(45,618,328)	(32,374,298)
Dividends paid to non-controlling interest		(131,631)	(39,088)	-	-
Increase in non-controlling interest		-	59,678	-	-
Net cash provided by financing activities		20,370,057	(88,727,555)	17,951,385	(93,330,478)
Net (decrease) /increase in cash and cash equivalents		27,934,125	(71,745,108)	15,781,291	(101,775,054)
Cash and cash equivalents at beginning of period		276,856,206	349,883,065	210,300,286	311,072,270
Effect of exchange rate fluctuations on cash held		2,605,345	(1,281,751)	2,527,974	1,003,070
Cash and cash equivalents at end of the year		307,395,676	276,856,206	228,609,551	210,300,286

¹ Group figures for the period ended 2012 on income tax paid, purchase of property and equipment and purchase of intangible assets include impact of discontinued operations of N134,223,000, N8,171,000 and N353,000 respectively.

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 2013, 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 **29, January, 2014**.

3.(a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

- Assets and liabilities held for trading are measured at fair value
- Assets and Liabilities held to maturity are measured at amortised cost
- Loans and Receivables are measured at amortised cost

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

○ **Standards and interpretations effective during the reporting period**

Amendments to the following standard(s) became effective in the reporting period from 1st January, 2013. They do not have any material impact on the accounting policies, financial position or performance of the Group:

- **Amendment to IAS 19 - Employee Benefits:** The amendment introduces changes to recognition of deficit / surplus on defined benefit plans and presentation of defined benefit cost. It also introduces recognition of net interest on net defined benefit assets (liability) and more extensive disclosures. The effect of changes to recognition of deficit / surplus on defined benefit plans is the immediate recognition of actuarial gains and losses (now “remeasurements”) in Other Comprehensive Income with no subsequent recycling to profit or loss as against the previous practice of immediate recognition in the Group’s Profit or Loss. The impact on Other Comprehensive Income has been appropriately disclosed in the financial statements. The concept of net interest on net defined benefit asset (liability) introduced by this amendment is different from the prior practice of separate recognition of interest cost on defined benefit obligation and expected returns on plan assets. This is not expected to have significant impact on the Group because there are no wide margins between interest cost and expected returns on assets. The change to the 10% corridor does not affect the Group as it did not apply the rule.

- **Amendments to IAS 34 - Interim financial reporting and segment information for total assets and liabilities (Amendment);** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the Chief Operating Decision Maker (CODM) and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group already provides this disclosure in prior period because it is part of the segment information reported to the chief operating decision maker and the Group has opted to disclose the information regardless of the materiality for the benefit of the users of the financial statement. As such, this amendment does not have a material impact on the Group.
- **IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements:** IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. While the disclosure implications have been duly effected, IFRS 10 had no impact on the consolidation of investments held by the Group .
- **Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial liabilities:** The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g Collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The Group has disclosed the impact of this standard in note 7.
- **Amendment to IAS 32 - Tax effects of distributions to holders of equity instruments:** The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax

arising from distributions to equity holders. The amendment did not have an impact on the consolidated financial statements for the Group, as there is no company income tax consequences attached to cash or non-cash distribution.

- **IFRS 12 Disclosure of Interests in Other Entities:** IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The group has made the disclosures relevant to its interest in subsidiaries in these consolidated financial statements.
- **IFRS 13 Fair Value Measurement:** IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures, and expands them by requiring that all assets, liabilities and equities, including those that are not financial instruments, be measured at fair value. Furthermore, additional extensive disclosures are required in many areas and the extent of these disclosures increase as the Fair value inputs fall significantly within level 2 and 3 of the fair value hierarchy. In accordance with the transitional provisions of IFRS 13, the Group has applied all the requirements provided by the new fair value measurement guidance prospectively, and has not provided comparative information for new disclosures..
- **IFRS 1 First-time Adoption of International Financial Reporting Standards** was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.
- **Amendments to IAS 16 "Classification of servicing Equipment":** The IASB amendment to IAS 16 clarifies the recognition criteria for spare parts and service equipment. The amendment was issued to address the unintended consequences of the wordings of the original standard. Initial wordings of the standard contained ambiguous provisions as to the classification of servicing equipments and the criteria for the determination of this classification. To correct this, the amendment clarifies when certain assets are to be classified as property, plant and equipment or as inventory. This will help ensure that entities consistently record and present these assets. This amendment however has no impact on the consolidated Statement of Financial position of the Group as this relates essentially more to manufacturing industries.
- **Amendments to IAS 1 "Clarification of requirements for comparative information":** The amendment clarifies the IAS 1 requirements for comparative information when an entity prepares financial statements that include more than the minimum comparative information requirements. It also clarifies the requirement for presentation of a third Statement of Financial Position as a result of a change in accounting policy, retrospective restatement or reclassification.

An entity is permitted to present comparative information that exceeds the minimum requirements as long as that information is prepared in accordance with IFRSs. When presented, accompanying notes relevant to support the third statement of financial position must be disclosed.

When there is a change in accounting policy, restatements or reclassification, the opening statement of financial position is to be presented as at the beginning of the immediately preceding comparative period unless there is no material effect on the Statement of Financial Position at the beginning of the preceding period. Related notes are not required to accompany this opening statement of financial position other than as required by IAS 1 and 8. This amendment has been incorporated in the Group's financial statements owing to the need to revise employee benefit in accordance with revised IAS 19.

Standards and interpretations issued/amended but not yet effective

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

<i>Standard</i>	<i>Content</i>	<i>Effective Year</i>
IFRIC Interpretation 21	Levies	1-Jan-14
Amendments to IAS 27	Separate Financial Statements	1-Jan-14
Amendments to IFRS 12	Disclosure of Interests in Other Entities	1-Jan-14
Amendments to IFRS 10	Consolidated Financial Statements	1-Jan-14
IFRS 9	Financial Instruments	1-Jan-15
Amendments to IAS 32	Financial Instruments – Presentation	1-Jan-14
Amendments to IAS 36	Impairment of Assets	1-Jan-14
Amendments to IAS 39	Financial Instruments - Recognition and Measurement	1-Jan-14
Amendments to IFRS 1	First-Time Adoption of IFRS	1-Jul-14
Amendments to IAS 40	Investment Property	1-Jul-14
Amendments to IFRS 13	Fair Value Measurement	1-Jul-14
Amendments to IFRS 3	Business Combination	1-Jul-14

Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2014, as shown in the table above, have not been applied in preparing these financial statements and the group is yet to assess the full impact of the amendments arising from these standards.

3.(b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

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

Acquisitions on or after 1 January 2009

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

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

Acquisitions between 1 January 2003 and 1 January 2009

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

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

Acquisitions prior to 1 January 2003

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

GAAP).

(ii) Special purpose entities

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

The Group established GTB Finance B.V., Netherlands as a special purpose 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 (2012) in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

the dates of the transactions.

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

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

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

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

(iii) Group Entities

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each Income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised in other comprehensive income.

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

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

statement as part of the gain or loss on sale.

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

(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 30% statutory rate of total profit whereas 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 they are booked on the system. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

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

a) Loans and Receivables

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

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

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

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Cash and cash equivalents include notes and coins on hand, Unrestricted balances held with central banks, Balances held with other banks, Money market placements and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial

position.

b) **Available-for-sale investments**

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

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

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

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

c) **Held-to-maturity**

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

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

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

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

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

Financial liabilities for which the fair value option is applied are recognised in the Statements of financial position as 'Financial liabilities designated at fair value'. Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in 'Net gains 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 are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- Designation at fair value through profit or loss

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

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

To reduce accounting mismatch, the fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swaps but for which the hedge accounting conditions of IAS 39 are not fulfilled. The loans would have been otherwise accounted for at amortised cost, whereas the derivatives are measured at fair value through profit or loss.

The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured instruments that include embedded derivatives.

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

(iii) Measurement

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

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

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

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

a) Amortised cost measurement

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

b) Fair value measurement

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

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

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

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

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

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation

models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

(iv) Offsetting

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

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

(v) De-recognition

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

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

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

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

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase

transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

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

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

(vi) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(A) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event')

and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

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

The 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; in exceptional cases, longer periods are warranted.

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.

Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

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

(n) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the

Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(o) Intangible assets**(i) Goodwill**

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

Subsequent measurement

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

(ii) Software

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalised. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

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

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

(p) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, inclusive of deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have

indefinite useful lives or that are available for use, the recoverable amount is estimated each year. However, the Group chooses the cost model measurement to reassess investment property after initial recognition i.e. depreciated cost less any accumulated impairment losses.

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

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

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

(q) Deposits, debt securities issued

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

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

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

(r) Provisions

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

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The

Group recognizes no provision for future operating losses.

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

(s) Financial guarantees

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

(t) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension fund administrators (PFA) on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the Statements of Comprehensive Income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Defined benefit plans

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

The liability recognised in the Statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the Statements of financial position less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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 after spending ten years in the Bank.

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

(u) Discontinued operations

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

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

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the

Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets.

(v) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(w) Earnings per share

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

(x) Segment reporting

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

4. Financial risk management

(a) Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risks

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

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

Risk management philosophy

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

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

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

- The Group will not take any action that will compromise its integrity
- The Group will adhere to the risk management practice of identifying, measuring, controlling and reporting risks.
- Risk control will not constitute an impediment to the achievement of the Bank's Strategic objectives.
- The Group will always comply with all government regulations and embrace global best practices.
- The Group will only assume risks that fall within its risk appetite with commensurate returns.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, to monitor risks and adherence to limits. This policy is subject to review at least once a year. More frequent reviews may be conducted in the opinion of the Board, when changes in laws, market conditions or the Group's activities are material enough to impact on the continued

adoption of existing policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework via its committees – The Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities. All Board committees have both executive and non-executive members.

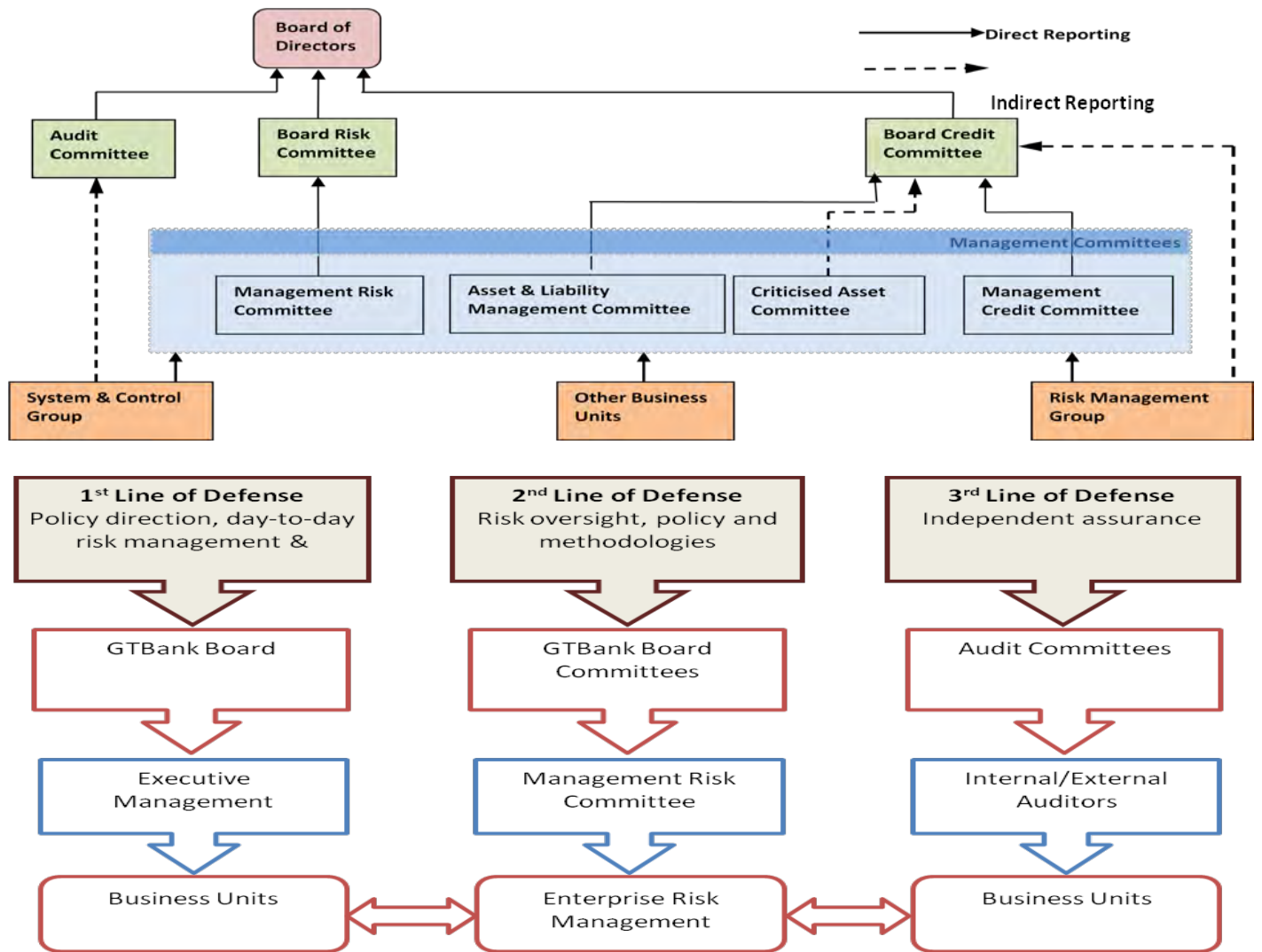
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group. These committees are:

- 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 **Group's 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 department, 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 Risk Management Organogram of the Group is as follows:



The **Risk Committees** at the board and management levels are 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. The committees monitors the Group’s plans and progress towards meeting regulatory Risk-Based Supervision requirements and migration to Basel II compliance as well as the overall Regulatory and Economic Capital Adequacy.

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. 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. These include issues on 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.

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.

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

Risk management overview

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

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

In addition to this, in compliance with the Central Bank of Nigeria's 'Risk-based Supervision' guidelines, and also to align with Basel II Capital Accord / best global practices, we are in the process of incorporating a strategic framework for efficient measurement and management of the bank's risks and capital. We have commenced the implementation of Basel II recommended capital measurement approaches for the estimate of the bank's economic capital required to cope with unexpected losses. We are also putting 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.

(b) Credit risk

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

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

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

Each business unit is required to implement credit policies and procedures in line with the credit approval authorities granted 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.

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

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

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate 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.

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 (foundation approach) as well as the expected loss approach as outlined under IFRS 9, 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

Models have been used to estimate the amount of credit exposures, as the value of a product varies with changes in market variables, expected cash flows and time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between parties.

Ratings and 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 three components:

- I. The 'Probability of Default' (PD),
- II. Exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default' (EAD),
- III. The likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD); and

IV. 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 robustness relative to actual performance and amended as necessary to optimise their effectiveness.

(i) 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. They 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 so that they reflect the latest projection in the light of all actually observed defaults.

ii. Exposure at Default (EAD)

EAD is the amount the Group is owed at the time of default or at the reporting date. For a loan, this is the face value (principal plus interest). 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.

iii 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.

iii 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. It has been shown that the emergence period for retail loans is generally lower than that of corporate loans.

The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II.

Risk Limit Control and Mitigation Policies

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

The Bank adopted 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, we apply additional parameters internally in determining 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 industry/economic sectors.

The limits are usually recommended by the Bank's Portfolio Management Unit under 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 the 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 N500 Million
Managing Director	Up to N200 Million
Deputy Managing Director	Up to N150 Million
Other Approving Officers	as delegated by the managing director

The above limits are subject to the following overriding approvals:

- Except where a facility is cash collateralized, all new facilities below N10million require the approval of the Credit Committee.
- 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.
- Totally 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 restricts 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. There were no netting arrangements as at the reporting date.

Off-balance sheet engagements

These instruments are contingent in nature and carry the same credit risk as loans and advances. As a policy, the Bank 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 Bank's books are Bonds and Guarantees, which the Bank will only issue where it has full cash collateral or a counter indemnity from a first class bank, or another acceptable security.

Contingencies

Contingent assets 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 will flow to the group, but 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.

Contingent liabilities include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions. Contingent liabilities are not recognized in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

Placements

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

Notes to the financial statements

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to On-Balance Sheet

Credit risk exposures relating to on-balance sheet assets are as follows:

<i>In thousands of Nigerian naira</i>	Maximum exposure Group		Maximum exposure Parent	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Classification				
Cash and cash equivalents:				
- Balances held with other banks	85,154,356	74,572,750	32,508,143	28,672,903
- Money market placements	159,532,334	147,427,096	147,526,495	150,528,705
Loans and advances to banks	5,596,476	4,864,824	16,976	177,985
Loans and advances to customers:				
- Loans to individuals	68,040,897	53,514,206	54,348,678	40,379,787
- Loans to non-individuals	934,329,741	725,535,812	872,618,415	702,057,157
Financial assets held for trading				
- Debt securities	17,223,667	271,073,896	13,746,682	267,417,182
Investment securities:				
- Debt securities	452,360,796	142,417,007	403,689,666	126,201,716
Assets pledged as collateral:				
- Debt securities	28,442,629	31,203,230	28,440,947	31,203,230
Restricted deposits and other assets ²	152,069,741	101,895,741	145,747,179	98,707,634
Total	1,902,750,637	1,552,504,562	1,698,643,181	1,445,346,299
Loans exposure to total exposure	53%	50%	55%	51%
Debt securities exposure to total exposure	26%	29%	26%	29%
Other exposures to total exposure	21%	21%	19%	20%

The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2013 and 31 December 2012 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on amounts reported in the statements of financial position.

As shown above, 53% (Parent: 55%) of the total maximum exposures is derived from loans and advances to banks and customers (2012: 50%; Parent: 51%); while 26% (Parent: 26%) represents exposure to investments in debt securities (2012: 29%; Parent: 29%). The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and Debt securities.

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.

Notes to the financial statements

Loans and advances to customers is analysed below:

	Group		Parent	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Loans to individuals:				
Overdraft	4,733,911	7,893,185	3,330,937	2,736,101
Loans	63,178,782	45,493,481	51,017,741	37,643,686
Others ¹	128,204	127,540	-	-
	68,040,897	53,514,206	54,348,678	40,379,787
Loans to non-individuals:				
Overdraft	121,829,749	113,622,169	94,261,465	106,024,097
Loans	662,593,834	511,778,386	650,729,873	500,319,477
Others ¹	149,906,158	100,135,257	127,627,077	95,713,583
	934,329,741	725,535,812	872,618,415	702,057,157

¹ Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) and Usances.

Credit risk exposure relating to Off-Balance Sheet

Credit risk exposures relating to off-balance sheet items are as follows:

<i>In thousands of Nigerian naira</i>	Maximum exposure		Maximum exposure	
	Group		Parent	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Financial guarantees	438,406,221	363,927,051	431,691,415	355,132,185
Other contingents	128,717,560	99,402,483	104,858,187	75,783,090
Total	567,123,781	463,329,534	536,549,602	430,915,275

Notes to the financial statements

Credit quality of money market placements and financial assets held for trading

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

Money market placements

<i>In thousands of Nigerian naira</i>	Credit quality Group		Credit quality Parent	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Counterparties with external credit rating (S&P)				
A	79,364,138	98,780,165	79,364,138	100,858,327
AA	40,039,222	1,373,120	40,039,222	1,402,008
BB	-	15,674,605	-	16,004,372
	119,403,360	115,827,890	119,403,360	118,264,707

Sovereign Ratings

Nigeria (BB)-S&P	19,005,206	-	19,005,206	-
Other Sovereign Ratings	21,123,768	-	-	-
	40,128,974	-	19,005,206	-

Counterparties without external credit rating

Local Discount Houses	-	31,599,206	-	21,359,936
Foreign Subsidiaries	-	-	9,117,929	10,904,062
	-	31,599,206	9,117,929	32,263,998
	159,532,334	147,427,096	147,526,495	150,528,705

Investment Securities

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

<i>In thousands of Nigerian naira</i>	Credit quality Group		Credit quality Parent	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Counterparties with external credit rating (S&P):				
B	-	4,435,010	-	3,930,049
BB	440,337,559	126,670,862	391,666,429	112,248,393
Counterparties with external credit rating (Agusto):				
A	12,023,237	8,745,861	12,023,237	7,750,077
BBB	-	2,565,274	-	2,273,197
	452,360,796	142,417,007	403,689,666	126,201,716

Of the Parent's Investment Securities of N403,689,666,000 , the sum of N391,666,429,000 (2012: 112,248,393,000) 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 BB (S&P).

Notes to the financial statements

(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-2013

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Cash and cash equivalents:</i>				
- Balances held with other banks	11,551	14,919,432	70,223,373	85,154,356
- Money market placements	19,005,206	21,119,010	119,408,118	159,532,334
Loans and advances to banks	16,976	462,094	5,117,406	5,596,476
<i>Loans and advances to customers:</i>				
- Loans to individuals	54,348,678	5,316,739	8,375,480	68,040,897
- Loans to non-individuals	871,188,345	62,991,673	149,723	934,329,741
<i>Financial assets held for trading</i>				
- Debt securities	13,746,882	3,476,985	-	17,223,667
<i>Investment securities:</i>				
- Debt securities	403,689,666	46,371,052	2,300,078	452,360,796
<i>Assets pledged as collateral:</i>				
- Debt securities	28,440,947	1,682	-	28,442,629
Restricted deposits and other assets ²	145,747,179	6,065,051	257,511	152,069,741
	1,536,195,230	160,723,718	205,831,689	1,902,750,637

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.

Notes to the financial statements

Loans and advances to customers is analysed below:

**Group
Dec-2013**

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Loans to individuals:</i>				
Overdraft	3,330,937	1,117,323	285,651	4,733,911
Loans	51,017,741	4,071,212	8,089,829	63,178,782
Others ¹	-	128,204	-	128,204
	54,348,678	5,316,739	8,375,480	68,040,897
<i>Loans to non-individuals:</i>				
Overdraft	92,831,396	28,848,630	149,723	121,829,749
Loans	650,729,871	11,863,963	-	662,593,834
Others ¹	127,627,078	22,279,080	-	149,906,158
	871,188,345	62,991,673	149,723	934,329,741

¹ Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) and Usance.

Credit risk exposure relating to Off-Balance Sheet

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

**Group
Dec-2013**

In thousands of Nigerian naira

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

Notes to the financial statements

Dec-2012

Geographical Classifications

Credit risk exposure relating to On-Balance Sheet

Group

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Cash and cash equivalents:</i>				
- Balances held with other banks	50,354	15,054,757	59,467,639	74,572,750
- Money market placements	38,766,316	14,050,120	94,610,660	147,427,096
Loans and advances to banks	177,985	-	4,686,839	4,864,824
<i>Loans and advances to customers:</i>				
- Loans to individuals	40,379,786	6,801,620	6,332,800	53,514,206
- Loans to non-individuals	700,627,084	24,691,348	217,380	725,535,812
Financial assets held for trading				
- Debt securities	267,417,182	3,656,714	-	271,073,896
Investment securities:				
- Debt securities	118,341,620	17,827,016	6,248,371	142,417,007
Assets pledged as collateral:				
- Debt securities	31,203,230	-	-	31,203,230
Restricted deposits and other assets ²	99,936,704	1,742,918	216,119	101,895,741
	1,296,900,261	83,824,493	171,779,808	1,552,504,562

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.

Notes to the financial statements

Loans and advances to customers is analysed below:

Group

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Loans to individuals:</i>				
Overdraft	2,736,100	5,154,034	3,051	7,893,185
Loans	37,643,686	1,520,046	6,329,749	45,493,481
Others ¹	-	127,540	-	127,540
	40,379,786	6,801,620	6,332,800	53,514,206
<i>Loans to non-individuals:</i>				
Overdraft	104,594,025	8,810,764	217,380	113,622,169
Loans	500,319,476	11,458,910	-	511,778,386
Others ¹	95,713,583	4,421,674	-	100,135,257
	700,627,084	24,691,348	217,380	725,535,812

¹ Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) and Usance

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2012

Group

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	355,132,185	6,553,837	2,241,029	363,927,051
Other contingents	75,783,090	17,896,049	5,723,344	99,402,483
	430,915,275	24,449,886	7,964,373	463,329,534

Notes to the financial statements

Geographical Sector

Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Parent'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

Parent

Dec-2013

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Cash and cash equivalents:</i>				
- Balances held with other banks	8,249	542,578	31,957,316	32,508,143
- Money market placements	19,005,206	482,318	128,038,971	147,526,495
Loans and advances to banks	16,976	-	-	16,976
<i>Loans and advances to customers:</i>				
- Loans to individuals	54,348,678	-	-	54,348,678
- Loans to non-individuals	872,618,415	-	-	872,618,415
<i>Financial assets held for trading:</i>				
- Debt securities	13,746,682	-	-	13,746,682
<i>Investment securities:</i>				
- Debt securities	403,689,666	-	-	403,689,666
<i>Assets pledged as collateral:</i>				
- Debt securities	28,440,947	-	-	28,440,947
Restricted deposits and other assets ²	145,747,179	-	-	145,747,179
	1,537,621,998	1,024,896	159,996,287	1,698,643,181

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.

Notes to the financial statements

Loans and advances to customers is analysed below:

Parent

Dec-2013

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Loans to individuals:</i>				
Overdraft	3,330,937	-	-	3,330,937
Loans	51,017,741	-	-	51,017,741
Others ¹	-	-	-	-
	54,348,678	-	-	54,348,678
<i>Loans to non-individuals:</i>				
Overdraft	94,261,465	-	-	94,261,465
Loans	650,729,873	-	-	650,729,873
Others ¹	127,627,077	-	-	127,627,077
	872,618,415	-	-	872,618,415

¹ Others include CBN Commercial Agric Credit Scheme (CACCS) loans, Bank of Industry (BOI) and Usance

Credit risk exposure relating to Off-Balance Sheet

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

Parent

Dec-2013

In thousands of Nigerian naira

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

Notes to the financial statements

Geographical Classifications

Credit risk exposure relating to On-Balance Sheet

Dec-2012

Parent

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Cash and cash equivalents:</i>				
- Balances held with other banks	-	971,353	27,701,550	28,672,903
- Money market placements	38,766,316	6,724,273	105,038,116	150,528,705
Loans and advances to banks	177,985	-	-	177,985
<i>Loans and advances to customers:</i>				
- Loans to individuals	40,379,787	-	-	40,379,787
- Loans to non-individuals	702,057,157	-	-	702,057,157
Financial assets held for trading				
- Debt securities	267,417,182	-	-	267,417,182
Investment securities:				
- Debt securities	122,271,668	-	3,930,048	126,201,716
Assets pledged as collateral:				
- Debt securities	31,203,230	-	-	31,203,230
Restricted deposits and other assets ²	98,707,634	-	-	98,707,634
	1,300,980,959	7,695,626	136,669,714	1,445,346,299

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.

Notes to the financial statements

Loans and advances to customers is analysed below:

Dec-2012

Parent

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
<i>Loans to individuals:</i>				
Overdraft	2,736,101	-	-	2,736,101
Loans	37,643,686	-	-	37,643,686
Others ¹	-	-	-	-
	40,379,787	-	-	40,379,787
<i>Loans to non-individuals:</i>				
Overdraft	106,024,097	-	-	106,024,097
Loans	500,319,477	-	-	500,319,477
Others ¹	95,713,583	-	-	95,713,583
	702,057,157	-	-	702,057,157

¹ Others include CBN Commercial Agric Credit Scheme (CACCS) loans, Bank of Industry (BOI) and Usance

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2012

Parent

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	355,132,185	-	-	355,132,185
Other contingents	75,783,090	-	-	75,783,090
	430,915,275	-	-	430,915,275

Notes to the financial statements

(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-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
<i>Cash and cash equivalents:</i>												
- Balances held with other banks	-	85,154,356	-	-	-	-	-	-	-	-	-	85,154,356
- Money market placements	-	148,372,732	-	-	902,337	10,257,265	-	-	-	-	-	159,532,334
Loans and advances to banks	-	5,134,324	-	-	-	-	-	-	-	-	462,152	5,596,476
<i>Loans and advances to customers:</i>												
- Loans to individuals	124,227	-	259,296	8,138,179	49,821	992,577	193,435	66,837	-	54,348,678	3,867,847	68,040,897
- Loans to non-individuals	7,417,120	3,594,459	67,263,903	10,424,654	57,203,752	86,217,123	174,513,227	289,744,935	141,852,816	-	96,097,752	934,329,741
<i>Financial assets held for trading</i>												
- Debt securities	-	-	-	-	3,476,985	13,746,682	-	-	-	-	-	17,223,667
<i>Investment securities:</i>												
- Debt securities	-	21,906,816	-	-	-	427,855,465	2,115,879	-	-	-	482,636	452,360,796
<i>Assets pledged as collateral:</i>												
- Debt securities	-	-	-	-	1,682	28,440,947	-	-	-	-	-	28,442,629
Restricted deposits and other assets	-	-	-	-	148,592,788	797,761	-	-	-	-	2,679,192	152,069,741
	7,541,347	264,162,687	67,523,199	18,562,833	210,227,365	568,307,820	176,822,541	289,811,772	141,852,816	54,348,678	103,589,579	1,902,750,637

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

²Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below:

Group

Dec-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
<i>Loans to individuals:</i>												
Overdraft	16,448	-	48,097	7,869	8,229	2,390	39,098	60,425	-	3,330,937	1,220,418	4,733,911
Loans	107,779	-	211,199	8,130,310	41,592	990,187	154,337	6,412	-	51,017,741	2,519,225	63,178,782
Others	-	-	-	-	-	-	-	-	-	-	128,204	128,204
	124,227	-	259,296	8,138,179	49,821	992,577	193,435	66,837	-	54,348,678	3,867,847	68,040,897
<i>Loans to non-individuals:</i>												
Overdraft	2,748,970	1,367,483	16,771,503	1,089,043	19,518,927	937,729	25,308,867	20,531,478	13,971,284	-	19,584,465	121,829,749
Loans	1,430,900	2,226,976	46,906,076	8,998,283	19,392,547	84,424,714	69,619,873	246,615,961	125,510,774	-	57,467,730	662,593,834
Others	3,237,250	-	3,586,324	337,328	18,292,278	854,680	79,584,487	22,597,496	2,370,758	-	19,045,557	149,906,158
	7,417,120	3,594,459	67,263,903	10,424,654	57,203,752	86,217,123	174,513,227	289,744,935	141,852,816	-	96,097,752	934,329,741

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Group

Dec-2013

In thousands of Nigerian naira

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

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

² Logistics, Maritime and Haulage.

Notes to the financial statements

Credit Risk Exposure to on-balance sheet items

Group

Dec-2012

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
<i>Cash and cash equivalents:</i>												
- Balances held with other banks	-	74,572,750	-	-	-	-	-	-	-	-	-	74,572,750
- Money market placements	-	147,427,096	-	-	-	-	-	-	-	-	-	147,427,096
Loans and advances to banks	-	4,864,824	-	-	-	-	-	-	-	-	-	4,864,824
<i>Loans and advances to customers:</i>												
- Loans to individuals	-	603,326	6,363,981	1,020	-	461,953	-	2,505,424	-	40,379,787	3,198,715	53,514,206
- Loans to non-individuals	3,295,351	6,464,897	51,101,560	6,818,199	66,155,816	67,096,891	172,942,711	165,439,032	107,489,633	-	78,731,722	725,535,812
Financial assets held for trading	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	3,656,714	-	-	-	267,417,182	-	-	-	-	-	271,073,896
Investment securities:	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	11,299,756	-	-	-	128,397,776	2,719,475	-	-	-	-	142,417,007
Assets pledged as collateral:	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	31,203,230	-	-	-	-	-	31,203,230
Restricted deposits and other assets	-	711,611	-	-	-	99,198,633	-	-	-	-	1,985,497	101,895,741
	3,295,351	249,600,974	57,465,541	6,819,219	66,155,816	593,775,665	175,662,186	167,944,456	107,489,633	40,379,787	83,915,934	1,552,504,562

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

²Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below:

Group

Dec-2012

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
<i>Loans to individuals:</i>												
Overdraft	-	603,326	3,052	-	-	-	-	2,501,593	-	2,736,101	2,049,113	7,893,185
Loans	-	-	6,360,929	1,020	-	461,953	-	3,831	-	37,643,686	1,022,062	45,493,481
Others	-	-	-	-	-	-	-	-	-	-	127,540	127,540
	-	603,326	6,363,981	1,020	-	461,953	-	2,505,424	-	40,379,787	3,198,715	53,514,206
<i>Loans to non-individuals:</i>												
Overdraft	829,169	2,357,269	8,335,806	412,918	29,391,646	454,013	25,854,714	17,074,060	12,442,610	-	16,469,964	113,622,169
Loans	1,272,896	4,107,628	42,400,462	6,405,281	19,851,316	65,689,761	87,326,717	135,108,094	94,421,905	-	55,194,326	511,778,386
Others	1,193,286	-	365,292	-	16,912,854	953,117	59,761,280	13,256,878	625,118	-	7,067,432	100,135,257
	3,295,351	6,464,897	51,101,560	6,818,199	66,155,816	67,096,891	172,942,711	165,439,032	107,489,633	-	78,731,722	725,535,812

Credit Risk Exposure to off-balance sheet items

Group

Dec-2012

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
Financial guarantees	153,282	4,812,831	228,440,014	403,666	30,342,248	8,534,342	3,065,308	24,118,141	5,742,892	-	58,314,327	363,927,051
Other contingents	-	26,712,426	894,278	-	6,342,141	-	38,218,544	20,025,982	639,970	-	6,569,142	99,402,483
Total	153,282	31,525,257	229,334,292	403,666	36,684,389	8,534,342	41,283,852	44,144,123	6,382,862	-	64,883,469	463,329,534

Notes to the financial statements

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

Credit Risk Exposure to on-balance sheet items

**Parent
Dec-2013**

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
<i>Cash and cash equivalents:</i>												
- Balances held with other banks	-	32,508,143	-	-	-	-	-	-	-	-	-	32,508,143
- Money market placements	-	147,526,495	-	-	-	-	-	-	-	-	-	147,526,495
Loans and advances to banks	-	16,976	-	-	-	-	-	-	-	-	-	16,976
<i>Loans and advances to customers:</i>												
- Loans to individuals	-	-	-	-	-	-	-	-	-	54,348,678	-	54,348,678
- Loans to non-individuals	4,005,807	4,874,808	57,883,528	10,014,749	56,510,394	85,410,940	165,291,557	288,736,138	141,852,816	-	58,037,678	872,618,415
<i>Financial assets held for trading</i>												
- Debt securities	-	-	-	-	-	13,746,682	-	-	-	-	-	13,746,682
<i>Investment securities:</i>												
- Debt securities	-	-	-	-	-	401,573,787	2,115,879	-	-	-	-	403,689,666
<i>Assets pledged as collateral:</i>												
- Debt securities	-	-	-	-	-	28,440,947	-	-	-	-	-	28,440,947
Restricted deposits and other assets	-	-	-	-	-	144,773,099	-	-	-	-	974,080	145,747,179
	4,005,807	184,926,422	57,883,528	10,014,749	56,510,394	673,945,455	167,407,436	288,736,138	141,852,816	54,348,678	59,011,758	1,698,643,181

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

²Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below:

**Parent
Dec-2013**

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ²	Individual	Others ¹	Total
<i>Loans to individuals:</i>												
Overdraft	-	-	-	-	-	-	-	-	-	3,330,937	-	3,330,937
Loans	-	-	-	-	-	-	-	-	-	51,017,741	-	51,017,741
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	54,348,678	-	54,348,678
<i>Loans to non-individuals:</i>												
Overdraft	486,599	2,647,832	9,003,694	1,089,043	19,501,338	283,476	19,066,050	19,654,679	13,971,284	-	8,557,470	94,261,465
Loans	1,038,971	2,226,976	45,800,567	8,925,706	19,065,175	84,375,028	67,804,845	246,539,977	125,510,774	-	49,441,854	650,729,873
Others	2,480,237	-	3,079,267	-	17,943,881	752,436	78,420,662	22,541,482	2,370,758	-	38,354	127,627,077
	4,005,807	4,874,808	57,883,528	10,014,749	56,510,394	85,410,940	165,291,557	288,736,138	141,852,816	-	58,037,678	872,618,415

Credit Risk Exposure to off-balance sheet items

**Parent
Dec-2013**

In thousands of Nigerian naira

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

Notes to the financial statements

Credit Risk Exposure to on-balance sheet items

**Parent
Dec-2012**

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ⁴	Individual	Others ¹	Total
<i>Cash and cash equivalents:</i>												
- Balances held with other banks	-	28,672,903	-	-	-	-	-	-	-	-	-	28,672,903
- Money market placements	-	150,528,705	-	-	-	-	-	-	-	-	-	150,528,705
Loans and advances to banks	-	177,985	-	-	-	-	-	-	-	-	-	177,985
<i>Loans and advances to customers:</i>												
- Loans to individuals	-	-	-	-	-	-	-	-	-	40,379,787	-	40,379,787
- Loans to non-individuals	3,174,991	7,677,609	48,722,125	6,818,199	66,155,816	67,064,066	169,177,489	164,358,257	107,489,633	-	61,418,972	702,057,157
<i>Financial assets held for trading</i>												
- Debt securities	-	-	-	-	-	267,417,182	-	-	-	-	-	267,417,182
<i>Investment securities:</i>												
- Debt securities	-	3,930,048	-	-	-	119,552,193	2,719,475	-	-	-	-	126,201,716
<i>Assets pledged as collateral:</i>												
- Debt securities	-	-	-	-	-	31,203,230	-	-	-	-	-	31,203,230
Restricted deposits and other assets	-	-	-	-	-	97,969,563	-	-	-	-	738,071	98,707,634
	3,174,991	190,987,250	48,722,125	6,818,199	66,155,816	583,206,234	171,896,964	164,358,257	107,489,633	40,379,787	62,157,043	1,445,346,299

Loans and advances to customers is analysed below:

**Parent
Dec-2012**

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ⁴	Individual	Others ¹	Total
<i>Loans and advances to customers:</i>												
<i>Loans to individuals:</i>												
Overdraft	-	-	-	-	-	-	-	-	-	2,736,101	-	2,736,101
Loans	-	-	-	-	-	-	-	-	-	37,643,686	-	37,643,686
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	40,379,787	-	40,379,787
<i>Loans to non-individuals:</i>												
Overdraft	711,301	3,569,981	7,316,514	412,918	29,391,646	421,188	25,242,601	16,267,347	12,442,610	-	10,247,991	106,024,097
Loans	1,271,073	4,107,628	41,405,611	6,405,281	19,851,316	65,689,761	85,020,435	134,907,640	94,421,905	-	47,238,827	500,319,477
Others	1,192,617	-	-	-	16,912,854	953,117	58,914,453	13,183,270	625,118	-	3,932,154	95,713,583
	3,174,991	7,677,609	48,722,125	6,818,199	66,155,816	67,064,066	169,177,489	164,358,257	107,489,633	-	61,418,972	702,057,157

Credit Risk Exposure to off-balance sheet items

**Parent
Dec-2012**

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport. ⁴	Individual	Others ¹	Total
Financial guarantees	148,230	2,571,802	228,159,406	403,666	30,342,248	8,534,342	2,116,662	21,050,612	5,742,892	-	56,062,325	355,132,185
Other contingents	-	21,056,857	894,278	-	6,342,141	-	38,218,544	8,528,520	639,970	-	102,780	75,783,090
Total	148,230	23,628,659	229,053,684	403,666	36,684,389	8,534,342	40,335,206	29,579,132	6,382,862	-	56,165,105	430,915,275

Impairment and provisioning policies

Impaired loans and securities

Impaired loans and securities are loans and securities where the exposure at default exceeds the recoverable and for which the Group determines that it is probable that it will be unable to collect principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and are graded 8 to 10 in the Group's internal credit risk grading system.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group. These loans are likely to become impaired in the future and thus require strict monitoring.

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.

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.

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.

Loans and advances

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

These are loans and advances where contractual interest or principal payments are not past due. The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (see Note 4(b) Credit Risk Measurement). These are assigned ratings 1-5¹.

- **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 7¹.

- **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 8-10¹.

- **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 7¹.

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 86

Notes to the financial statements

Loans and advances

Loans and advances are summarised as follows:

Group

In thousands of Nigerian naira

	Dec-2013				Dec-2012			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to Corporate	Loans to Banks	Total
Neither past due nor impaired	53,911,195	800,286,216	5,581,570	859,778,981	30,937,829	495,765,771	4,723,234	531,426,834
Past due but not impaired	196,518	3,054,478	-	3,250,996	65,324	3,193,870	-	3,259,194
Individually impaired	1,400,322	32,337,737	-	33,738,059	1,074,391	25,754,634	3	26,829,028
Collectively Impaired	13,831,864	121,168,812	14,917	135,015,593	22,489,693	219,030,791	141,828	241,662,312
Gross	69,339,899	956,847,243	5,596,487	1,031,783,629	54,567,237	743,745,066	4,865,065	803,177,368
<i>Less allowances for impairment:</i>								
Individually impaired	375,223	16,047,503	-	16,422,726	901,973	14,911,699	3	15,813,675
Portfolio allowance	923,780	6,469,999	11	7,393,790	151,058	3,297,555	238	3,448,851
Total allowance	1,299,003	22,517,502	11	23,816,516	1,053,031	18,209,254	241	19,262,526
Net Loans and Advances	68,040,897	934,329,741	5,596,476	1,007,967,114	53,514,206	725,535,812	4,864,824	783,914,842

The total impairment for loans and advances is N23,816,516,000 (2012: N19,262,526,000) of which N16,422,726,000 (2012: N15,813,675,000) represents the impairment on individually impaired loans and the remaining amount of N7,393,790,000 (2012: N3,448,851,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

Notes to the financial statements

The gross loans of the Group is further analysed as follows:

Group

In thousands of Nigerian naira

	Dec-2013				Dec-2012			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to non-Individual	Loans to Banks	Total
Loans	51,420,662	585,515,457	-	636,936,119	26,650,537	356,958,135	-	383,608,672
Overdrafts	2,467,331	93,959,409	5,581,570	102,008,310	4,204,881	62,295,475	4,723,234	71,223,590
Others ¹	23,203	120,811,350	-	120,834,553	82,411	76,512,161	-	76,594,572
Neither past due nor impaired	53,911,196	800,286,216	5,581,570	859,778,982	30,937,829	495,765,771	4,723,234	531,426,834
Loans	31,926	329,467	-	361,393	32,613	1,985,369	-	2,017,982
Overdrafts	164,021	732,644	-	896,665	32,258	1,136,075	-	1,168,333
Others ¹	571	1,992,367	-	1,992,938	453	72,426	-	72,879
Past due but not impaired	196,518	3,054,478	-	3,250,996	65,324	3,193,870	-	3,259,194
Loans	445,553	20,007,817	-	20,453,370	883,048	22,339,493	3	23,222,544
Overdrafts	946,494	8,462,079	-	9,408,573	188,284	2,464,254	-	2,652,538
Others ¹	8,275	3,867,841	-	3,876,116	3,059	950,887	-	953,946
Individually impaired	1,400,322	32,337,737	-	33,738,059	1,074,391	25,754,634	3	26,829,028
Loans	11,395,608	75,936,735	4,911	87,337,254	19,132,145	141,187,317	116,771	160,436,233
Overdrafts	2,429,993	33,827,101	10,006	36,267,100	3,337,273	55,215,345	25,057	58,577,675
Others ¹	6,263	11,404,976	-	11,411,239	20,275	22,628,129	-	22,648,404
Collectively Impaired	13,831,864	121,168,812	14,917	135,015,593	22,489,693	219,030,791	141,828	241,662,312
Gross	69,339,900	956,847,243	5,596,487	1,031,783,630	54,567,237	743,745,066	4,865,065	803,177,368

¹ Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) and Usances.

Notes to the financial statements

Parent

In thousands of Nigerian naira

	Dec-2013				Dec-2012			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to non-Individual	Loans to Banks	Total
Neither past due nor impaired	41,594,451	762,729,504	2,070	804,326,025	19,922,981	491,296,008	36,395	511,255,384
Past due but not impaired	135,554	2,694,946	-	2,830,500	18,670	2,893,938	-	2,912,608
Individually impaired	516,579	24,359,475	-	24,876,054	759,351	20,705,518	3	21,464,872
Collectively Impaired	13,162,966	101,773,167	14,917	114,951,050	20,401,734	203,258,843	141,828	223,802,405
Gross	55,409,550	891,557,092	16,987	946,983,629	41,102,736	718,154,307	178,226	759,435,269
<i>Less allowances for impairment:</i>								
Individually impaired	180,579	12,947,786	-	13,128,365	594,416	12,976,805	3	13,571,224
Portfolio allowance	880,293	5,990,891	11	6,871,195	128,533	3,120,345	238	3,249,116
Total allowance	1,060,872	18,938,677	11	19,999,560	722,949	16,097,150	241	16,820,340
Net Loans and Advances	54,348,678	872,618,415	16,976	926,984,069	40,379,787	702,057,157	177,985	742,614,929

The total impairment for loans and advances is N19,999,560,000 (2012: N16,820,340,000) of which N13,128,365,000 (2012: N13,571,224,000) represents the impairment on individually impaired loans and the remaining amount of N6,871,195,000 (2012: N3,249,116,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes and .

Notes to the financial statements

The gross loans of the Parent is further analysed as follows:

Parent

In thousands of Nigerian naira

	Dec-2013				Dec-2012			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to non-Individual	Loans to Banks	Total
Loans	39,792,120	579,131,309	-	618,923,429	19,276,980	356,772,134	-	376,049,114
Overdrafts	1,802,333	63,039,076	2,070	64,843,479	646,001	58,011,713	36,395	58,694,109
Others ¹	-	120,559,119	-	120,559,119	-	76,512,161	-	76,512,161
Neither past due nor impaired	41,594,453	762,729,504	2,070	804,326,027	19,922,981	491,296,008	36,395	511,255,384
Loans	25,679	168,853	-	194,532	14,295	1,888,306	-	1,902,601
Overdrafts	109,875	663,524	-	773,399	4,375	989,691	-	994,066
Others ¹	-	1,862,569	-	1,862,569	-	15,941	-	15,941
Past due but not impaired	135,554	2,694,946	-	2,830,500	18,670	2,893,938	-	2,912,608
Loans	355,000	16,443,690	-	16,798,690	759,351	20,705,518	3	21,464,872
Overdrafts	161,579	6,928,263	-	7,089,842	-	-	-	-
Others ¹	-	987,522	-	987,522	-	-	-	-
Individually impaired	516,579	24,359,475	-	24,876,054	759,351	20,705,518	3	21,464,872
Loans	11,327,069	67,272,124	4,911	78,604,104	18,312,331	136,083,260	116,771	154,512,362
Overdrafts	1,835,897	30,098,301	10,006	31,944,204	2,089,403	47,517,744	25,057	49,632,204
Others ¹	-	4,402,742	-	4,402,742	-	19,657,839	-	19,657,839
Collectively Impaired	13,162,966	101,773,167	14,917	114,951,050	20,401,734	203,258,843	141,828	223,802,405
Gross	55,409,552	891,557,092	16,987	946,983,631	41,102,736	718,154,307	178,226	759,435,269

¹ Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) and Usances.

(v) 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.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December, 2013.

Notes to the financial statements

(i) 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-2013

In thousands of Nigerian naira

Rating	Loans and advances to customers						Loans and advances to		Total
	Individuals			Non-individuals			Overdraft	Loans	
	Overdraft	Loans	Others	Overdraft	Loans	Others			
Exceptional capacity	178,424	1,425,420	-	11,866,467	51,819,381	2,735,809	5,579,500	-	73,605,001
Very strong capacity	593,259	35,028,413	-	7,439,484	161,721,856	36,018,511	-	-	240,801,523
Strong repayment capacity	1,695,648	14,966,828	23,203	74,653,458	371,974,220	82,057,030	2,070	-	544,458,911
Total	2,467,331	51,420,661	23,203	93,959,409	585,515,457	120,811,350	5,581,570	-	858,865,435

Group

Dec-2012

In thousands of Nigerian naira

Rating	Loans and advances to customers						Loans and advances to		Total
	Individuals			Non-individuals			Overdraft	Loans	
	Overdraft	Loans	Others	Overdraft	Loans	Others			
Exceptional capacity	3,517,137	466,550	-	2,758,155	111,384,025	-	4,686,735	-	122,812,602
Very strong capacity	26,930	328,995	-	21,711,351	83,205,486	48,379,464	-	-	153,652,226
Strong repayment capacity	660,814	25,854,992	82,411	37,825,969	162,368,624	28,132,697	36,499	-	254,962,006
Total	4,204,881	26,650,537	82,411	62,295,475	356,958,135	76,512,161	4,723,234	-	531,426,834

Notes to the financial statements

Parent

Dec-2013

In thousands of Nigerian naira

Rating	Loans and advances to customers						Loans and advances to		
	Individuals			Non-individuals			Overdraft	Loans	Total
	Overdraft	Loans	Others	Overdraft	Loans	Others			
Exceptional capacity	-	-	-	7,605,496	50,440,480	2,674,815	-	-	60,720,791
Very strong capacity	493,863	34,574,183	-	2,437,721	160,515,819	36,018,511	-	-	234,040,097
Strong repayment capacity	1,308,469	5,217,936	-	52,995,859	368,175,010	81,865,793	2,070	-	508,651,590
Total	1,802,332	39,792,119	-	63,039,076	579,131,309	120,559,119	2,070	-	803,412,478

Parent

Dec-2012

In thousands of Nigerian naira

Rating	Loans and advances to customers						Loans and advances to		
	Individuals			Non-individuals			Overdraft	Loans	Total
	Overdraft	Loans	Others	Overdraft	Loans	Others			
Exceptional capacity	-	-	-	3,089,120	111,198,024	-	-	-	114,287,144
Very strong capacity	26,930	134,214	-	20,108,792	83,205,486	48,379,464	-	-	151,854,886
Strong repayment capacity	619,071	19,142,766	-	34,813,801	162,368,624	28,132,697	36,395	-	245,113,354
Total	646,001	19,276,980	-	58,011,713	356,772,134	76,512,161	36,395	-	511,255,384

Notes to the financial statements

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

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

Group

Dec-2013

In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	139,808	2,845,704	2,985,512
91 - 180 days	50,267	159,435	209,702
181 - 365 days	6,443	49,339	55,782
	196,518	3,054,478	3,250,996
FV of collateral	312,552	5,733,371	6,045,923
Amount of undercollateralisation	-	-	-

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

Group

Dec-2013

In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	13,143	313,499	326,642
91 - 180 days	14,477	1,205	15,682
181 - 365 days	4,306	14,763	19,069
	31,926	329,467	361,393
Overdrafts			
0 - 90 days	126,624	659,380	786,004
91 - 180 days	35,265	58,612	93,877
181 - 365 days	2,132	14,652	16,784
	164,021	732,644	896,665
Others			
0 - 90 days	41	1,872,825	1,872,866
91 - 180 days	525	99,618	100,143
181 - 365 days	5	19,924	19,929
	571	1,992,367	1,992,938

Notes to the financial statements

FV of collateral¹			
Loans	127,852	1,146,674	1,274,526
Overdrafts	170,171	2,127,081	2,297,252
Others	14,529	2,459,616	2,474,145
	312,552	5,733,371	6,045,923
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Group

Dec-2012

In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	53,304	2,910,539	2,963,843
91 - 180 days	-	31,406	31,406
181 - 365 days	12,020	251,925	263,945
	65,324	3,193,870	3,259,194
FV of collateral	364,991	13,733,764	14,098,755
Amount of undercollateralisation	-	-	-

Notes to the financial statements

Group
Dec-2012
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	27,735	1,842,131	1,869,866
91 - 180 days	-	8,542	8,542
181 - 365 days	4,878	134,696	139,574
	32,613	1,985,369	2,017,982
Overdrafts			
0 - 90 days	25,161	1,021,331	1,046,492
91 - 180 days	-	1,136	1,136
181 - 365 days	7,097	113,608	120,705
	32,258	1,136,075	1,168,333
Others			
0 - 90 days	408	47,077	47,485
91 - 180 days	-	21,728	21,728
181 - 365 days	45	3,621	3,666
	453	72,426	72,879
FV of collateral¹			
Loans	182,222	6,796,804	6,979,026
Overdrafts	180,238	4,982,302	5,162,540
Others	2,531	1,954,658	1,957,189
	364,991	13,733,764	14,098,755
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Notes to the financial statements

Parent

Dec-2013

In thousands of Nigerian naira

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

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

Parent

Dec-2013

In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	25,679	168,853	194,532
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	25,679	168,853	194,532
Overdrafts			
0 - 90 days	109,875	663,524	773,399
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	109,875	663,524	773,399
Others			
0 - 90 days	-	1,862,569	1,862,569
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	1,862,569	1,862,569
FV of collateral¹			
Loans	27,000	634,485	661,485
Overdrafts	109,875	1,679,000	1,788,875
Others	-	2,000,000	2,000,000
	136,875	4,313,485	4,450,360
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Notes to the financial statements

Parent
Dec-2012
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	18,670	2,893,938	2,912,608
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	18,670	2,893,938	2,912,608
FV of collateral	22,000	11,528,712	11,550,712
Amount of undercollateralisation	-	-	-

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

Parent
Dec-2012
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	14,295	1,888,306	1,902,601
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	14,295	1,888,306	1,902,601
Overdrafts			
0 - 90 days	4,375	989,691	994,066
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	4,375	989,691	994,066
Others			
0 - 90 days	-	15,941	15,941
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	15,941	15,941
FV of collateral¹			
Loans	17,427	5,982,600	6,000,027
Overdrafts	4,573	4,346,112	4,350,685
Others	-	1,200,000	1,200,000
	22,000	11,528,712	11,550,712
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

¹ The nature of fair value of collateral are set out in the 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.

Notes to the financial statements

(iii) Loans and advances individually impaired

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

Group
Dec-2013

In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	445,553	20,007,817	-	20,453,370
Overdraft	946,494	8,462,079	-	9,408,573
Others	8,275	3,867,841	-	3,876,116
	1,400,322	32,337,737	-	33,738,059
Impairment	375,223	16,047,503	-	16,422,726
Net Amount	1,025,099	16,290,234	-	17,315,333
FV of collateral ¹ :				
Loans	452,933	14,626,295	-	15,079,228
Overdraft	962,171	3,826,178	-	4,788,349
Others	8,412	3,390,496	-	3,398,908
Undercollateralisation (gross)	1,423,516	21,842,969	-	23,266,485
Amount of undercollateralisation on gross loans:				
Loans	-	5,381,522	-	5,381,522
Overdraft	-	4,635,901	-	4,635,901
Others	-	477,345	-	477,345
	-	10,494,768	-	10,494,768
Net Loans	1,025,099	16,290,234	-	17,315,333
Amount of undercollateralisation on net loans	-	-	-	-

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

Notes to the financial statements

Group
Dec-2012

In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	883,048	22,339,493	3	23,222,544
Overdraft	188,284	2,464,254	-	2,652,538
Others	3,059	950,887	-	953,946
	1,074,391	25,754,634	3	26,829,028
Impairment	901,973	14,911,699	3	15,813,675
Net Amount	172,418	10,842,935	-	11,015,353
FV of collateral ¹ :				
Loans	477,068	17,121,912	-	17,598,980
Overdraft	63,110	108,184	-	171,294
Others	1,025	158,734	-	159,759
FV of collateral	541,203	17,388,830	-	17,930,033
Amount of undercollateralisation on gross loans:				
Loans	405,980	5,217,581	3	5,623,564
Overdraft	125,174	2,356,070	-	2,481,244
Others	2,034	792,153	-	794,187
Undercollateralisation (gross)	533,188	8,365,804	3	8,898,995
Net Loans	172,418	10,842,935	-	11,015,353
Amount of undercollateralisation on net loans	-	-	-	-

¹ The nature of fair value of collateral are set out in the 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.

Notes to the financial statements

Parent

Dec-2013

In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	355,000	16,443,690	-	16,798,690
Overdraft	161,579	6,928,263	-	7,089,842
Others	-	987,522	-	987,522
	516,579	24,359,475	-	24,876,054
Impairment	180,579	12,947,786	-	13,128,365
Net Amount	336,000	11,411,689	-	11,747,689
FV of collateral ¹ :				
Loans	420,000	10,960,000	-	11,380,000
Overdraft	-	1,720,690	-	1,720,690
Others	-	537,809	-	537,809
	420,000	13,218,499	-	13,638,499
Amount of undercollateralisation on gross loans:				
Loans	-	5,483,690	-	5,483,690
Overdraft	161,579	5,207,573	-	5,369,152
Others	-	449,713	-	449,713
Undercollateralisation (gross)	161,579	11,140,976	-	11,302,555
Net Loans	336,000	11,411,689	-	11,747,689
Amount of undercollateralisation on net loans	-	-	-	-

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

Parent

Dec-2012

In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Loans	759,351	20,705,518	3	21,464,872
Overdraft	-	-	-	-
Others	-	-	-	-
Gross amount	759,351	20,705,518	3	21,464,872
Impairment	594,416	12,976,805	3	13,571,224
Net Amount	164,935	7,728,713	-	7,893,648
FV of collateral ¹ :				
Loans	477,068	16,915,353	-	17,392,421
Overdraft	-	-	-	-
Others	-	-	-	-
Undercollateralisation (gross)	477,068	16,915,353	-	17,392,421

Notes to the financial statements

Amount of undercollateralisation on gross loans:				
Loans	282,283	3,790,165	3	4,072,451
Overdraft	-	-	-	-
Others	-	-	-	-
	282,283	3,790,165	3	4,072,451
Amount of undercollateralisation on net loans				
	-	-	-	-

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

(iv) Undercollateralisation of individual loans against gross loans is shown below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Past due and impaired:				
Gross loans	10,941,710	-	10,809,830	-
Collateral	8,247,569	-	8,172,383	-
Undercollateralisation	(2,694,141)	-	(2,637,447)	-
Collectively impaired				
Gross loans	77,815,659	46,632,920	76,499,861	46,171,208
Collateral	62,674,300	25,733,516	62,536,719	25,478,729
Undercollateralisation	(15,141,359)	(20,899,404)	(13,963,142)	(20,692,479)

Notes to the financial statements

Summary of collaterals pledged against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

Group
Dec-2013

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	33,738,059	23,266,485	-	-
Against collectively impaired	135,000,676	303,171,779	14,917	-
Against past due but not impaired	3,250,996	6,045,923	-	-
Against neither past due nor impaired	854,197,411	1,337,722,727	5,581,570	502,152
Total	1,026,187,143	1,670,206,914	5,596,487	502,152

There are no under-collateralised loans and advances in current and prior year.

Group
Dec-2012

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	26,829,025	17,930,033	3	-
Against collectively impaired	241,520,484	520,600,887	141,828	247,001
Against past due but not impaired	3,259,194	14,098,755	-	-
Against neither past due nor impaired	526,703,600	945,040,470	4,723,234	5,344,039
Total	798,312,303	1,497,670,145	4,865,065	5,591,040

Parent
Dec-2013

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	24,876,054	13,638,499	-	-
Against collectively impaired	114,936,133	247,642,912	14,917	-
Against past due but not impaired	2,830,500	4,450,360	-	-
Against neither past due nor impaired	804,323,955	1,287,751,135	2,070	40,000
Total	946,966,642	1,553,482,906	16,987	40,000

Parent
Dec-2012

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	21,464,869	17,392,421	3	-
Against collectively impaired	223,660,577	485,003,427	141,828	247,001
Against past due but not impaired	2,912,608	11,550,712	-	-
Against neither past due nor impaired	511,218,989	926,971,258	36,395	98,445
Total	759,257,043	1,440,917,818	178,226	345,446

Notes to the financial statements

Group	Loans and advances to customers		Loans and advances to banks	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
<i>In thousands of Nigerian Naira</i>				
Against individually impaired:				
Property	8,386,713	6,584,543	-	-
Debt securities	-	6,023,300	-	-
Equities	6,000,000	13,579	-	-
Cash	-	22,500	-	-
Guarantees	-	218,959	-	-
ATC*, stock hypothecation and ISPO*	973,841	1,948,165	-	-
Others ¹	7,905,931	3,118,987	-	-
Total	23,266,485	17,930,033	-	-
Against collectively impaired:				
Property	224,565,721	333,269,745	-	156,000
Debt securities	-	86,005,589	-	-
Equities	1,835,905	9,584,367	-	90,212
Treasury bills	-	19,742	-	-
Cash	2,335,219	6,256,878	-	-
Guarantees	9,858,444	6,732,930	-	-
Negative pledge	-	17,621,244	-	-
ATC*, stock hypothecation and ISPO*	6,490,218	5,556,074	-	-
Others ¹	58,086,272	55,554,318	-	789
Total	303,171,779	520,600,887	-	247,001
Against past due but not impaired:				
Property	5,909,048	12,815,643	-	-
Debt securities	-	1,200,000	-	-
Others ¹	136,875	83,112	-	-
Total	6,045,923	14,098,755	-	-
Against neither past due nor impaired:				
Property	566,618,123	454,179,690	40,000	5,335,594
Debt securities	-	275,190,650	-	-
Equities	6,053,928	1,847,247	-	-
Treasury bills	1,050,700	-	-	-
Cash	15,950,477	19,710,365	462,152	-
Guarantees	56,606,450	17,381,884	-	-
Negative pledge	-	37,996,826	-	-
ATC*, stock hypothecation and ISPO*	46,032,543	43,229,250	-	-
Others ¹	645,410,506	95,504,558	-	8,445
Total	1,337,722,727	945,040,470	502,152	5,344,039
Grand total	1,670,206,914	1,497,670,145	502,152	5,591,040

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

¹ Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Parent

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to banks	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Against individually impaired:				
Property	2,058,000	6,221,289	-	-
Debt securities	-	6,023,300	-	-
Equities	6,000,000	13,579	-	-
Cash	-	22,500	-	-
Guarantees	-	218,959	-	-
ATC*, stock hypothecation and ISPO*	922,690	1,948,165	-	-
Others ¹	4,657,809	2,944,629	-	-
Total	13,638,499	17,392,421	-	-
Against collectively impaired:				
Property	202,619,272	316,877,127	-	156,000
Debt securities	-	86,005,589	-	-
Equities	1,835,905	9,584,367	-	90,212
Treasury bills	-	19,742	-	-
Cash	490,122	4,836,278	-	-
Guarantees	3,197,858	5,560,884	-	-
Negative pledge	-	17,621,244	-	-
ATC*, stock hypothecation and ISPO*	6,490,218	5,556,074	-	-
Others ¹	33,009,537	38,942,122	-	789
Total	247,642,912	485,003,427	-	247,001
Against past due but not impaired:				
Property	4,313,485	10,267,600	-	-
Debt securities	-	1,200,000	-	-
Others ¹	136,875	83,112	-	-
Total	4,450,360	11,550,712	-	-
Against neither past due nor impaired:				
Property	528,052,740	439,232,941	40,000	90,000
Debt securities	-	276,403,342	-	-
Equities	6,053,928	1,847,247	-	-
Treasury bills	1,050,700	-	-	-
Cash	15,255,188	15,375,210	-	-
Guarantees	56,606,450	17,381,884	-	-
Negative pledge	-	37,996,826	-	-
ATC*, stock hypothecation and ISPO*	46,032,543	43,229,250	-	-
Others ¹	634,699,586	95,504,558	-	8,445
Total	1,287,751,135	926,971,258	40,000	98,445
Grand total	1,553,482,906	1,440,917,818	40,000	345,446

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

¹ Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Summary of collaterals pledged against loans and advances

Analysis of credit collateral is further shown below:

Group

Dec-2013

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	3,691,594	2,814,448	1,880,671	8,386,713	-	-	-	-
Equities	6,000,000	-	-	6,000,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	19,653	938,988	15,200	973,841	-	-	-	-
Others ¹	5,367,981	1,034,913	1,503,037	7,905,931	-	-	-	-
Total	15,079,228	4,788,349	3,398,908	23,266,485	-	-	-	-
Against collectively impaired:								
Property	128,983,973	89,060,034	6,521,714	224,565,721	-	-	-	-
Equities	1,018,341	817,564	-	1,835,905	-	-	-	-
Cash	850,591	936,330	548,298	2,335,219	-	-	-	-
Guarantees	4,137,133	2,946,033	2,775,278	9,858,444	-	-	-	-
ATC*, stock hypothecation and ISPO*	4,102,049	1,546,959	841,210	6,490,218	-	-	-	-
Others	31,154,277	19,464,089	7,467,906	58,086,272	-	-	-	-
Total	170,246,364	114,771,009	18,154,406	303,171,779	-	-	-	-
Against past due but not impaired:								
Property	1,247,526	2,187,377	2,474,145	5,909,048	-	-	-	-
Others	27,000	109,875	-	136,875	-	-	-	-
Total	1,274,526	2,297,252	2,474,145	6,045,923	-	-	-	-
Against neither past due nor impaired:								
Property	318,032,673	80,010,058	168,575,392	566,618,123	40,000	-	-	40,000
Equities	4,384,476	1,669,452	-	6,053,928	-	-	-	-
Treasury bills	350,700	700,000	-	1,050,700	-	-	-	-
Cash	2,534,584	13,209,278	206,615	15,950,477	462,152	-	-	462,152
Guarantees	29,370,152	17,444,396	9,791,902	56,606,450	-	-	-	-
ATC*, stock hypothecation and ISPO*	44,805,447	1,227,096	-	46,032,543	-	-	-	-
Others ¹	497,577,231	22,281,922	125,551,353	645,410,506	-	-	-	-
Total	897,055,263	136,542,202	304,125,262	1,337,722,727	502,152	-	-	502,152
Grand total	1,083,655,381	258,398,812	328,152,721	1,670,206,914	502,152	-	-	502,152

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

¹ Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Group
Dec-2012

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	6,360,857	115,740	107,946	6,584,543	-	-	-	-
Debt securities	6,023,300	-	-	6,023,300	-	-	-	-
Equities	13,579	-	-	13,579	-	-	-	-
Cash	22,500	-	-	22,500	-	-	-	-
Guarantees	218,959	-	-	218,959	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,948,165	-	-	1,948,165	-	-	-	-
Others ¹	3,011,620	55,554	51,813	3,118,987	-	-	-	-
Total	17,598,980	171,294	159,759	17,930,033	-	-	-	-
Against collectively impaired:								
Property	189,368,615	106,531,750	37,369,380	333,269,745	116,000	40,000	-	156,000
Debt securities	17,656,826	13,666,063	54,682,700	86,005,589	-	-	-	-
Equities	4,744,165	740,202	4,100,000	9,584,367	90,212	-	-	90,212
Treasury bills	11,500	8,242	-	19,742	-	-	-	-
Cash	1,178,751	4,655,975	422,152	6,256,878	-	-	-	-
Guarantees	4,926,954	1,383,248	422,728	6,732,930	-	-	-	-
Negative pledge	10,753,060	1,334,578	5,533,606	17,621,244	-	-	-	-
ATC*, stock hypothecation and ISPO*	3,743,579	1,812,495	-	5,556,074	-	-	-	-
Others	41,478,521	9,138,603	4,937,194	55,554,318	-	789	-	789
Total	273,861,971	139,271,156	107,467,760	520,600,887	206,212	40,789	-	247,001
Against past due but not impaired:								
Property	6,979,026	5,079,428	757,189	12,815,643	-	-	-	-
Debt securities	-	-	1,200,000	1,200,000	-	-	-	-
Others	-	83,112	-	83,112	-	-	-	-
Total	6,979,026	5,162,540	1,957,189	14,098,755	-	-	-	-
Against neither past due nor impaired:								
Property	227,036,890	119,117,853	108,024,947	454,179,690	5,245,594	90,000	-	5,335,594
Debt securities	221,406,507	28,788,512	24,995,631	275,190,650	-	-	-	-
Equities	869,592	143,655	834,000	1,847,247	-	-	-	-
Cash	2,052,225	16,343,173	1,314,967	19,710,365	-	-	-	-
Guarantees	5,141,175	853,982	11,386,727	17,381,884	-	-	-	-
Negative pledge	30,091,530	6,125,046	1,780,250	37,996,826	-	-	-	-
ATC*, stock hypothecation and ISPO*	40,384,460	1,894,790	950,000	43,229,250	-	-	-	-
Others ¹	83,193,851	2,215,694	10,095,013	95,504,558	8,445	-	-	8,445
Total	610,176,230	175,482,705	159,381,535	945,040,470	5,254,039	90,000	-	5,344,039
Grand total	908,616,207	320,087,695	268,966,243	1,497,670,145	5,460,251	130,789	-	5,591,040

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

Parent

Notes to the financial statements

Dec-2013

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	1,260,000	798,000	-	2,058,000	-	-	-	-
Equities	6,000,000	-	-	6,000,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	922,690	-	922,690	-	-	-	-
Others ¹	4,120,000	-	537,809	4,657,809	-	-	-	-
Total	11,380,000	1,720,690	537,809	13,638,499	-	-	-	-
Against collectively impaired:								
Property	120,551,794	82,067,478	-	202,619,272	-	-	-	-
Equities	1,018,341	817,564	-	1,835,905	-	-	-	-
Cash	141,675	348,447	-	490,122	-	-	-	-
Guarantees	1,578,028	823,844	795,986	3,197,858	-	-	-	-
ATC*, stock hypothecation and ISPO*	4,102,049	1,546,959	841,210	6,490,218	-	-	-	-
Others ¹	21,519,391	11,474,165	15,981	33,009,537	-	-	-	-
Total	148,911,278	97,078,457	1,653,177	247,642,912	-	-	-	-
Against past due but not impaired:								
Property	634,485	1,679,000	2,000,000	4,313,485	-	-	-	-
Others ¹	27,000	109,875	-	136,875	-	-	-	-
Total	661,485	1,788,875	2,000,000	4,450,360	-	-	-	-
Against neither past due nor impaired:								
Property	303,215,231	67,722,394	157,115,115	528,052,740	40,000	-	-	40,000
Equities	4,384,476	1,669,452	-	6,053,928	-	-	-	-
Treasury bills	350,700	700,000	-	1,050,700	-	-	-	-
Cash	2,267,442	12,987,746	-	15,255,188	-	-	-	-
Guarantees	29,370,152	17,444,396	9,791,902	56,606,450	-	-	-	-
ATC*, stock hypothecation and ISPO*	44,805,447	1,227,096	-	46,032,543	-	-	-	-
Others ¹	493,461,923	18,869,219	122,368,444	634,699,586	-	-	-	-
Total	877,855,371	120,620,303	289,275,461	1,287,751,135	40,000	-	-	40,000
Grand total	1,038,808,134	221,208,325	293,466,447	1,553,482,906	40,000	-	-	40,000

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

¹ Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

Notes to the financial statements

Parent
Dec-2012

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	6,221,289	-	-	6,221,289	-	-	-	-
Debt securities	6,023,300	-	-	6,023,300	-	-	-	-
Equities	13,579	-	-	13,579	-	-	-	-
Cash	22,500	-	-	22,500	-	-	-	-
Guarantees	218,959	-	-	218,959	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,948,165	-	-	1,948,165	-	-	-	-
Others ¹	2,944,629	-	-	2,944,629	-	-	-	-
Total	17,392,421	-	-	17,392,421	-	-	-	-
Against collectively impaired:								
Property	183,070,307	101,308,750	32,498,070	316,877,127	116,000	40,000	-	156,000
Debt securities	17,656,826	13,666,063	54,682,700	86,005,589	-	-	-	-
Equities	4,744,165	740,202	4,100,000	9,584,367	90,212	-	-	90,212
Treasury bills	11,500	8,242	-	19,742	-	-	-	-
Cash	632,933	4,203,345	-	4,836,278	-	-	-	-
Guarantees	4,476,635	1,009,812	74,437	5,560,884	-	-	-	-
Negative pledge	10,753,060	1,334,578	5,533,606	17,621,244	-	-	-	-
ATC*, stock hypothecation and ISPO*	3,743,579	1,812,495	-	5,556,074	-	-	-	-
Others ¹	35,095,847	3,845,642	633	38,942,122	-	789	-	789
Total	260,184,852	127,929,129	96,889,446	485,003,427	206,212	40,789	-	247,001
Against past due but not impaired:								
Property	6,000,027	4,267,573	-	10,267,600	-	-	-	-
Debt securities	-	-	1,200,000	1,200,000	-	-	-	-
Others ¹	-	83,112	-	83,112	-	-	-	-
Total	6,000,027	4,350,685	1,200,000	11,550,712	-	-	-	-
Against neither past due nor impaired:								
Property	221,294,108	114,355,535	103,583,298	439,232,941	-	90,000	-	90,000
Debt securities	221,872,443	29,174,899	25,356,000	276,403,342	-	-	-	-
Equities	869,592	143,655	834,000	1,847,247	-	-	-	-
Cash	386,589	14,961,910	26,711	15,375,210	-	-	-	-
Guarantees	5,141,175	853,982	11,386,727	17,381,884	-	-	-	-
Negative pledge	30,091,530	6,125,046	1,780,250	37,996,826	-	-	-	-
ATC*, stock hypothecation and ISPO*	40,384,460	1,894,790	950,000	43,229,250	-	-	-	-
Others ¹	83,193,851	2,215,694	10,095,013	95,504,558	8,445	-	-	8,445
Total	603,233,748	169,725,511	154,011,999	926,971,258	8,445	90,000	-	98,445
Grand total	886,811,048	302,005,325	252,101,445	1,440,917,818	214,657	130,789	-	345,446

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

¹ Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

General comment on collaterals

Collaterals that are not readily convertible to cash are not used in the bank's operations and are disposed of only in the event of default.

Notes to the consolidated financial statements

(b) Credit risk (continued)

Debt securities

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

Group

Dec-2013

<i>In thousands of Nigerian Naira</i>	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	5,143,554	15,879,968	-	21,023,522
State government bonds	-	6,735,679	-	6,735,679
Corporate bonds	-	2,758,568	-	2,758,568
AMCON bonds ¹	-	39,359,346	-	39,359,346
Treasury bills	12,080,113	387,627,235	28,442,629	428,149,977
	17,223,667	452,360,796	28,442,629	498,027,092

¹ AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

The Group's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2012: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2012: 1%).

Group

Dec-2012

<i>In thousands of Nigerian Naira</i>	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,550,387	2,588,210	3,793,372	10,931,969
State government bonds	-	12,611,996	-	12,611,996
Corporate bonds	-	2,719,476	-	2,719,476
AMCON bonds ¹	-	68,527,540	-	68,527,540
Treasury bills	266,523,509	55,969,785	27,409,858	349,903,152
	271,073,896	142,417,007	31,203,230	444,694,133

¹ AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

Notes to the consolidated financial statements

**Parent
Dec-2013**

<i>In thousands of Nigerian Naira</i>	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	5,143,554	5,207,273	-	10,350,827
State government bonds	-	4,802,488	-	4,802,488
Corporate bonds	-	2,115,879	-	2,115,879
AMCON bonds ¹	-	39,359,346	-	39,359,346
Treasury bills	8,603,128	352,204,680	28,440,947	389,248,755
	13,746,682	403,689,666	28,440,947	445,877,295

¹ AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

The Bank's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2012: 98%). Investment in corporate bond accounts for the outstanding 1% (December 2012: 2%).

**Parent
Dec-2012**

<i>In thousands of Nigerian Naira</i>	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,550,387	-	3,793,372	8,343,759
State government bonds	-	12,611,996	-	12,611,996
Corporate bonds	-	6,649,524	-	6,649,524
AMCON bonds ¹	-	68,527,540	-	68,527,540
Treasury bills	262,866,795	38,412,656	27,409,858	328,689,309
	267,417,182	126,201,716	31,203,230	424,822,128

¹ AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

(c) Liquidity risk

The Bank's liquidity risk management process is primarily the responsibility of the Market Risk Management Group within the ERM Division.

A brief overview of the bank's liquidity management processes during the year includes the following:

1. Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 30%. The Bank has also set for itself more stringent in-house limits above this regulatory requirement to which it adheres.
2. Monitoring of its cash flow and balance sheet trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank.
3. Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits
4. Regular monitoring of non-earning assets
5. Monitoring of deposit concentration
6. Ensure diversification of funding sources
7. Monitoring of level of undrawn commitments
8. Maintaining a contingency funding plan.

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 in the course of the year.

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 net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. 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-2013	Dec-2012
At end of period	50.31%	53.32%
Average for the period	49.67%	47.62%
Maximum for the period	55.44%	54.47%
Minimum for the period	43.99%	38.35%

Notes to the financial statements

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-2013

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Gross nominal inflow/outflow	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>Financial assets</i>								
Cash and cash equivalents	23	307,395,676	311,809,423	289,717,848	13,020,070	8,758,657	6,134	306,714
Loans and advances to banks	24	5,596,476	5,597,833	5,077,230	50,885	467,115	2,603	-
Loans and advances to customers	25	1,002,370,638	1,147,350,371	414,706,338	88,203,905	137,477,468	468,909,154	38,053,506
Financial assets held for trading	26	17,223,667	17,771,629	12,654,108	4,931,950	24,600	25,986	134,985
Derivative financial assets	27	170,101	172,021	172,021	-	-	-	-
Investment securities:								
– Available for sale	28	374,673,147	386,678,450	166,702,321	185,447,549	25,834,837	915,943	7,777,800
– Held to maturity	28	84,741,890	105,238,036	14,245,281	12,187,002	57,867,151	15,174,567	5,764,035
Assets pledged as collateral	29	28,442,629	29,151,682	10,000,000	19,150,000	-	-	1,682
Restricted deposits and other assets ²	34	184,138,353	184,138,352	150,344,020	6,433,233	2,052,850	18,897,683	6,410,566
		2,004,752,577	2,187,907,797	1,063,619,167	329,424,594	232,482,678	503,932,070	58,449,288
<i>Financial liabilities</i>								
Deposits from banks	36	15,208,300	15,208,393	9,854,792	4,322,203	1,031,398	-	-
Deposits from customers	37	1,427,493,697	1,442,366,203	1,382,213,253	19,244,410	37,126,405	3,782,135	-
Derivative financial liabilities	27	3,883	3,895	3,895	-	-	-	-
Debt securities issued	38	156,498,167	158,342,222	5,574	897,330	14,070,927	143,368,391	-
Other borrowed funds	41	92,134,872	134,877,834	989,043	11,079,695	10,936,944	104,044,640	7,827,512
Other liabilities	39	61,014,954	61,015,163	20,158,740	29,780,885	1,356,405	9,715,169	3,964
		1,752,353,873	1,811,813,710	1,413,225,297	65,324,523	64,522,079	260,910,335	7,831,476
Gap (asset - liabilities)				(349,606,130)	264,100,071	167,960,599	243,021,735	50,617,812
Cumulative liquidity gap				(349,606,130)	(85,506,059)	82,454,540	325,476,275	376,094,087

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

347,424,886 205,588,092 29,006,715 188,203,915 120,779,651 (122,447,174) (9,955,015)

Gross nominal (undiscounted) maturities of financial assets and liabilities

Group

Dec-2012

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Gross nominal inflow/outflow	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>Financial assets</i>								
Cash and cash equivalents	23	276,856,206	276,857,131	237,319,024	10,739,413	2,139,411	26,249,087	410,196
Loans and advances to banks	24	4,864,824	4,871,833	3,797,229	1,048,236	26,368	-	-
Loans and advances to customers	25	779,050,018	1,033,464,740	386,129,861	28,344,003	58,222,574	387,139,410	173,628,892
Financial assets held for trading	26	271,073,896	282,146,893	213,811,286	61,329,640	6,853,764	11,735	140,468
<i>Investment securities:</i>								
– Available for sale	28	15,765,789	18,741,803	1,488,930	839,124	2,512,476	6,925,643	6,975,630
– Held to maturity	28	129,490,810	147,183,617	33,409,820	19,519,935	40,891,436	47,419,727	5,942,699
Assets pledged as collateral	29	31,203,230	32,900,000	14,750,000	18,150,000	-	-	-
Restricted deposits and other assets ²	34	149,022,918	150,932,795	143,906,302	1,250,328	1,056,998	851,925	3,867,242
		1,657,327,691	1,947,098,812	1,034,612,452	141,220,679	111,703,027	468,597,527	190,965,127
<i>Financial liabilities</i>								
Deposits from banks	36	23,860,259	23,860,206	21,456,454	2,402,991	761	-	-
Deposits from customers	37	1,148,197,165	1,150,294,744	1,120,289,146	15,776,220	9,885,074	4,344,304	-
Debt securities issued	38	86,926,227	90,407,506	-	888,638	-	89,518,868	-
Other borrowed funds	41	92,561,824	126,341,252	4,481,128	4,541,239	7,824,827	89,888,195	19,605,863
Other liabilities	39	83,278,066	83,277,929	31,898,782	13,272,310	2,107,237	35,999,600	-
		1,434,823,541	1,474,181,637	1,178,125,510	36,881,398	19,817,899	219,750,967	19,605,863
Gap (asset - liabilities)				(143,513,058)	104,339,281	91,885,128	248,846,560	171,359,264
Cumulative liquidity gap				(143,513,058)	(39,173,777)	52,711,351	301,557,911	472,917,175

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities

Parent

Dec-2013

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Gross nominal inflow/outflow	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>Financial assets</i>								
Cash and cash equivalents	23	228,609,551	233,023,188	225,407,213	5,919,821	1,696,154	-	-
Loans and advances to banks	24	16,976	18,380	9,307	1,507	4,963	2,603	-
Loans and advances to customers	25	926,967,093	1,067,797,258	392,702,569	74,561,102	121,693,472	443,619,222	35,220,893
Financial assets held for trading	26	13,746,682	14,294,645	9,177,124	4,931,950	24,600	25,986	134,985
Derivative financial assets	27	170,101	172,021	172,021	-	-	-	-
Investment securities:								
– Available for sale	28	364,056,362	373,566,304	162,566,944	184,006,288	22,031,922	-	4,961,150
– Held to maturity	28	46,682,498	62,075,462	2,131,068	-	52,446,262	7,498,132	-
Assets pledged as collateral	29	28,440,947	29,150,000	10,000,000	19,150,000	-	-	-
Restricted deposits and other assets ²	34	180,318,664	180,318,664	148,147,117	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,008,874	1,960,415,922	950,313,363	294,681,894	199,309,968	470,014,227	46,096,470
<i>Financial liabilities</i>								
Deposits from banks	36	88,729	88,729	88,729	-	-	-	-
Deposits from customers	37	1,261,927,035	1,276,476,150	1,271,292,879	3,485,212	1,690,923	7,136	-
Derivative financial liabilities	27	3,883	3,895	3,895	-	-	-	-
Debt securities issued	38	13,233,595	14,942,276	-	888,638	14,053,638	-	-
Other borrowed funds	41	233,040,108	275,782,352	988,324	11,079,695	10,500,013	246,979,660	6,234,660
Other liabilities	39	49,008,466	49,008,466	16,751,263	29,645,645	401,186	2,206,408	3,964
		1,557,301,816	1,616,301,868	1,289,125,090	45,099,190	26,645,760	249,193,204	6,238,624
Gap (asset - liabilities)				(338,811,727)	249,582,704	172,664,208	220,821,023	39,857,846
Cumulative liquidity gap				(338,811,727)	(89,229,023)	83,435,185	304,256,208	344,114,054

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities

Parent

Dec-2012

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Gross nominal inflow/outflow	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>Financial assets</i>								
Cash and cash equivalents	23	210,300,286	210,301,263	174,176,562	9,039,315	1,282,813	25,802,573	-
Loans and advances to banks	24	177,985	185,098	147,866	10,864	26,368	-	-
Loans and advances to customers	25	742,436,944	996,851,714	381,485,208	26,119,408	49,857,610	368,862,288	170,527,200
Financial assets held for trading	26	267,417,182	278,490,179	210,154,572	61,329,640	6,853,764	11,735	140,468
<i>Investment securities:</i>								
– Available for sale	28	10,138,761	13,114,716	-	-	-	6,143,716	6,971,000
– Held to maturity	28	118,897,917	136,590,706	26,630,000	15,000,000	40,891,436	48,761,565	5,307,705
Assets pledged as collateral	29	31,203,230	32,900,000	14,750,000	18,150,000	-	-	-
Restricted deposits and other assets ²	34	147,793,848	147,793,848	142,461,011	639,336	45,017	781,242	3,867,242
		1,528,366,153	1,816,227,524	949,805,219	130,288,563	98,957,008	450,363,119	186,813,615
<i>Financial liabilities</i>								
Deposits from banks	36	7,170,321	7,170,321	7,170,321	-	-	-	-
Deposits from customers	37	1,054,122,573	1,056,220,108	1,048,780,778	7,200,940	129,497	108,893	-
Debt securities issued	38	13,238,291	16,719,551	-	888,638	-	15,830,913	-
Other borrowed funds	41	169,194,418	202,973,849	4,481,128	4,345,169	7,035,510	169,031,726	18,080,316
Other Liabilities	39	72,178,426	72,178,426	29,198,133	12,859,531	1,615,825	28,504,937	-
		1,315,904,029	1,355,262,255	1,089,630,360	25,294,278	8,780,832	213,476,469	18,080,316
Gap (asset - liabilities)				(139,825,141)	104,994,285	90,176,176	236,886,650	168,733,299
Cumulative liquidity gap				(139,825,141)	(34,830,856)	55,345,320	292,231,970	460,965,269

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

(d) 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.

(e) Market risk

Market risk is the risk that changes in market prices, 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.

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.

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 year

1. Treasury Bills
2. Bonds (Spot and Repo transactions)
3. Foreign currencies (Spot, Forwards and Swaps)
4. Money market products

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. The key potential risks the bank was exposed to from these instruments were foreign exchange risk and interest rate risk (price risk, basis risk). However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above.

The Bank has adopted the use of the Standardized Approach for calculating its required market risk capital.

Notes to the financial statements

Financial risk management (continued)

(iv) **Residual contractual maturities of financial assets and liabilities**

The following table shows the contractual maturities at year end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

**Group
Dec-2013**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	307,395,676	287,152,129	11,410,570	8,520,129	6,134	306,714
Loans and advances to banks	24	5,596,476	5,076,820	50,628	466,528	2,500	-
Loans and advances to customers	25	1,002,370,638	393,353,291	75,102,163	110,010,379	389,641,946	34,262,859
Financial assets held for trading	26	17,223,667	8,923,311	5,317,092	2,919,671	19,267	44,326
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:		-	-	-	-	-	-
– Available for sale	28	374,673,147	164,207,494	178,162,155	23,614,897	42,673	8,645,928
– Held to maturity	28	84,741,890	14,058,383	12,026,838	44,558,792	10,397,702	3,700,175
Assets pledged as collateral	29	28,442,629	9,944,110	18,496,837	-	-	1,682
Restricted deposits and other assets ²	34	184,138,353	150,344,021	6,433,233	2,052,850	18,897,683	6,410,566
		2,004,752,577	1,033,229,660	306,999,516	192,143,246	419,007,905	53,372,250
Financial liabilities							
Deposits from banks	36	15,208,300	9,854,698	4,876,773	476,829	-	-
Deposits from customers	37	1,427,493,697	1,367,487,360	19,126,749	37,101,602	3,777,986	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	38	156,498,167	-	68,595	13,165,000	143,264,572	-
Other borrowed funds	41	92,134,872	984,059	6,567,045	4,774,451	78,216,465	1,592,852
Other liabilities	39	61,014,954	20,158,531	29,780,885	1,356,405	9,715,169	3,964
		1,752,353,873	1,398,488,531	60,420,047	56,874,287	234,974,192	1,596,816
Gap (asset - liabilities)			(365,258,871)	246,579,469	135,268,959	184,033,713	51,775,434
Cumulative liquidity gap			(365,258,871)	(118,679,402)	16,589,557	200,623,270	252,398,704

¹ Includes balances with no specific contractual maturities

² Excludes prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Group Dec-2013		Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>In thousands of Nigerian Naira</i>							
Transaction related bonds and guarantees	45	438,406,221	35,945,448	23,787,669	55,048,183	49,486,581	274,138,340
Short term foreign currency related transactions	45	28,169,581	27,469,212	700,369	-	-	-
Clean line facilities and letters of credit	45	91,820,634	42,757,380	17,499,394	1,171,128	30,392,732	-
Other commitments	45	8,727,345	3,897,905	3,057,894	527,862	787,024	456,660
		567,123,781	110,069,945	45,045,326	56,747,173	80,666,337	274,595,000

¹ Includes balances with no specific contractual maturities

Notes to the financial statements

Residual contractual maturities of financial assets and liabilities

Group

Dec-2012

Financial assets

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Cash and cash equivalents	23	276,856,206	237,322,191	10,735,851	2,138,881	26,249,087	410,196
Loans and advances to banks	24	4,864,824	3,792,517	1,047,291	25,016	-	-
Loans and advances to customers	25	779,050,018	366,226,145	18,319,068	39,473,364	251,619,633	103,411,808
Financial assets held for trading	26	271,073,896	202,347,680	59,707,699	8,963,685	7,486	47,346
Investment securities:							
– Available for sale	28	15,765,789	1,488,871	839,124	2,512,476	6,054,824	4,870,494
– Held to maturity	28	129,490,810	32,390,770	18,890,217	37,068,393	37,294,140	3,847,290
Assets pledged as collateral	29	31,203,230	13,865,554	17,337,676	-	-	-
Restricted deposits and other assets ²	34	149,022,918	141,996,130	1,250,358	1,056,998	852,191	3,867,241
		1,657,327,691	999,429,858	128,127,284	91,238,813	322,077,361	116,454,375
Financial liabilities							
Deposits from banks	36	23,860,259	21,456,507	2,402,991	761	-	-
Deposits from customers	37	1,148,197,165	1,118,117,912	15,746,774	9,956,212	4,376,267	-
Debt securities issued	38	86,926,227	-	73,291	-	86,852,936	-
Other borrowed funds	41	92,561,824	2,785,805	4,246,795	4,802,503	35,743,710	44,983,011
Other liabilities	39	83,278,066	31,898,919	13,272,310	2,107,237	35,999,600	-
		1,434,823,541	1,174,259,143	35,742,161	16,866,713	162,972,513	44,983,011
Gap (asset - liabilities)			(174,829,285)	92,385,123	74,372,100	159,104,848	71,471,364
Cumulative liquidity gap			(174,829,285)	(82,444,162)	(8,072,062)	151,032,786	222,504,150

¹ Includes balances with no specific contractual maturities

² Excludes prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

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-2012		Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>In thousands of Nigerian Naira</i>							
Acceptances and guaranteed commercial papers	45	83,847	83,847	-	-	-	-
Transaction related bonds and guarantees	45	363,927,051	50,823,809	22,739,885	43,905,991	51,296,545	195,160,821
Short term foreign currency related transactions	45	21,056,857	21,056,857	-	-	-	-
Clean line facilities and letters of credit	45	77,094,340	39,388,311	37,409,161	296,868	-	-
Other commitments	45	1,167,439	1,167,439	-	-	-	-
		463,329,534	112,520,263	60,149,046	44,202,859	51,296,545	195,160,821

¹ Includes balances with no specific contractual maturities

Notes to the financial statements

Residual contractual maturities of financial assets and liabilities

The following table shows the contractual maturities at year end of the Bank's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Parent
Dec-2013

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	228,609,551	222,841,603	4,310,321	1,457,627	-	-
Loans and advances to banks	24	16,976	8,850	1,250	4,376	2,500	-
Loans and advances to customers	25	926,967,093	374,873,788	61,031,154	93,779,786	365,809,717	31,472,648
Financial assets held for trading	26	13,746,682	8,923,310	4,737,919	21,860	19,267	44,326
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale	28	364,056,362	160,176,479	176,801,838	20,028,851	-	7,049,194
– Held to maturity	28	46,682,498	2,102,574	-	39,461,752	5,118,172	-
Assets pledged as collateral	29	28,440,947	9,944,110	18,496,837	-	-	-
Restricted deposits and other assets ²	34	180,318,664	148,147,117	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,008,874	927,187,932	271,490,545	156,166,847	389,817,940	44,345,610
Financial liabilities							
Deposits from banks	36	88,729	88,729	-	-	-	-
Deposits from customers	37	1,261,927,035	1,256,834,971	3,397,584	1,688,171	6,309	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	38	13,233,595	-	68,595	13,165,000	-	-
Other borrowed funds	41	233,040,108	984,058	6,567,045	4,337,520	221,151,485	-
Other liabilities	39	49,008,466	16,751,263	29,645,645	401,186	2,206,408	3,964
		1,557,301,816	1,274,662,904	39,678,869	19,591,877	223,364,202	3,964
Gap (asset - liabilities)			(347,474,972)	231,811,676	136,574,970	166,453,738	44,341,646
Cumulative liquidity gap			(347,474,972)	(115,663,296)	20,911,674	187,365,412	231,707,058

¹ Includes balances with no specific contractual maturities

² Excludes prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Parent
Dec-2013

<i>In thousands of Nigerian Naira</i>		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	45	431,691,415	34,123,411	22,384,301	51,749,377	49,377,487	274,056,839
Short term foreign currency related transactions	45	27,469,212	27,469,212	-	-	-	-
Clean line facilities and letters of credit	45	77,388,975	32,158,735	14,505,589	598,040	30,126,611	-
		536,549,602	93,751,358	36,889,890	52,347,417	79,504,098	274,056,839

¹ Includes balances with no specific contractual maturities

Notes to the financial statements

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2012

Financial assets

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Cash and cash equivalents	23	210,300,286	174,179,677	9,035,753	1,282,283	25,802,573	-
Loans and advances to banks	24	177,985	143,050	9,919	25,016	-	-
Loans and advances to customers	25	742,436,944	361,402,290	15,812,421	30,099,088	234,813,029	100,310,116
Financial assets held for trading	26	267,417,182	202,347,681	59,036,730	5,977,939	7,486	47,346
Investment securities:							
– Available for sale	28	10,138,761	-	-	-	5,272,897	4,865,864
– Held to maturity	28	118,897,917	25,610,968	14,370,282	37,068,393	38,635,978	3,212,296
Assets pledged as collateral	29	31,203,230	13,865,554	17,337,676	-	-	-
Restricted deposits and other assets ²	34	147,793,848	142,461,012	639,336	45,017	781,242	3,867,241
		1,528,366,153	920,010,232	116,242,117	74,497,736	305,313,205	112,302,863
Financial liabilities							
Deposits from banks	36	7,170,321	7,170,321	-	-	-	-
Deposits from customers	37	1,054,122,573	1,046,995,431	6,901,816	124,384	100,942	-
Debt securities issued	38	13,238,291	-	73,291	-	13,165,000	-
Other borrowed funds	41	169,194,418	2,785,802	4,050,725	4,013,186	114,887,241	43,457,464
Other liabilities	39	72,178,426	29,198,133	12,859,531	1,615,825	28,504,937	-
		1,315,904,029	1,086,149,687	23,885,363	5,753,395	156,658,120	43,457,464
Gap (asset - liabilities)			(166,139,455)	92,356,754	68,744,341	148,655,085	68,845,399
Cumulative liquidity gap			(166,139,455)	(73,782,701)	(5,038,360)	143,616,725	212,462,124

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Management of this liquidity gap is as disclosed in Note 4(c)

Notes to the financial statements

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Parent
Dec-2012

<i>In thousands of Nigerian Naira</i>		Carrying amount	Less than 3 months¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	355,132,185	47,067,008	20,995,488	42,620,692	49,367,709	195,081,288
Short term foreign currency related transactions	45	21,056,857	21,056,857	-	-	-	-
Clean line facilities and letters of credit	45	54,726,233	21,964,826	32,464,539	296,868	-	-
		430,915,275	90,088,691	53,460,027	42,917,560	49,367,709	195,081,288

¹ Includes balances with no specific contractual maturities

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Group Dec-2013

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Cash and cash equivalents	23	307,395,676	287,152,129	11,410,570	8,520,129	6,134	306,714
Loans and advances to banks	24	5,596,476	5,547,098	49,378	-	-	-
Loans and advances to customers	25	1,002,370,638	901,727,257	13,807,950	15,319,680	31,350,794	40,164,957
Financial assets held for trading	26	17,223,667	8,923,311	5,317,092	2,919,671	63,593	-
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale	28	374,673,147	164,258,023	178,004,813	23,721,710	42,673	8,645,928
– Held to maturity	28	84,741,890	14,058,383	12,026,838	44,558,792	10,397,702	3,700,175
Assets pledged as collateral	29	28,442,629	9,944,110	18,496,837	-	-	1,682
Restricted deposits and other assets ¹	34	184,138,353	150,344,021	6,433,233	2,052,850	18,897,683	6,410,566
		2,004,752,577	1,542,124,433	245,546,711	97,092,832	60,758,579	59,230,022
Deposits from banks	36	15,208,300	9,854,699	4,322,203	1,031,398	-	-
Deposits from customers	37	1,427,493,697	1,367,487,361	19,126,749	37,101,602	3,777,985	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	38	156,498,167	-	68,595	13,165,000	143,264,572	-
Other borrowed funds	41	92,134,872	2,576,910	6,567,045	4,774,451	78,216,466	-
Other liabilities	39	61,014,954	20,158,531	29,780,885	1,356,405	9,715,169	3,964
		1,752,353,873	1,400,081,384	59,865,477	57,428,856	234,974,192	3,964
		252,398,704	142,043,049	185,681,234	39,663,976	(174,215,613)	59,226,058

¹ Excludes prepayments

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Group Dec-2012

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Cash and cash equivalents	23	276,856,206	237,322,191	10,735,851	2,138,881	26,249,087	410,196
Loans and advances to banks	24	4,864,824	4,864,824	-	-	-	-
Loans and advances to customers	25	779,050,018	714,392,672	2,363,246	9,084,931	20,954,906	32,254,263
Financial assets held for trading	26	271,073,896	202,347,680	59,707,699	8,963,685	7,486	47,346
Investment securities:							
– Available for sale	28	15,765,789	3,425,808	481,129	933,534	6,054,824	4,870,494
– Held to maturity	28	129,490,810	32,390,770	18,890,217	37,068,393	37,294,140	3,847,290
Assets pledged as collateral	29	31,203,230	13,865,554	17,337,676	-	-	-
Restricted deposits and other assets ¹	34	149,022,918	142,143,853	1,250,358	909,275	852,191	3,867,241
		1,657,327,691	1,350,753,352	110,766,176	59,098,699	91,412,634	45,296,830
Deposits from banks	36	23,860,259	21,456,507	2,402,991	761	-	-
Deposits from customers	37	1,148,197,165	1,118,117,913	15,746,774	9,956,212	4,376,266	-
Debt securities issued	38	86,926,227	-	73,291	-	86,852,936	-
Other borrowed funds	41	92,561,824	4,311,351	4,246,795	4,802,503	35,743,711	43,457,464
Other liabilities	39	83,278,066	31,977,231	13,272,310	2,028,925	35,999,600	-
		1,434,823,541	1,175,863,002	35,742,161	16,788,401	162,972,513	43,457,464
		222,504,150	174,890,350	75,024,015	42,310,298	(71,559,879)	1,839,366

¹ Excludes prepayments

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Parent Dec-2013

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Cash and cash equivalents	23	228,609,551	222,841,603	4,310,321	1,457,627	-	-
Loans and advances to banks	24	16,976	16,976	-	-	-	-
Loans and advances to customers	25	926,967,093	883,208,749	-	-	6,378,574	37,379,770
Financial assets held for trading	26	13,746,682	8,923,310	4,737,919	21,860	63,593	-
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale	28	364,056,362	160,176,479	176,801,838	20,028,851	-	7,049,194
– Held to maturity	28	46,682,498	2,102,574	-	39,461,752	5,118,172	-
Assets pledged as collateral	29	28,440,947	9,944,110	18,496,837	-	-	-
Restricted deposits and other assets ¹	34	180,318,664	148,147,117	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,008,874	1,435,531,019	210,458,141	62,382,685	30,428,623	50,208,406
Deposits from banks	36	88,729	88,729	-	-	-	-
Deposits from customers	37	1,261,927,035	1,256,834,972	3,397,584	1,688,171	6,308	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	38	13,233,595	-	68,595	13,165,000	-	-
Other borrowed funds	41	233,040,108	984,057	6,567,045	4,337,520	221,151,486	-
Other liabilities	39	49,008,466	16,751,263	29,645,645	401,186	2,206,408	3,964
		1,557,301,816	1,274,662,904	39,678,869	19,591,877	223,364,202	3,964
		231,707,058	160,868,115	170,779,272	42,790,808	(192,935,579)	50,204,442

¹ Excludes prepayments

Notes to the consolidated financial statements

Repricing period of financial assets and liabilities

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Parent Dec-2012

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Cash and cash equivalents	23	210,300,286	174,179,677	9,035,753	1,282,283	25,802,573	-
Loans and advances to banks	24	177,985	177,985	-	-	-	-
Loans and advances to customers	25	742,436,944	703,395,437	-	-	6,787,244	32,254,263
Financial assets held for trading	26	267,417,182	202,347,681	59,036,730	5,977,939	7,486	47,346
Investment securities:							
– Available for sale	28	10,138,761	-	-	-	5,272,897	4,865,864
– Held to maturity	28	118,897,917	25,610,968	14,370,282	37,068,393	38,635,978	3,212,296
Assets pledged as collateral	29	31,203,230	13,865,554	17,337,676	-	-	-
Restricted deposits and other assets ¹	34	147,793,848	142,461,012	639,336	45,017	781,242	3,867,241
		1,528,366,153	1,262,038,314	100,419,777	44,373,632	77,287,420	44,247,010
Deposits from banks	36	7,170,321	7,170,321	-	-	-	-
Deposits from customers	37	1,054,122,573	1,046,995,432	6,901,816	124,384	100,941	-
Debt securities issued	38	13,238,291	-	73,291	-	13,165,000	-
Other borrowed funds	41	169,194,418	2,785,801	4,050,725	4,013,186	114,887,242	43,457,464
Other liabilities	39	72,178,426	29,198,133	12,859,531	1,615,825	28,504,937	-
		1,315,904,029	1,086,149,687	23,885,363	5,753,395	156,658,120	43,457,464
		212,462,124	175,888,627	76,534,414	38,620,237	(79,370,700)	789,546

¹ Excludes prepayments

Exposure to other market risks – non-trading portfolios (continued)

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, 2013, the group's interest rate risk arises principally from risk asset and borrowings (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 amortised cost; and Assets and liabilities accounted at fair value through profit or loss (December 2012 – 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 159:

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 16.47% and 17.17% over the period, a change of about 100 basis points is therefore desirable.
- The discount rate on various maturities of treasury bills ranged between 9.9% and 11.60% over the financial period as published by Central Bank of Nigeria (CBN) which represents a variability of about 100 basis points in the observed discount rates for the year.
- A 100 basis point proportional change in the cost of fund was also assumed as costs of funds seldom vary beyond 100 basis point.

The result of the various assumptions as it relates to Balance Sheet Interest Rate sensitivity is presented in the table below:

Balance Sheet Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)

Group	Dec-2013	Dec-2013	Dec-2012	Dec-2012
In thousands of Nigerian Naira	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(1,283,850)	(1,070,285)	(2,028,926)	(1,707,122)
Asset	(18,160,674)	(15,139,701)	(15,544,380)	(13,078,919)
Liabilities	16,876,824	14,069,415	13,515,455	11,371,797
Increase	1,283,850	1,070,285	2,028,926	1,707,122
Asset	18,160,674	15,139,701	15,544,380	13,078,919
Liabilities	(16,876,824)	(14,069,415)	(13,515,455)	(11,371,797)
Parent				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(990,891)	(836,399)	(1,829,800)	(1,557,950)
Asset	(16,037,260)	(13,536,849)	(14,267,056)	(12,147,429)
Liabilities	15,046,369	12,700,450	12,437,256	10,589,479
Increase	990,891	836,399	1,829,800	1,557,950
Asset	16,037,260	13,536,849	14,267,056	12,147,429
Liabilities	(15,046,369)	(12,700,450)	(12,437,256)	(10,589,479)

The aggregated figures presented above are further segregated into their various components as shown in the following tables:

Components of Balance Sheet Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)
In thousands of Nigerian Naira

Group	Dec-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(3,073,957)	(2,562,613)	(3,229,895)	(2,717,608)
Loans and advances to Banks	(55,965)	(46,655)	(48,648)	(40,932)
Loans and advances to Customers	(10,027,881)	(8,359,773)	(7,790,500)	(6,554,865)
Financial assets held for trading	(172,237)	(143,586)	(2,710,739)	(2,280,794)
Investment securities	(4,523,608)	(3,771,119)	(1,452,566)	(1,222,178)
Assets pledged as collateral	(284,426)	(237,113)	(312,032)	(262,542)
	(18,138,073)	(15,120,859)	(15,544,380)	(13,078,919)
Liabilities				
Deposits from banks	152,083	126,784	238,603	200,758
Deposits from customers	14,274,937	11,900,344	11,481,972	9,660,840
Debt securities issued	1,564,982	1,304,652	869,262	731,390
Other borrowed funds	921,349	768,085	925,618	778,808
	16,913,350	14,099,866	13,515,455	11,371,797
Total	(1,224,723)	(1,020,994)	(2,028,926)	(1,707,122)
Increase				
Assets				
Cash and cash equivalents	3,073,957	2,562,613	3,229,895	2,717,608
Loans and advances to Banks	55,965	46,655	48,648	40,932
Loans and advances to Customers	10,027,881	8,359,773	7,790,500	6,554,865
Financial assets held for trading	172,237	143,586	2,710,739	2,280,794
Investment securities:	4,523,608	3,771,119	1,452,566	1,222,178
Assets pledged as collateral	284,426	237,113	312,032	262,542
	18,138,073	15,120,859	15,544,380	13,078,919
Liabilities				
Deposits from banks	(152,083)	(126,784)	(238,603)	(200,758)
Deposits from customers	(14,274,937)	(11,900,344)	(11,481,972)	(9,660,840)
Debt securities issued	(1,564,982)	(1,304,652)	(869,262)	(731,390)
Other borrowed funds	(921,349)	(768,085)	(925,618)	(778,808)
	(16,913,350)	(14,099,866)	(13,515,455)	(11,371,797)
Total	1,224,723	1,020,994	2,028,926	1,707,122

Bank	Dec-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(2,286,096)	(1,929,664)	(2,564,336)	(2,183,358)
Loans and advances to Banks	(170)	(143)	(1,780)	(1,515)
Loans and advances to Customers	(9,269,671)	(7,824,413)	(7,424,369)	(6,321,346)
Financial assets held for trading	(137,467)	(116,034)	(2,674,172)	(2,276,876)
Investment securities	(4,155,051)	(3,507,226)	(1,290,367)	(1,098,660)
Assets pledged as collateral	(284,409)	(240,066)	(312,032)	(265,674)
	(16,132,863)	(13,617,547)	(14,267,056)	(12,147,429)
Liabilities				
Deposits from banks	887	749	71,703	61,050
Deposits from customers	12,619,270	10,651,768	10,541,226	8,975,138
Debt securities issued	132,336	111,703	132,383	112,715
Other borrowed funds	2,330,401	1,967,062	1,691,944	1,440,576
	15,082,895	12,731,282	12,437,256	10,589,479
Total	(1,049,968)	(886,265)	(1,829,800)	(1,557,950)
Increase				
Assets				
Cash and cash equivalents	2,286,096	1,929,664	2,564,336	2,183,358
Loans and advances to Banks	170	143	1,780	1,515
Loans and advances to Customers	9,269,671	7,824,413	7,424,369	6,321,346
Financial assets held for trading	137,467	116,034	2,674,172	2,276,876
Investment securities	4,155,051	3,507,226	1,290,367	1,098,660
Assets pledged as collateral	284,409	240,066	312,032	265,674
	16,132,863	13,617,547	14,267,056	12,147,429
Liabilities				
Deposits from banks	(887)	(749)	(71,703)	(61,050)
Deposits from customers	(12,619,270)	(10,651,768)	(10,541,226)	(8,975,138)
Debt securities issued	(132,336)	(111,703)	(132,383)	(112,715)
Other borrowed funds	(2,330,401)	(1,967,062)	(1,691,944)	(1,440,576)
	(15,082,895)	(12,731,282)	(12,437,256)	(10,589,479)
Total	1,049,968	886,265	1,829,800	1,557,950

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group manages the cash flow interest rate risk by reference to floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed

at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (primarily half yearly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2013, 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-2013 Pre-tax	Dec-2013 Post-tax	Dec-2012 Pre-tax	Dec-2012 Post-tax
Decrease	507,352	421,102	549,726	461,770
Increase	(507,352)	(421,102)	(549,726)	(461,770)

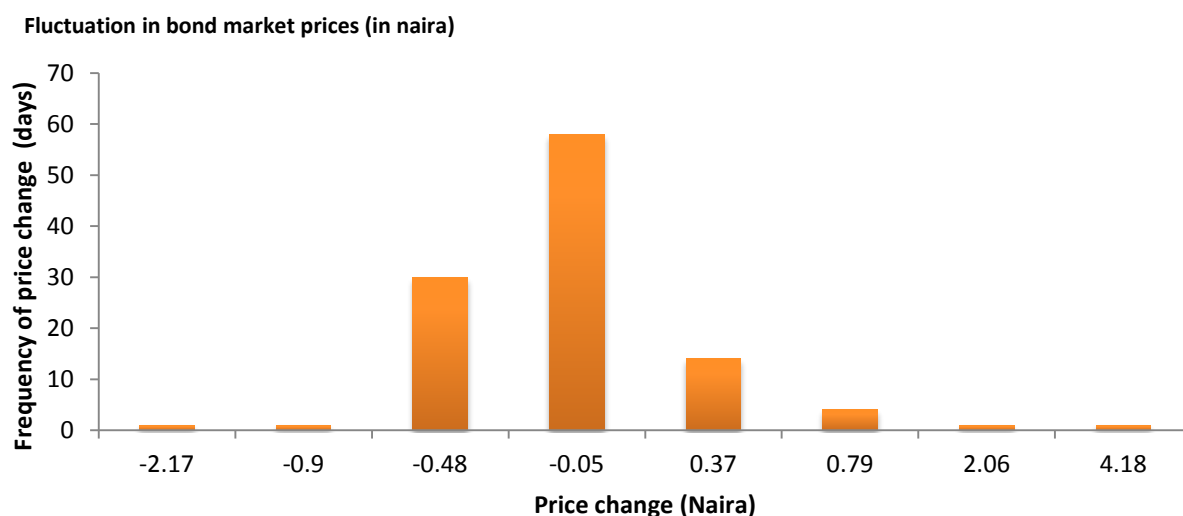
Parent

In thousands of Nigerian Naira	Dec-2013 Pre-tax	Dec-2013 Post-tax	Dec-2012 Pre-tax	Dec-2012 Post-tax
Decrease	487,183	409,234	540,371	459,314
Increase	(487,183)	(409,234)	(540,371)	(459,314)

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 year.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December 2013, 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-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(50,689)	(42,256)	(93,360)	(78,552)
Increase	50,689	42,256	93,360	78,552

Parent				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(50,689)	(42,787)	(93,360)	(79,490)
Increase	50,689	42,787	93,360	79,490

2. Held for Trade - Treasury bills discount rate / price sensitivity

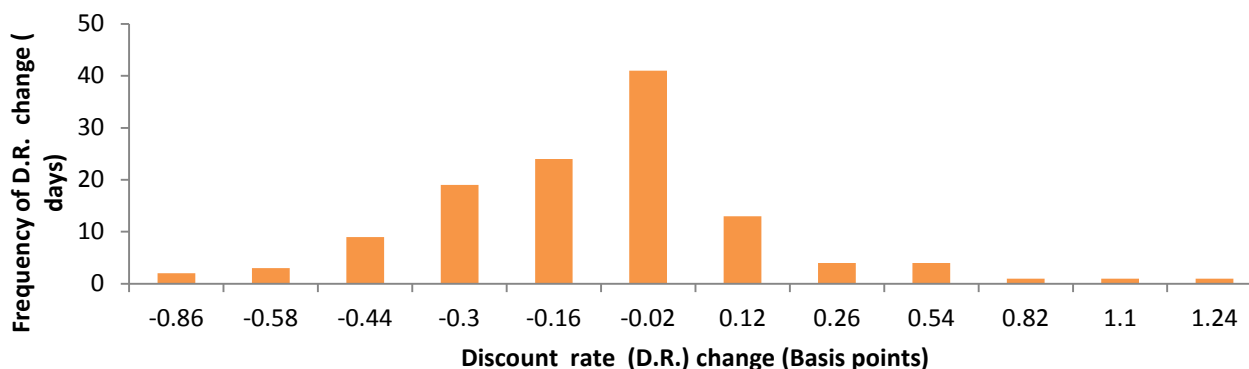
The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in market prices of treasury bills:

- 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 ± 50 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 ± 50 basis points.

- The chosen reasonable change in market discount rates was then applied to the bank's holding of Trading bills

Fluctuation in market discount rates of treasury bills (in basis points)



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December 2013, if discount rates of treasury bills, converted to prices, increased or reduced by 50 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-2013 Pre-tax	Dec-2013 Post-tax	Dec-2012 Pre-tax	Dec-2012 Post-tax
Decrease	11,195	9,333	252,821	212,721
Increase	(11,195)	(9,333)	(252,821)	(212,721)

Parent

In thousands of Nigerian Naira	Dec-2013 Pre-tax	Dec-2013 Post-tax	Dec-2012 Pre-tax	Dec-2012 Post-tax
Decrease	11,195	9,450	241,222	205,384
Increase	(11,195)	(9,450)	(241,222)	(205,384)

Sensitivity Analysis of Available for Sale Portfolio to Price and its Impact on OCI

3. Financial Instrument fair value through equity - Other Comprehensive Income (OCI)

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at December 31, 2013 and the comparative period in 2012. 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)

- Daily bond prices were obtained and trended
- 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 2013, 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-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(47,500)	(39,597)	(73,038)	(51,127)
Increase	47,500	39,597	73,038	51,127
Parent				
In thousands of Nigerian Naira				
	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(47,500)	(40,095)	(73,038)	(51,127)
Increase	47,500	40,095	73,038	51,127

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 ± 50 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 ± 50 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Trading treasury bills as at end of the year.

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2013, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 50 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-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	454,098	383,304	-	-
Increase	(454,098)	(383,304)	-	-
Parent				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	454,098	378,545	-	-
Increase	(454,098)	(378,545)	-	-

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 e.t.c.

The inputs were used to determine appropriate weighted cost of capital which subsequently was used to discount the free cash flow to 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 the risk premium (Rm-Rf), FCF e.t.c., 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-2013 Pre-tax	Dec-2013 Post-tax	Dec-2012 Pre-tax	Dec-2012 Post-tax
Decrease	(69,751)	(69,751)	-	-
Increase	69,751	69,751	-	-

Parent

In thousands of Nigerian Naira	Dec-2013 Pre-tax	Dec-2013 Post-tax	Dec-2012 Pre-tax	Dec-2012 Post-tax
Decrease	(69,751)	(69,751)	-	-
Increase	69,751	69,751	-	-

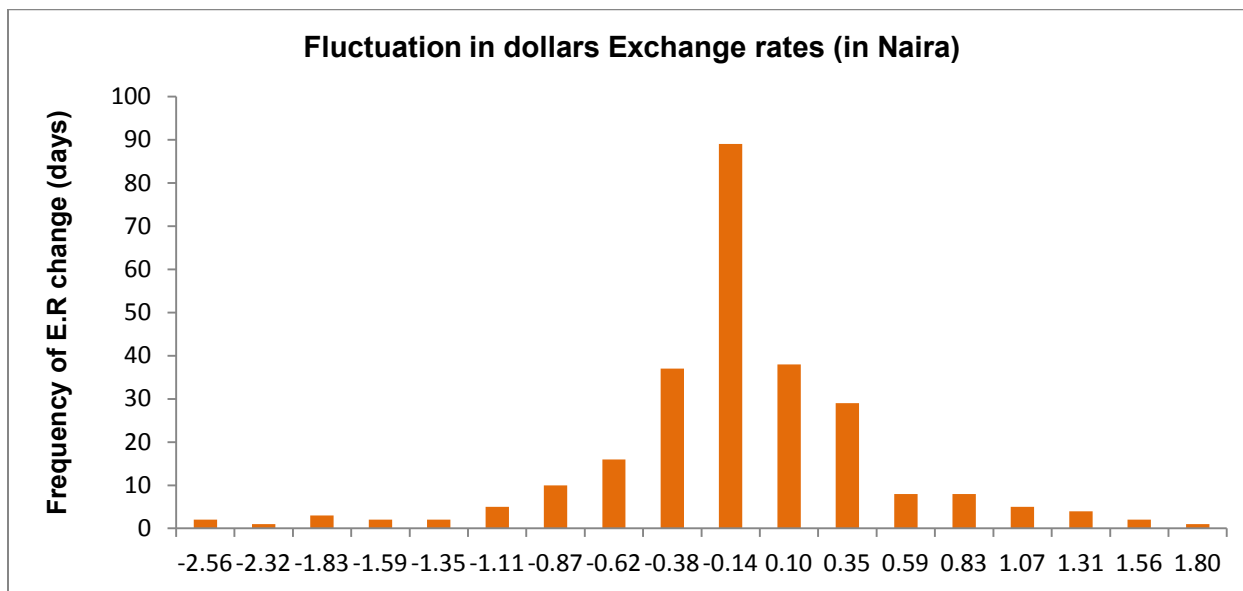
Exposure to foreign currency risk

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 and various foreign exchange fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates. The Group deploys foreign derivative instruments whose values 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 ± 1 naira was determined based on the distribution of two year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 1 naira.
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the year.



At 31 December 2013, if the Naira had weakened/strengthened by one 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:

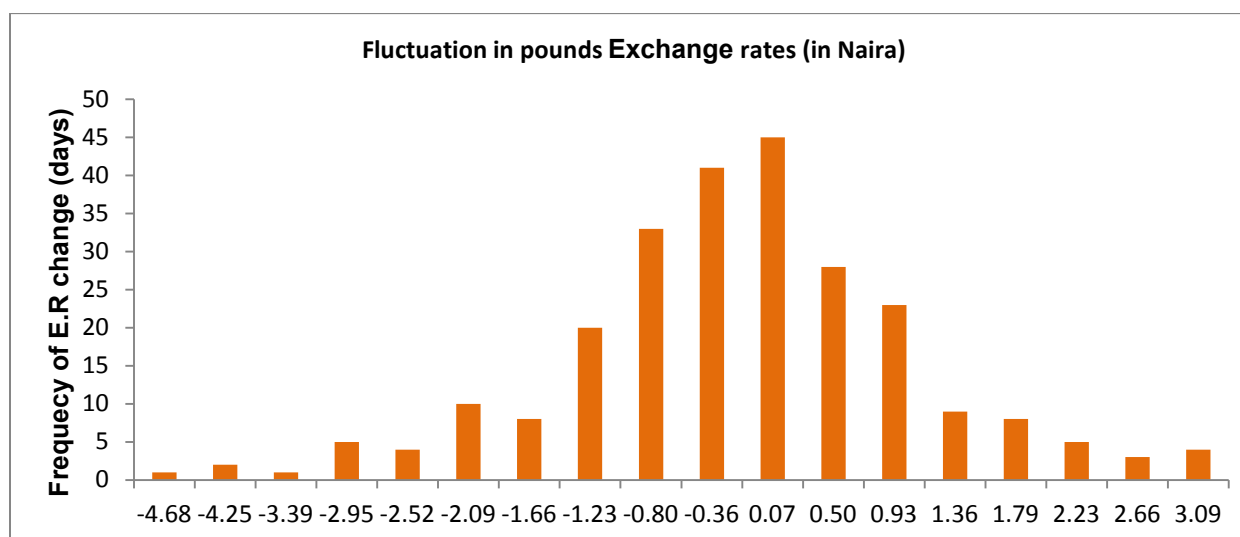
Group	Dec-2013		Dec-2012	
	Pre-tax	Post-tax	Pre-tax	Post-tax
In thousands of Nigerian Naira				
Decrease	(479,910)	(400,063)	(346,426)	(291,480)
Increase	479,910	400,063	346,426	291,480
Parent				
In thousands of Nigerian Naira				
Decrease	(472,407)	(398,754)	(345,062)	(293,797)
Increase	472,407	398,754	345,062	293,797

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 naira was determined based on the distribution of two year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2 naira.
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the year.



At 31 December 2013, if the Naira had weakened/strengthened by two 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:

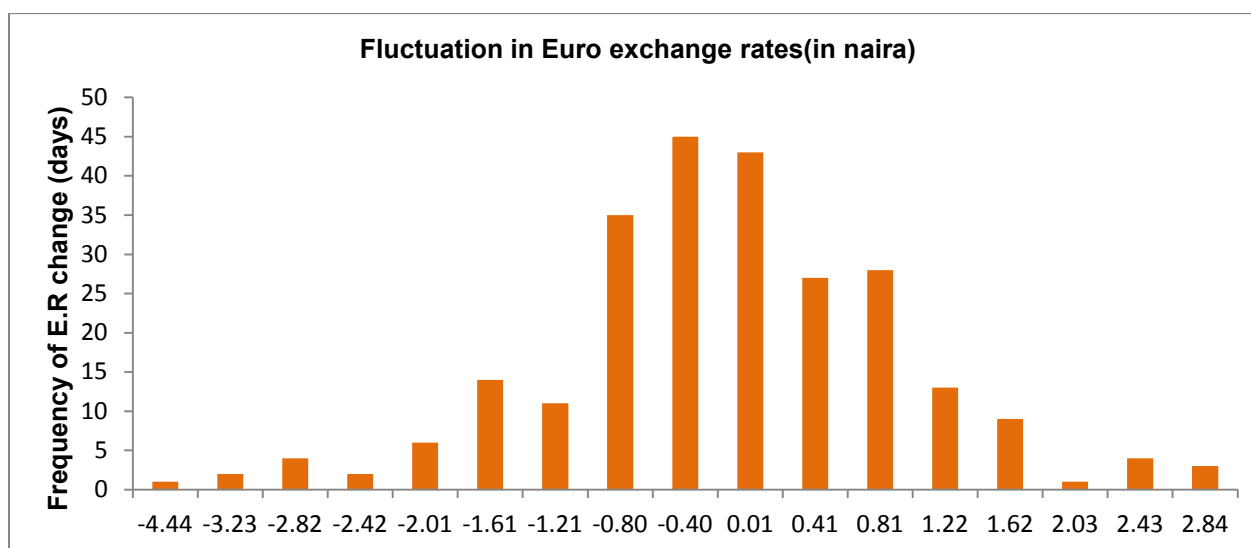
Group				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	45,454	37,891	(33,259)	(27,984)
Increase	(45,454)	(37,891)	33,259	27,984
Parent				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(18,629)	(15,724)	(4,728)	(4,026)
Increase	18,629	15,724	4,728	4,026

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 pounds:

- Daily Euros exchange rates were obtained and trended

- A reasonably possible change of ± 2 naira was determined based on the distribution of two year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 2 naira.
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the year.



At 31 December 2013, if the Naira had weakened/strengthened by two naira against the Euros 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		Dec-2013	Dec-2013	Dec-2012	Dec-2012
In thousands of Nigerian Naira		Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease		(32,058)	(26,724)	(21,025)	(17,690)
Increase		32,058	26,724	21,025	17,690
Parent					
In thousands of Nigerian Naira		Dec-2013	Dec-2013	Dec-2012	Dec-2012
		Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease		(25,610)	(21,617)	(19,466)	(16,574)
Increase		25,610	21,617	19,466	16,574

Foreign exchange profit or loss (Other currencies)

At 31 December 2013, if similar assumptions as above are made for all other currencies, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(94,919)	(79,126)	(388,613)	(329,976)
Increase	94,919	79,126	388,613	326,976
Parent				
In thousands of Nigerian Naira	Dec-2013	Dec-2013	Dec-2012	Dec-2012
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	(81,185)	(68,527)	(357,159)	(304,097)
Increase	81,185	68,527	357,159	304,097

Sensitivity analysis of derivative valuations

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained and trended; while all other variables kept constant and a proportional foreign exchange rate movement of -0.6% (depreciation of the Nigerian Naira) and +0.6% (appreciation of the Nigerian Naira) against the U.S. Dollar; or ± 1 change in Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two year daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as of December 31, 2013 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 favourable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar and an unfavourable change indicates a weakening of the Nigerian Naira against the U.S. Dollar. The selection of 0.6% or ± 1 favourable or unfavourable 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-13 Total derivatives <i>In thousands of Nigerian Naira</i>	Notional Contract Amount	Fair Value		Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post- tax) Income Statement	Unfavourable changes (Post- tax) Income Statement
		Asset	Liability				
Total derivative assets/(liabilities) held for trading	14,410,050	170,101	(3,883)	25,012	(25,042)	21,112	(21,138)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)	25,012	(25,042)	21,112	(21,138)

	Notional Contract Amount	Fair Value		Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post- tax) Income Statement
		Asset	Liability				
Bank Dec-13 Total derivatives <i>In thousands of Nigerian Naira</i>							
Total derivative assets/(liabilities) held for trading	14,410,050	170,101	(3,883)	25,012	(25,042)	21,112	(21,138)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)	25,012	(25,042)	21,112	(21,138)

The impact of the sensitivity analysis of the Group's derivatives held for trading that are outstanding at December 31, 2013, assuming a reasonable 0.6% favourable or unfavourable change in foreign exchange rates, would have been to increase the pre-tax fair values by up to =N=25,012,000 (2012= Nil) or decrease their pre-tax fair values to =N=25,042,000 (2012=Nil) with all the potential effect impacting profit and loss rather than equity.

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

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 2013, 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-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease	25,493	25,493	14,345	14,345
Increase	(25,493)	(25,493)	(14,345)	(14,345)

Parent

In thousands of Nigerian Naira

	Dec-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease	23,448	23,448	12,726	12,726
Increase	(23,448)	(23,448)	(12,726)	(12,726)

Sensitivity of Exposure at default – Emergence Period

The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss emergence period adjusted the timing gap between the emergence of impairment triggers and the time at which management becomes aware of the loss by 1 month. The chosen change in emergence period was then applied to the bank's loan portfolio as at end of the year.

As at 31 December 2013, 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-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease	86,148	86,148	107,681	107,681
Increase	(86,148)	(86,148)	(107,681)	(107,681)

Parent

In thousands of Nigerian Naira	Dec-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease	78,161	78,161	90,844	90,844
Increase	(78,161)	(78,161)	(90,844)	(90,844)

Sensitivity of Exposure at default – Loss Given Default

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 2013, 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-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease	212,789	212,789	231,705	231,705
Increase	(254,166)	(254,166)	(126,636)	(126,636)

Parent

In thousands of Nigerian Naira	Dec-13 Pre-tax	Dec-13 Post-tax	Dec-12 Pre-tax	Dec-12 Post-tax
Decrease	193,589	193,589	195,475	195,475
Increase	(233,784)	(233,784)	(106,835)	(106,835)

Notes to the financial statements

The table below summaries the Group's financial assets and financial liabilities at carrying amount, categorised by currency:

Group

Dec-2013

Financial instruments by currency

In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	307,395,676	64,729,245	172,926,520	26,103,938	11,529,926	32,106,047
Loans and advances to banks	24	5,596,476	16,976	5,117,348	-	-	462,152
Loans and advances to customers	25	1,002,370,638	550,375,086	397,848,987	10,506,402	3,087,756	40,552,407
Financial assets held for trading	26	17,223,667	13,746,682	-	-	-	3,476,985
Derivative financial assets	27	170,101	-	170,101	-	-	-
Investment securities:							
– Available for sale	28	374,673,147	368,320,492	1,283,837	796,426	219,814	4,052,578
– Held to maturity	28	84,741,890	46,682,498	5,398,708	-	-	32,660,684
Assets pledged as collateral	29	28,442,629	28,440,947	-	-	-	1,682
Restricted deposits and other assets ²	34	184,138,353	142,628,814	33,191,334	1,538,063	3,688,628	3,091,514
		2,004,752,577	1,214,940,740	615,936,835	38,944,829	18,526,124	116,404,049
Deposits from banks	36	15,208,300	419,988	12,555,561	790,887	1,012,198	429,666
Deposits from customers	37	1,427,493,697	993,002,726	324,394,209	25,746,372	9,095,491	75,254,899
Derivative financial liabilities	27	3,883	3,475	408	-	-	-
Debt securities issued	38	156,498,167	13,233,595	142,899,380	-	-	365,192
Other borrowed funds	41	92,134,872	47,110,544	42,873,850	1,592,852	-	557,626
Other liabilities	39	61,014,954	18,871,921	33,511,254	621,367	3,906,348	4,104,064
		1,752,353,873	1,072,642,249	556,234,662	28,751,478	14,014,037	80,711,447

² Excludes prepayments

Notes to the financial statements

Group

Dec-2012

Financial instruments by currency

In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	276,856,206	71,962,799	158,381,033	18,230,943	14,705,792	13,575,639
Loans and advances to banks	24	4,864,824	177,985	4,434,869	-	251,970	-
Loans and advances to customers	25	779,050,018	519,212,058	235,369,556	8,470,477	407,029	15,590,898
Financial assets held for trading	26	271,073,896	271,073,896	-	-	-	-
Investment securities:							
– Available for sale	28	15,765,789	13,442,895	943,238	1,271,289	103,737	4,630
– Held to maturity	28	129,490,810	114,967,869	515,125	46,530	48,362	13,912,924
Assets pledged as collateral	29	31,203,230	31,203,230	-	-	-	-
Restricted deposits and other assets ²	34	149,022,918	101,185,052	47,154,330	208,989	7,373	467,174
		1,657,327,691	1,123,225,784	446,798,151	28,228,228	15,524,263	43,551,265
Deposits from banks	36	23,860,259	7,171,082	11,841,924	664,630	740,399	3,442,224
Deposits from customers	37	1,148,197,165	880,943,486	214,960,540	18,847,031	6,983,475	26,462,633
Debt securities issued	38	86,926,227	13,238,291	73,687,936	-	-	-
Other borrowed funds	41	92,561,824	42,741,765	48,294,512	1,525,547	-	-
Other liabilities	39	83,278,066	27,045,690	47,948,035	489,535	7,063,403	731,403
		1,434,823,541	971,140,314	396,732,947	21,526,743	14,787,277	30,636,260

² Excludes prepayments

Notes to the financial statements

Parent

Dec-2013

Financial instruments by currency

In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	228,609,551	63,598,754	142,324,774	13,083,819	9,230,870	371,334
Loans and advances to banks	24	16,976	16,976	-	-	-	-
Loans and advances to customers	25	926,967,093	545,288,016	378,805,485	272,649	2,600,897	46
Financial assets held for trading	26	13,746,682	13,746,682	-	-	-	-
Derivative financial assets	27	170,101	-	170,101	-	-	-
Investment securities:							
– Available for sale	28	364,056,362	364,056,362	-	-	-	-
– Held to maturity	28	46,682,498	46,682,498	-	-	-	-
Assets pledged as collateral	29	28,440,947	28,440,947	-	-	-	-
Restricted deposits and other assets ²	34	180,318,664	142,615,932	31,504,045	1,427,704	3,688,627	1,082,356
		1,789,008,874	1,204,446,167	552,804,405	14,784,172	15,520,394	1,453,736
Deposits from banks	36	88,729	88,729	-	-	-	-
Deposits from customers	37	1,261,927,035	984,063,702	259,663,367	10,871,541	7,327,548	877
Derivative financial liabilities	27	3,883	3,475	408	-	-	-
Debt securities issued	38	13,233,595	13,233,595	-	-	-	-
Other borrowed funds	41	233,040,108	45,736,112	187,303,996	-	-	-
Other liabilities	39	49,008,466	11,246,880	32,843,038	308,735	3,896,516	713,297
		1,557,301,816	1,054,372,493	479,810,809	11,180,276	11,224,064	714,174

² Excludes prepayments

Notes to the financial statements

Parent

Dec-2012

Financial instruments by currency

In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	210,300,286	69,864,992	118,363,512	8,960,900	12,907,914	202,968
Loans and advances to banks	24	177,985	177,985	-	-	-	-
Loans and advances to customers	25	742,436,944	514,831,523	227,598,144	6,120	1,107	50
Financial assets held for trading	26	267,417,182	267,417,182	-	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale	28	10,138,761	10,138,761	-	-	-	-
– Held to maturity	28	118,897,917	114,967,869	3,930,048	-	-	-
Assets pledged as collateral	29	31,203,230	31,203,230	-	-	-	-
Restricted deposits and other assets ²	34	147,793,848	100,763,352	47,030,496	-	-	-
		1,528,366,153	1,109,364,894	396,922,200	8,967,020	12,909,021	203,018
Deposits from banks	36	7,170,321	7,170,321	-	-	-	-
Deposits from customers	37	1,054,122,573	867,981,044	171,466,468	9,233,031	5,439,312	2,718
Debt securities issued	38	13,238,291	13,238,291	-	-	-	-
Other borrowed funds	41	169,194,418	41,154,048	128,040,370	-	-	-
Other liabilities	39	72,178,426	18,881,701	45,953,159	286,796	7,056,770	-
		1,315,904,029	948,425,405	345,459,997	9,519,827	12,496,082	2,718

² Excludes prepayments

5. Capital management and other risks

Regulatory capital

The Group's lead regulator, the Central Bank of Nigeria, sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled. Other subsidiaries are supervised by relevant regulatory authorities in their jurisdictions.

In implementing current capital requirements, Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

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 year.

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 15% is to be maintained for International Banks

Notes to the financial statements

Capital adequacy ratio

Group

In thousands of Nigerian Naira

	Note	Dec-2013	Dec-2012
Tier 1 capital			
Ordinary share capital	42	14,715,590	14,715,590
Share premium	42	123,471,114	123,471,114
Retained earnings	42	55,205,142	39,766,597
Treasury shares	42	(2,046,714)	(2,046,714)
Other reserves	42	135,924,361	104,651,663
Non-controlling interests	42	5,083,577	1,268,691
Shareholders' funds		332,353,070	281,826,941
Add/(Less):			
Fair value reserve for available-for- sale securities	42	(3,025,907)	(169,607)
Intangible assets	32	(11,214,274)	(1,772,176)
Shareholders' funds		318,112,889	279,885,158
Tier 2 capital			
Fair value reserve for available-for- sale securities		3,025,907	169,607
		-	-
Total		3,025,907	169,607
Total regulatory capital		321,138,796	280,054,765
Risk-weighted assets		1,469,865,571	1,176,805,668

Capital ratios

Total regulatory capital expressed as a percentage of total risk-weighted assets	21.8%	23.8%
Total tier 1 capital expressed as a percentage of risk-weighted assets	21.6%	23.8%

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 Risk and Group Credit, 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. Account also is taken of 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).

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.

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.

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)(iii).

Details of the Group's classification of financial assets and liabilities are given in note 8.

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 interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. 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.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iiiib)

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 data (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.

Notes to the financial statements

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:

Group

Dec-2013

In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	17,223,667	-	-	17,223,667
Derivative financial assets	27	170,101	-	-	170,101
Available-for-sale financial assets:					
-Investment securities-debt	28	360,883,227	6,735,679	-	367,618,906
-Investment securities-equity	28	-	-	6,975,141	6,975,141
Assets pledged as collateral	29	28,442,629	-	-	28,442,629
Total assets		406,719,624	6,735,679	6,975,141	420,430,444
Liabilities					
Derivative financial assets	27	3,883	-	-	3,883
Total liabilities		3,883	-	-	3,883

Group

Dec-2012

In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	271,073,896	-	-	271,073,896
Available-for-sale financial assets:					
-Investment securities-debt	28	-	12,926,197	-	12,926,197
Assets pledged as collateral	29	16,461,583	-	-	16,461,583
Total assets		287,535,479	12,926,197	-	300,461,676

Notes to the financial statements

**Parent
Dec-2013**

In thousands of Nigerian Naira

Liaibilities	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	13,746,682	-	-	13,746,682
Derivative financial assets	27	170,101	-	-	170,101
Available-for-sale financial assets:					
-Investment securities-debt	28	352,204,680	4,802,488	-	357,007,168
-Investment securities-equity	28	-	-	6,975,141	6,975,141
Assets pledged as collateral	29	28,440,947	-	-	28,440,947
Total assets		394,562,410	4,802,488	6,975,141	406,340,039

Liaibilities

Derivative financial assets	27	3,883	-	-	3,883
Total liabilities		3,883	-	-	3,883

**Parent
Dec-2012**

In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	267,417,182	-	-	267,417,182
Available-for-sale financial assets:					
-Investment securities-debt	28	-	7,303,799	-	7,303,799
Assets pledged as collateral	29	16,461,583	-	-	16,461,583
Total assets		283,878,765	7,303,799	-	291,182,564

Reconciliation of Level 3 Items

-Available for sale financial assets

In thousands of Nigerian Naira

	Dec-2013	Dec-2012	Dec-2013	Dec-2012
At 1 January	-	-	-	-
Cost of equity investments	3,010,909	-	3,010,909	-
Fair value recognised in other comprehensive income	3,964,232	-	3,964,232	-
	6,975,141	-	6,975,141	-

There was no transfer into and out of Level 3 during the period.

Notes to the financial statements

Offsetting financial assets and financial liabilities

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

Financial assets

Group

Dec-2013

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Loans and advances to banks	462,152	-	462,152	-	(462,152)	-
Loans and advances to customers	20,744,120	-	20,744,120	(2,458,424)	(18,285,696)	-
Derivative financial assets	5,766,612	(5,596,511)	170,101	-	-	170,101
	26,972,884	(5,596,511)	21,376,373	(2,458,424)	(18,747,848)	170,101

Financial liabilities

Group

Dec-2013

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Deposits from customers	18,285,696	-	18,285,696	(18,285,696)	-	-
Derivative financial liabilities	1,604,549	(1,600,666)	3,883	-	-	3,883
	19,890,245	(1,600,666)	18,289,579	(18,285,696)	-	3,883

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. Items included in these arrangements are derivative financial instruments such as foreign currency forwards and swaps and non derivative financial instruments such as: loans and receivables (term loans and overdrafts) and deposit liabilities (term deposits)

Notes to the financial statements

Financial assets

Group

Dec-2012

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Loans and advances to banks	90,215	-	90,215	(90,212)	-	3
Loans and advances to customers	164,764,567	-	164,764,567	(138,774,824)	(25,989,743)	-
Derivative financial assets	-	-	-	-	-	-
	164,854,782	-	164,854,782	(138,865,036)	(25,989,743)	3

Financial liabilities

Group

Dec-2012

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Deposits from customers	25,989,743	-	25,989,743	(25,989,743)	-	-
Derivative financial liabilities	-	-	-	-	-	-
	25,989,743	-	25,989,743	(25,989,743)	-	-

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. Items included in these arrangements are derivative financial instruments such as foreign currency forwards and swaps and non derivative financial instruments such as: loans and receivables (term loans and overdrafts) and deposit liabilities (term deposits)

Notes to the financial statements

Financial assets

Parent

Dec-2013

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	18,203,734	-	18,203,734	(2,458,424)	(15,745,310)	-
Derivative financial assets	5,766,612	(5,596,511)	170,101	-	-	170,101
	23,970,346	(5,596,511)	18,373,835	(2,458,424)	(15,745,310)	170,101

Financial liabilities

Parent

Dec-2013

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Deposits from customers	15,745,310	-	15,745,310	(15,745,310)	-	-
Derivative financial liabilities	1,604,549	(1,600,666)	3,883	-	-	3,883
	17,349,859	(1,600,666)	15,749,193	(15,745,310)	-	3,883

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. Items included in these arrangements are derivative financial instruments such as foreign currency forwards and swaps and non derivative financial instruments such as: loans and receivables (term loans and overdrafts) and deposit liabilities (term deposits)

Notes to the financial statements

Financial assets

Parent

Dec-2012

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Loans and advances to banks	90,215	-	90,215	(90,212)	-	3
Loans and advances to customers	164,764,567	-	164,764,567	(138,774,824)	(25,989,743)	-
Derivative financial assets	-	-	-	-	-	-
	164,854,782	-	164,854,782	(138,865,036)	(25,989,743)	3

Financial liabilities

Parent

Dec-2012

<i>In thousands of Nigerian Naira</i>	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets	Net amount	Related amount not set off in the SOFP		Net amount
				Financial instruments	Cash collateral	
Deposits from customers	25,989,743	-	25,989,743	(25,989,743)	-	-
Derivative financial liabilities	-	-	-	-	-	-
	25,989,743	-	25,989,743	(25,989,743)	-	-

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. Items included in these arrangements are derivative financial instruments such as foreign currency forwards and swaps and non derivative financial instruments such as: loans and receivables (term loans and overdrafts) and deposit liabilities (term deposits)

Disclosure Requirements for Equity Securities

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.

The Group has estimated the fair value of its investment in each of the unquoted equity securities at the end of December 31, 2013. The valuation technique adopted in valuing each of these equity investments have been carefully chosen by taking into cognizance the suitability of the avalanche of valuation models available, to each equity investment and the financial information available about it. Specifically, except for Kakawa Discount House Limited (KDHL) which was valued using the Dividend Discount Model (DDM), all the other investments were valued using the Discounted Cashflow (DCF) Technique. The aforesaid valuation methodologies are compliant with Level 3 of the Fair Value hierarchy as enshrined in *IFRS 13 – Fair Value Measurement*

Description of Valuation Methodology and inputs:

A. Kakawa Discount House Limited

The DDM was used for KDHL based on the fact that the company has a consistent history of dividend payment – a critical component/input in the DDM. In arriving at the fair value of the Group's investment in KDHL, the December 2012 financial statement – being the most recent publicly available financial information about the company – was used.

The key parameters and assumptions used in the calculation are as follows:

Step 1: The dividend growth rate (g) was arrived at by multiplying the Return on Equity (ROE) by the Retention ratio ('b').

The retention ratio was calculated as follows: $b = (1 - DPR)$

where DPR is defined as Dividend Payout Ratio. It is current year's dividend per share (DPS) divided by the earnings per share (EPS).

Step 2: The cost of equity was obtained using the CAPM (see (a) below for the definition, explanation and derivation of CAPM).

Step 3: Forward dividend (d1) was calculated by multiplying the current year dividend with (1+g).

Step 4: The capitalization rate was obtained by subtracting the dividend growth rate (g) from the cost of equity (ke) (i.e. $ke - g$).

Step 5: The fair value per share is obtained by dividing the forward dividend (d1) by the capitalization rate (i.e. $d1/ke - g$).

- a. **CAPM is the capital Asset Pricing Model.** This is the most popular formula used in deriving the cost of equity (k_e):

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

1. R_f = Risk free rate
2. β = Beta
3. R_m = Market return

Valuation assumptions for the Dividend Discount Model

1. Risk free rate is the 13.23% yield on 10-year Federal Government of Nigeria Bond
2. Beta = 1 or greater than 1.
3. Market premium = 5% based on trend analysis and research of market premiums across the globe by IMD, Lausanne.

B. Other unquoted Equity Securities

The fair value of the other unquoted equity securities was derived using the Discounted Cashflow Technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e unquoted equity securities) are as follows:

Step 1: A five-year forecast of the FCFF for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (see (2) 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.

1. Free Cashflow 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.

$$FCFF = NI + NCC + [Int \times (1 - \text{tax rate})] - FCInv - WCInv$$

Where:

NI = Net Income

NCC = Non Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

2. Weighted average Cost of Capital (WACC):

This is the average cost of both equity and debt capital used in financing a business.

$$\text{WACC} = \left\{ \frac{D}{D+E} \times k_e \right\} + \left\{ \frac{E}{D+E} \times k_d (1-T) \right\}$$

Where:

D = Debt

E = Equity Value

Ke = Cost of Equity

Kd = Cost of Debt

T = Tax rate

3. Capitalization Rate = $k_e - g$

$$\text{Terminal value} = (\text{FCFF}_5 \times 1+g) \text{ divided by } (k_e - g)$$

Where:

FCFF = Year 5 FCFF

g = Growth rate

Ke = Cost of equity

Valuation Assumptions – Discounted Cashflow

1. Risk free rate is the 13.23% yield on 10-year Federal Government of Nigeria Bond
2. Beta = 1 or greater than 1.
3. Market premium = 5% based on trend analysis and research of market premiums across the globe by IMD, Lausanne.
4. Growth rate used is growth rate in earnings between the latest year and comparative period.

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

In thousands of Nigerian Naira

Historical cost	3,010,909
Fair value as at 31-Dec-2013	6,975,140
Unrealized Fair Value Gain recognized in Equity (OCI)	3,964,231

The movement in unquoted equity securities (i.e. SMEEIS Investments) at cost during the period is as follows:

<i>In thousands of Nigerian Naira</i>	Group Dec-13	Group Dec-12	Parent Dec-13	Parent Dec-12
Balance, beginning of the period	5,212,945	5,212,945	5,212,945	5,212,945
Reclassification to equity Securities at fair value through equity	(2,188,930)	-	(2,188,930)	-
Balance, end of the period	3,024,015	5,212,945	3,024,015	5,212,945

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

<i>In thousands of Nigerian Naira</i>	Group Dec-13	Group Dec-12	Parent Dec-13	Parent Dec-12
Balance, beginning of the period	1,090,810	1,090,810	1,086,180	1,086,180
Reclassification to equity Securities at fair value through equity	(821,979)	-	(821,979)	-
Exchange difference- gain/(loss)*	417	-	-	-
Balance, end of the period	269,248	1,090,810	264,201	1,086,180

*Exchange gain is attributable to the translation of the investment in GIM UEMOA to Naira- the Group's reporting currency. GTBank Cote d'Ivoire is the investor in GIM UEMOA. The translated carrying amount of the investment in GIM UEMOA as at 31 Dec, 2012 was ₦4,630,000. The translated balance as at 31 December, 2013 is ₦5,047,000. This resulted in an exchange gain of ₦417,000 (i.e. ₦5,047,000 - ₦4,630,000).

The movement in Equity Securities at fair value during the period is as follows:

<i>In thousands of Nigerian Naira</i>	Group Dec-13	Group Dec-12	Parent Dec-13	Parent Dec-12
Balance, beginning of the period	-	-	-	-
Reclassification from unquoted (SMEEIS) equity investments	2,188,930	-	2,188,930	-
Reclassification from Other unquoted equity investments	821,979	-	821,979	-
Unrealized fair value gain/(Loss) - unquoted (SMEEIS) equity investments	991	-	991	-
Unrealized fair value gain/(Loss) - other unquoted equity Investments	3,963,240	-	3,963,240	-
Balance, end of the period	6,975,140	-	6,975,140	-

Other disclosure requirements

The total fair value gain recognized on these equity investments as at 31 December 2013 (31 December, 2012: Nil) of ₦3,964,231,228 has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

Statement of Prudential Adjustments

In the 2013 financial year, the bank transferred the sum of N16,900,396,555.18 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity. The sum represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses amounting to N36,834,000,000 and the Loan Impairment allowance determined in accordance with provisions of IAS 39 amounting to N19,999,560,913. Of the amount recommended by the Central Bank of Nigeria, N9,216,774,000 relates to 1% GLLP on Performing Loans.

Also, N4,085,391,820, recommended by CBN for Other Known Losses was adequately provided for in the 2013 IFRS Financial Statement.

The Reconciliation between the CBN Recommended provisions and that under IFRS is as shown in the table below:

Reconciliation of IFRS and CBN Recommended Provision as at 31 December 2013

<i>In thousands of Nigerian Naira</i>	Reference	Specific	General	Total
a. Loans and Advances				
Provision per CBN Prudential Guidelines		27,617,509	9,216,774	36,834,283
Impairment Allowance per IAS 39: (Inclusive of Collective Allowance)	(Note 24 & 25)	19,999,560	-	19,999,560
Amount transferred to Regulatory Risk Reserve²	(SOCIE - Page 65)	7,617,949	9,216,774	16,834,723
b. Provision for Other Known Losses				
<i>Provision for Other Known Losses - CBN</i>				4,085,392
<i>Provision for Other Known Losses - IFRS</i>				
Specific Impairment For Equities	(Note 27)			3,214,163
Impairment On Other Assets	(Note 33)			305,556
Fair Value Reserves	(SOCIE - Page 65)			500,000
Regulatory Risk Reserves	(SOCIE - Page 65)			65,673
				4,085,392
Difference				0

¹Statement of Changes in Equity

²Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS.

	Specific	General	Others¹	Total
c. Movement in Regulatory Reserves				
Balance as at 1 January	4,022,388	7,290,414	0	11,312,802
Transfer during the period	3,595,561	1,926,360	65,673	5,521,921
Balance, end of the period	7,617,949	9,216,774	65,673	16,834,723

¹Others represents Other Known Losses recommended by the Central Bank of Nigeria

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. Before the adoption of IFRS in Nigeria, the Group presented segment information to its Executive Management Committee, headed by the Group Managing Director, who is the Group's Chief Operating Decision Maker, based on Nigerian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

1. Interest income on impaired assets is not recognised under Nigerian GAAP while IFRS requires that such interest income be recognised in the income statement.
2. Provision for loan loss is determined based on Central Bank of Nigeria Prudential Guidelines under Nigerian GAAP while an incurred loss model is used in determining the impairment loss under IFRS.
3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Nigeria GAAP while under IFRS, credit related fees are recognised as part of effective interest or over the period of the contract depending on the nature of the contract.

However, with the adoption of IFRS, the segment information are now based on IFRS standards.

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. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Reclassifications done in prior year has not been reflected in the operating segment. However, the new segments carved out of retail segment have been separately disclosed.

Notes to the financial statements

Operating segments (Continued)

Information about operating segments

Group

Dec-2013

<i>In thousands of Nigerian Naira</i>	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	112,812,225	46,288,083	49,439,267	13,929,023	17,365,384	239,833,981	-	239,833,981
Derived from other business segments	(13,428,977)	10,001,992	259,839	2,345,382	821,764	-	-	-
Total revenue	99,383,248	56,290,075	49,699,106	16,274,405	18,187,148	239,833,981	-	239,833,981
Interest expenses	(24,097,640)	(8,259,506)	(9,214,352)	(2,192,240)	(4,680,731)	(48,444,468)	-	(48,444,468)
Fee and commission expenses	(1,059,058)	(353,083)	(279,347)	(98,861)	(33,862)	(1,824,212)	-	(1,824,212)
Net operating income	74,226,550	47,677,486	40,205,406	13,983,304	13,472,555	189,565,301	-	189,565,301
Expense:								
Operating expenses	(11,301,051)	(30,386,885)	(17,169,698)	(7,925,438)	(5,761,525)	(72,544,597)	-	(72,544,597)
Net impairment loss on financial assets	(260,259)	(785,577)	(1,209,511)	(173,911)	(337,911)	(2,767,169)	-	(2,767,169)
Depreciation and amortization	(2,681,939)	(3,904,366)	(2,060,867)	(885,346)	(583,342)	(10,115,860)	-	(10,115,860)
Total cost	(14,243,249)	(35,076,827)	(20,440,076)	(8,984,696)	(6,682,778)	(85,427,626)	-	(85,427,626)
Profit before income tax from reportable segments	59,983,301	12,600,659	19,765,331	4,998,608	6,789,776	104,137,675	-	104,137,675
Tax	(9,830,752)	(2,065,141)	(3,239,370)	(819,229)	(1,112,787)	(17,067,279)	-	(17,067,279)
Profit after income tax from reportable segments	50,152,549	10,535,518	16,525,961	4,179,379	5,676,989	87,070,396	-	87,070,396
Assets and liabilities:								
Total assets	1,145,952,759	252,484,779	466,639,622	62,460,947	176,682,741	2,104,220,847	-	2,104,220,847
Total liabilities	(544,812,880)	(659,398,324)	(293,738,889)	(147,135,477)	(117,944,095)	(1,763,029,664)	-	(1,763,029,664)
Net assets/ (liabilities)	601,139,878	(406,913,545)	172,900,733	(84,674,530)	58,738,646	341,191,183	-	341,191,183
Additions to Non-Current Assets								
Additions to Non-Current Assets	8,384,948	3,679,217	2,224,210	745,040	1,375,484	16,408,899	-	16,408,899
Assets:								
Loans and advances to banks	3,303,952	545,274	1,166,372	113,077	467,802	5,596,476	-	5,596,476
Loans and advances to customers	593,754,662	97,689,323	206,908,356	21,966,563	82,051,735	1,002,370,638	-	1,002,370,638
Others	548,894,145	154,250,182	258,564,894	40,381,307	94,163,205	1,096,253,733	-	1,096,253,733
	1,145,952,759	252,484,779	466,639,622	62,460,947	176,682,741	2,104,220,847	-	2,104,220,847
Liabilities:								
Deposits from banks	15,208,300	-	-	-	-	15,208,300	-	15,208,300
Deposits from customers	346,170,895	593,837,378	249,449,338	138,364,408	99,671,678	1,427,493,697	-	1,427,493,697
Others	182,433,685	55,714,815	44,289,551	18,617,200	19,272,417	320,327,667	-	320,327,667
	543,812,880	649,552,192	293,738,889	156,981,608	118,944,095	1,763,029,664	-	1,763,029,664

Notes to the financial statements

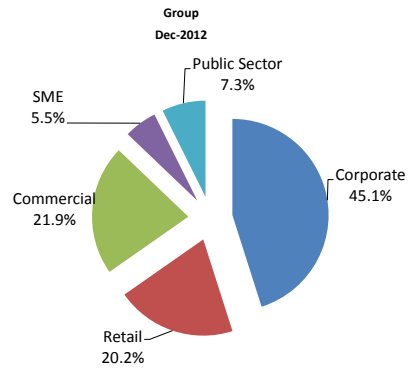
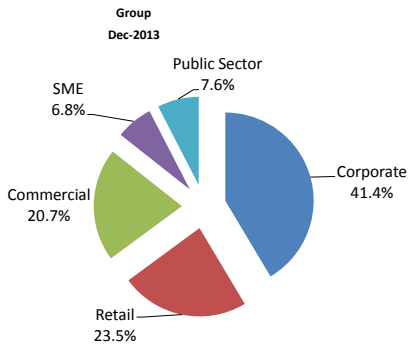
Group
Dec-2012

<i>In thousands of Nigerian Naira</i>	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	100,264,769	44,921,316	48,599,167	12,266,008	16,339,288	222,390,548	653,126	223,043,674
Derived from other business segments	(7,648,573)	6,136,007	(348,874)	1,507,478	353,962	-	-	-
Total revenue	92,616,196	51,057,323	48,250,293	13,773,486	16,693,250	222,390,548	653,126	223,043,674
Interest expenses	(20,318,285)	(5,718,136)	(8,738,572)	(1,670,720)	(3,163,749)	(39,609,462)	(288,992)	(39,898,454)
Fee and commission expenses	(242,130)	(663,315)	(410,630)	(154,321)	(120,620)	(1,591,016)	(2,006)	(1,593,022)
Net operating income	72,055,781	44,675,872	39,101,091	11,948,445	13,408,881	181,190,070	362,128	181,552,198
Expense:								
Operating expenses	(11,417,925)	(27,855,217)	(16,817,173)	(6,110,190)	(4,813,023)	(67,013,528)	(155,568)	(67,169,096)
Net impairment loss on financial assets	(598,004)	(137,358)	(347,055)	26,108	220,654	(835,655)	-	(835,655)
Depreciation and amortization	(3,310,356)	(2,851,248)	(1,770,111)	(559,925)	(400,156)	(8,891,796)	(8,523)	(8,900,319)
Total cost	(15,326,285)	(30,843,823)	(18,934,339)	(6,644,007)	(4,992,525)	(76,740,979)	(164,091)	(76,905,070)
Profit before income tax from reportable segments	56,729,496	13,832,049	20,166,752	5,304,438	8,416,356	104,449,091	198,037	104,647,128
Tax	(9,026,655)	(2,156,769)	(3,103,469)	(794,131)	(1,260,019)	(16,341,043)	-	(16,341,043)
Profit after income tax from reportable segments	47,702,841	11,675,280	17,063,283	4,510,307	7,156,337	88,108,048	198,037	88,306,085
Assets and liabilities:								
Total assets	994,092,951	187,741,118	371,737,565	53,043,646	129,850,297	1,736,465,577	-	1,736,465,577
Total liabilities	(510,784,349)	(444,908,477)	(245,949,631)	(114,760,963)	(129,307,440)	(1,445,710,860)	-	(1,445,710,860)
Net assets/ (liabilities)	483,308,602	(257,167,359)	125,787,934	(61,717,317)	542,857	290,754,717	-	290,754,717
Additions to Non-Current Assets								
Additions to Non-Current Assets	3,927,726	1,468,759	741,777	209,579	513,047	6,860,888	-	6,860,888
Dec-2012								
Assets:								
Loans and advances to banks	2,461,628	1,100,068	773,341	529,302	485	4,864,824	-	4,864,824
Loans and advances to customers	454,667,432	53,624,516	190,839,757	16,019,535	63,898,778	779,050,018	-	779,050,018
Others	536,963,891	133,016,534	180,124,467	36,494,809	65,951,034	952,550,735	-	952,550,735
	994,092,951	187,741,118	371,737,565	53,043,646	129,850,297	1,736,465,577	-	1,736,465,577
Liabilities:								
Deposits from banks	23,860,259	-	-	-	-	23,860,259	-	23,860,259
Deposits from customers	243,344,754	443,420,665	228,245,514	110,363,124	122,823,108	1,148,197,165	-	1,148,197,165
Others	243,579,336	1,487,812	17,704,117	4,397,839	6,484,332	273,653,436	-	273,653,436
	510,784,349	444,908,477	245,949,631	114,760,963	129,307,440	1,445,710,860	-	1,445,710,860

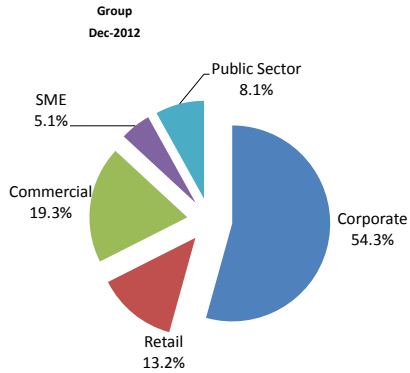
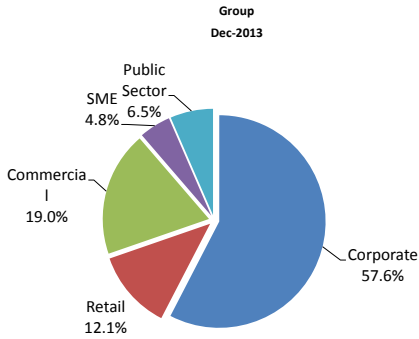
Operating segments (Continued)

Information about operating segments

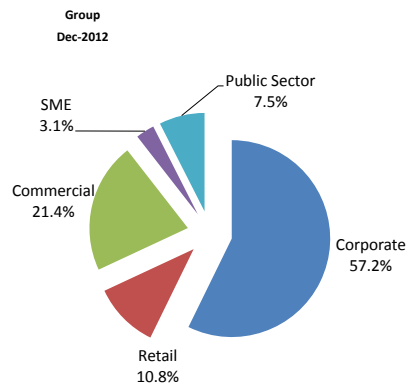
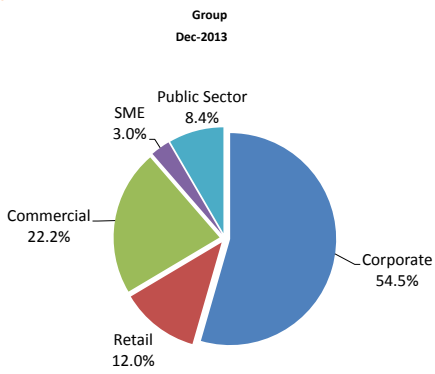
External Revenue



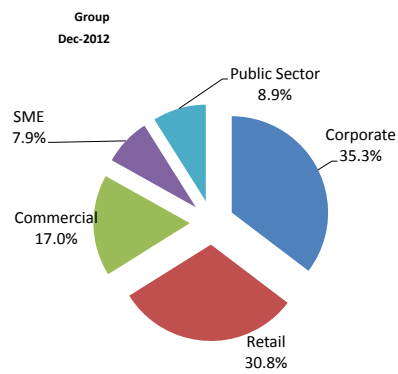
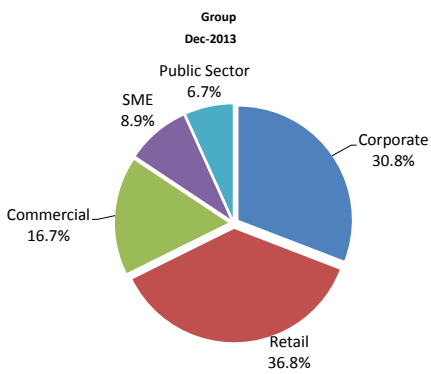
Profit before tax



Assets



Liabilities



Notes to the financial statements

Operating segments (Continued)

Information about operating segments

Parent

Dec-2013

<i>In thousands of Nigerian Naira</i>	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	105,602,919	40,840,653	44,571,447	11,885,029	16,130,948	219,030,996	-	219,030,996
Derived from other business segments	(13,428,977)	10,001,992	259,839	2,345,382	821,764	-	-	-
Total revenue	92,173,942	50,842,645	44,831,286	14,230,411	16,952,712	219,030,996	-	219,030,996
Interest expenses	(22,173,331)	(7,599,946)	(8,478,543)	(2,017,179)	(4,306,953)	(44,575,952)	-	(44,575,952)
Fee and commission expenses	(997,962)	(332,714)	(263,232)	(93,158)	(31,909)	(1,718,975)	-	(1,718,975)
Net operating income	69,002,649	42,909,985	36,089,511	12,120,074	12,613,850	172,736,069	-	172,736,069
Expense:								
Operating expenses	(9,779,284)	(26,295,074)	(14,857,676)	(6,858,221)	(4,985,695)	(62,775,950)	-	(62,775,950)
Net impairment loss on financial assets	(262,828)	(793,331)	(1,221,449)	(175,628)	(341,246)	(2,794,482)	-	(2,794,482)
Depreciation and amortization	(2,458,530)	(3,579,127)	(1,889,194)	(811,596)	(534,749)	(9,273,196)	-	(9,273,196)
Total cost	(12,500,642)	(30,667,532)	(17,968,319)	(7,845,445)	(5,861,690)	(74,843,628)	-	(74,843,628)
Profit before income tax from reportable segments	56,502,007	12,242,453	18,121,192	4,274,629	6,752,160	97,892,441	-	97,892,441
Tax	(8,609,412)	(1,865,426)	(2,761,190)	(651,340)	(1,028,851)	(14,916,219)	-	(14,916,219)
Profit after income tax from reportable segments	47,892,595	10,377,027	15,360,002	3,623,289	5,723,309	82,976,222	-	82,976,222
Assets and liabilities:								
Total assets	1,037,112,259	228,504,236	422,319,043	56,528,520	159,901,737	1,904,365,795	-	1,904,365,795
Total liabilities	(477,457,271)	(568,319,578)	(263,376,905)	(129,439,861)	(136,125,499)	(1,574,719,114)	-	(1,574,719,114)
Net assets/ (liabilities)	559,654,988	(339,815,342)	158,942,138	(72,911,341)	23,776,238	329,646,681	-	329,646,681
Additions to Non-Current Assets								
Additions to Non-Current Assets	8,148,432	1,795,323	3,318,096	444,136	1,256,324	14,962,311	-	14,962,311
Assets:								
Loans and advances to banks	10,017	1,654	3,538	343	1,424	16,976	-	16,976
Loans and advances to customers	546,957,316	90,340,622	193,197,565	18,738,280	77,733,310	926,967,093	-	926,967,093
Others	490,144,926	138,161,959	229,117,940	37,789,897	82,167,004	977,381,726	-	977,381,726
	1,037,112,259	228,504,236	422,319,043	56,528,520	159,901,737	1,904,365,795	-	1,904,365,795
Liabilities:								
Deposits from banks	88,729	-	-	-	-	88,729	-	88,729
Deposits from customers	304,758,627	519,368,493	224,302,947	122,861,773	90,635,196	1,261,927,035	-	1,261,927,035
Others	181,390,751	54,995,211	40,111,422	17,245,965	18,960,001	312,703,350	-	312,703,350
	486,238,107	574,363,704	264,414,369	140,107,738	109,595,197	1,574,719,114	-	1,574,719,114

Notes to the financial statements

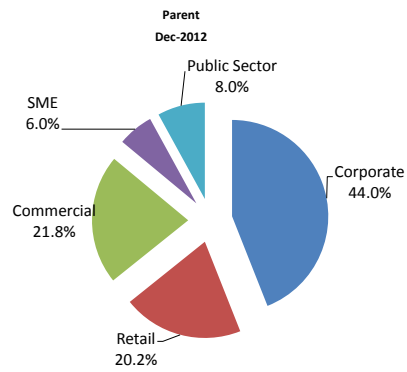
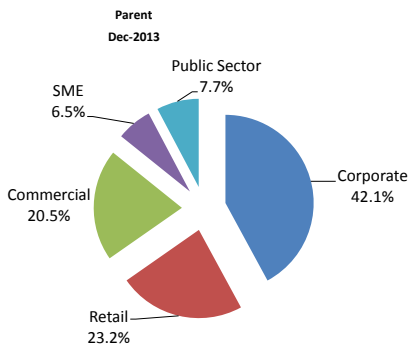
Parent
Dec-2012

<i>In thousands of Nigerian Naira</i>	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	90,060,483	41,441,664	44,577,389	12,266,008	16,339,288	204,684,832	-	204,684,832
Derived from other business segments	(7,648,573)	6,136,007	(348,874)	1,507,478	353,962	-	-	-
Total revenue	82,411,910	47,577,671	44,228,515	13,773,486	16,693,250	204,684,832	-	204,684,832
Interest expenses	(18,978,128)	(5,065,364)	(8,147,878)	(1,670,720)	(3,163,749)	(37,025,839)	-	(37,025,839)
Fee and commission expenses	(208,127)	(643,274)	(382,573)	(154,321)	(120,620)	(1,508,915)	-	(1,508,915)
Net operating income	63,225,655	41,869,033	35,698,064	11,948,445	13,408,881	166,150,078	-	166,150,078
Expense:								
Operating expenses	(7,829,570)	(25,496,067)	(15,042,035)	(6,110,190)	(4,813,023)	(59,290,885)	-	(59,290,885)
Net impairment loss on financial assets	237,058	42,612	44,366	26,108	220,654	570,798	-	570,798
Depreciation and amortization	(2,802,508)	(2,660,633)	(1,629,521)	(559,925)	(400,156)	(8,052,743)	-	(8,052,743)
Total cost	(10,395,020)	(28,114,088)	(16,627,190)	(6,644,007)	(4,992,525)	(66,772,830)	-	(66,772,830)
Profit before income tax from reportable segments	52,830,635	13,754,945	19,070,874	5,304,438	8,416,356	99,377,248	-	99,377,248
Tax	(7,909,313)	(2,059,263)	(2,855,115)	(794,131)	(1,260,019)	(14,877,841)	-	(14,877,841)
Profit after income tax from reportable segments	44,921,322	11,695,682	16,215,759	4,510,307	7,156,337	84,499,407	-	84,499,407
Assets and liabilities:								
Total assets	875,522,596	186,871,487	375,029,197	53,043,646	129,850,297	1,620,317,223	-	1,620,317,223
Total liabilities	(391,447,520)	(456,182,368)	(242,090,092)	(114,755,974)	(129,301,818)	(1,333,777,772)	-	(1,333,777,772)
Net assets/ (liabilities)	484,075,076	(269,310,881)	132,939,105	(61,712,328)	548,479	286,539,451	-	286,539,451
Additions to Non-Current Assets								
Additions to Non-Current Assets	3,632,003	1,555,765	775,215	220,045	538,669	6,721,697	-	6,721,697
Dec-2012								
Assets:								
Loans and advances to banks	90,062	40,247	28,294	19,364	18	177,985	-	177,985
Loans and advances to customers	432,955,527	51,801,217	181,489,825	15,657,609	60,532,766	742,436,944	-	742,436,944
Others	442,477,007	135,030,023	193,511,078	37,366,673	69,317,513	877,702,294	-	877,702,294
	875,522,596	186,871,487	375,029,197	53,043,646	129,850,297	1,620,317,223	-	1,620,317,223
Liabilities:								
Deposits from banks	7,170,321	-	-	-	-	7,170,321	-	7,170,321
Deposits from customers	223,406,926	407,090,129	209,544,803	101,320,804	112,759,911	1,054,122,573	-	1,054,122,573
Others	160,870,273	49,092,239	32,545,289	13,435,170	16,541,907	272,484,878	-	272,484,878
	391,447,520	456,182,368	242,090,092	114,755,974	129,301,818	1,333,777,772	-	1,333,777,772

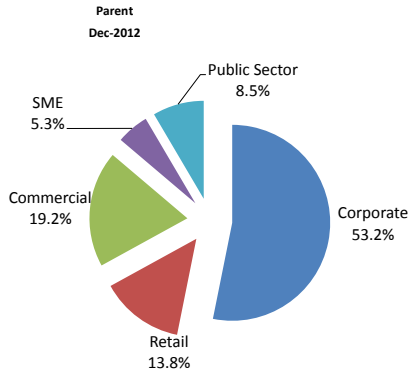
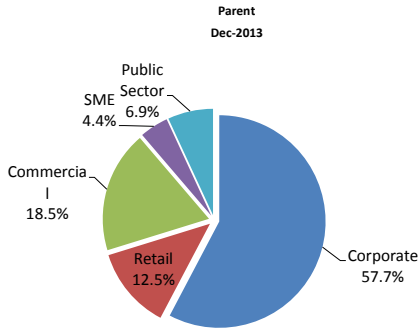
Operating segments (Continued)

Information about operating segments

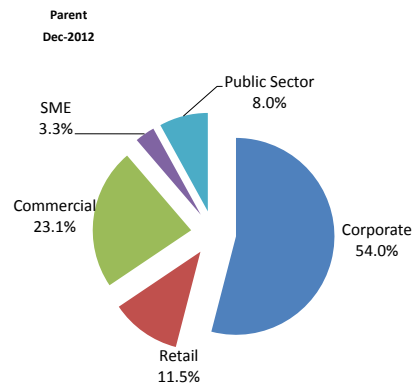
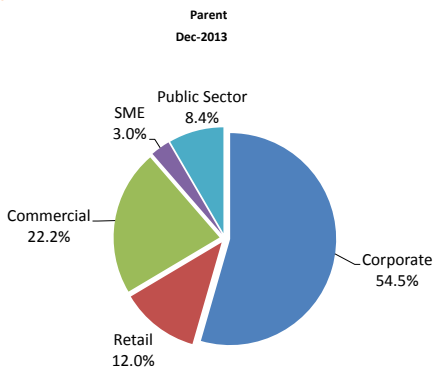
External Revenue



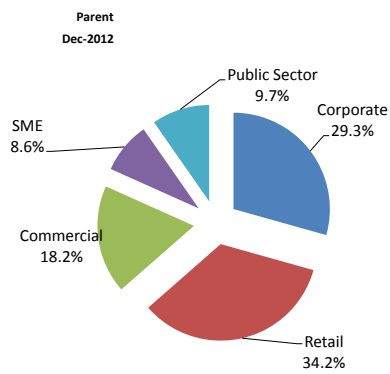
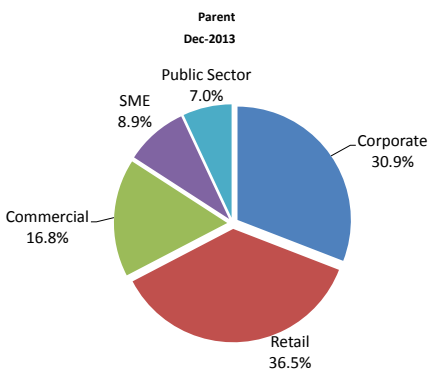
Profit before tax



Assets



Liabilities



Notes to the financial statements

Operating segments (Continued)

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Bonds	16,394,657	14,920,243	14,971,506	13,736,007
Placements	5,180,893	4,650,276	4,731,161	4,281,179
Treasury Bills	54,092,264	40,081,468	49,396,744	36,900,157
Loans	159,108,583	155,792,573	145,297,046	143,427,140
Contingents	7,888,614	7,620,325	7,203,827	7,104,768
	242,665,011	223,064,885	221,600,284	205,449,251

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

Reconciliation of revenues

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>Continuing Operations:</i>				
Total revenue from reportable segments	239,833,981	222,390,548	219,030,996	204,684,832
Consolidation and adjustments:				
- Interest income	(81,956)	(95,349)	-	-
- Other operating income	2,020	(1,007)	-	-
Revenue from continuing operations	239,754,045	222,294,192	219,030,996	204,684,832

Discontinued Operations:

Total revenue from reportable segments (See note 35)	-	653,126	-	-
Consolidation and adjustments	-	-	-	-
Revenue from discontinued operations	-	653,126	-	-

Notes to the financial statements

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Interest income	185,383,473	170,295,193	172,433,167	160,124,580
Fee and commission income	46,631,901	45,445,557	40,189,316	40,339,298
Net gains/(losses) on financial instruments classified as held for trading	7,686,240	3,940,524	5,395,773	2,339,332
Lease finance income	-	-	-	-
Other operating income	2,963,397	3,383,611	3,582,028	2,646,041
Revenue and gains from continuing operations	242,665,011	223,064,885	221,600,284	205,449,251
Less gains:				
- Foreign exchange gain/(loss)	(2,851,855)	(1,002,061)	(2,527,971)	(1,003,068)
- Gain on disposal of fixed assets	(59,111)	(462,033)	(41,317)	(454,752)
- Net portfolio (loss)/gain on SMEEIS investments	-	693,401	-	693,401
Revenue from continuing operations	239,754,045	222,294,192	219,030,996	204,684,832

Reconciliation of operating expenses

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>Continuing Operations:</i>				
Total operating expense from reportable segments	72,544,597	67,013,528	62,775,950	59,290,885
Gains:				
Consolidation and adjustments:				
- Personnel expenses ¹	(122,551)	2,095,505	-	-
Operating expense from continuing operations	72,422,046	69,109,033	62,775,950	59,290,885
<i>Discontinued Operations:</i>				
Total expense from reportable segments	-	155,568	-	-
Interest expense	-	288,992	-	-
Fee and commission expense	-	2,006	-	-
Depreciation expense	-	8,523	-	-
Expense from discontinued operations (See Note 35)	-	455,089	-	-

¹ relates to share based payments during the period

Notes to the financial statements

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Personnel expenses (See Note 17)	23,761,448	23,660,091	19,625,269	18,468,570
General and administrative expenses (See Note18)	22,550,173	22,405,475	20,077,522	20,285,783
Operating lease expenses	837,218	791,433	623,379	622,158
Other operating expenses (See Note 20)	25,273,207	22,252,034	22,449,780	19,914,374
	72,422,046	69,109,033	62,775,950	59,290,885

Reconciliation of profit or loss

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>Continuing Operations:</i>				
Total profit or loss for reportable segments	104,137,675	104,449,091	97,892,441	99,377,248
Consolidation and adjustments:				
- Interest income	(81,956)	(95,349)	-	-
- Personnel expenses	122,551	(2,095,505)	-	-
- Other operating income	2,020	(1,007)		
Gains:				
- Foreign exchange gain/(loss)	2,851,855	1,002,061	2,527,971	1,003,068
- Gain on disposal of fixed assets	59,111	462,033	41,317	454,752
- Net portfolio (loss)/gain on SMEIS investments	-	(693,401)	-	(693,401)
Profit before income tax from continuing operations	107,091,256	103,027,923	100,461,729	100,141,667

Reconciliation of profit or loss (Continued)

Discontinued Operations:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Total profit or loss for reportable segments (See note 35)	-	198,037	-	-
Gains on disposal of disposal group (See note 35)	-	411,040	-	-
Profit for the year from discontinued operations	-	609,077	-	-

Notes to the financial statements

Reconciliation of assets

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>Continuing Operations:</i>				
Total assets for reportable segments	2,104,220,847	1,736,465,577	1,904,365,795	1,620,317,223
Consolidation and adjustments	(1,374,432)	(1,587,717)	-	-
Total assets	2,102,846,415	1,734,877,860	1,904,365,795	1,620,317,223

Reconciliation of liabilities

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>Continuing Operations:</i>				
Total liabilities for reportable segments	1,763,029,664	1,445,710,860	1,574,719,114	1,333,777,772
Consolidation and adjustments	7,463,681	7,340,059	-	-
Total liabilities	1,770,493,345	1,453,050,919	1,574,719,114	1,333,777,772

Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa (comprising Ghana, Gambia, Sierra Leone, Liberia, Kenya, Uganda and Rwanda)
- Europe (UK and the Netherlands)

Dec-2013

<i>In thousands of Nigerian Naira</i>	Nigeria	Rest of Africa	Europe	Total Continuing Operations	Discontinued Operations Nigeria	Total
Derived from external customers	217,935,524	19,731,984	2,086,537	239,754,045	-	239,754,045
Derived from other segments	-	-	-	-	-	-
Total Revenue	217,935,524	19,731,984	2,086,537	239,754,045	-	239,754,045
Interest expense	(44,575,954)	(3,741,726)	(126,788)	(48,444,468)	-	(48,444,468)
Fee and commission expenses	(1,718,971)	(105,241)	-	(1,824,212)	-	(1,824,212)
Net interest margin	171,640,599	15,885,017	1,959,749	189,485,365	-	189,485,365
Profit before income tax	99,490,825	7,512,213	88,218	107,091,256	-	107,091,256
Assets and liabilities:						
Total assets	1,847,975,429	189,578,618	65,292,368	2,102,846,415	-	2,102,846,415
Total liabilities	(1,439,279,079)	(148,208,311)	(183,005,955)	(1,770,493,345)	-	(1,770,493,345)
Net assets/(liabilities)	408,696,350	41,370,307	(117,713,587)	332,353,070	-	332,353,070

Dec-2012

In thousands of Nigerian Naira

	Nigeria	Rest of West Africa	Europe	Total Continuing Operations	Discontinued Operations Nigeria	Total
Derived from external customers	203,930,293	16,507,305	1,856,594	222,294,192	653,126	222,947,318
Derived from other segments	-	-	-	-	-	-
Total Revenue	203,930,293	16,507,305	1,856,594	222,294,192	653,126	222,947,318
Interest expense	(37,025,839)	(2,535,296)	(48,327)	(39,609,462)	(288,992)	(39,898,454)
Fee and commission expenses	(1,508,911)	(82,105)	-	(1,591,016)	(2,006)	(1,593,022)
Net interest margin	165,395,543	13,889,904	1,808,267	181,093,714	362,128	181,455,842
Profit before income tax	97,290,619	5,527,150	210,154	103,027,923	609,077	103,637,000

Dec-2012**Assets and liabilities:**

Total assets	1,581,762,722	93,145,843	59,969,295	1,734,877,860	-	1,734,877,860
Total liabilities	(1,259,566,117)	(72,639,162)	(120,845,640)	(1,453,050,919)	-	(1,453,050,919)
Net assets/(liabilities)	322,196,605	20,506,681	(60,876,345)	281,826,941	-	281,826,941

Notes to the financial statements

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-2013		Carrying amount							Fair Value			
<i>In thousands of Nigerian Naira</i>	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	307,395,676	-	-	307,395,676	312,764,029	-	-	312,764,029
Loans and advances to banks	24	-	-	-	5,596,476	-	-	5,596,476	-	4,903,443	-	4,903,443
Loans and advances to customers	25	-	-	-	1,002,370,638	-	-	1,002,370,638	-	954,230,368	74,597,823	1,028,828,191
Financial assets held for trading	26	17,223,667	-	-	-	-	-	17,223,667	17,223,667	-	-	17,223,667
Derivative financial assets	27	-	170,101	-	-	-	-	170,101	170,101	-	-	170,101
Assets pledged as collateral	29	-	28,442,629	-	-	-	-	28,442,629	28,442,629	-	-	28,442,629
Investment securities:												
– Available for sale		-	-	-	-	374,673,147	-	374,673,147	371,500,012	6,735,679	6,975,141	385,210,832
– Held to maturity	28	-	-	84,741,890	-	-	-	84,741,890	38,059,392	52,240,717	-	90,300,109
Restricted Deposits & Other assets	34	-	-	-	184,138,353	-	-	184,138,353	-	184,138,353	-	184,138,353
		17,223,667	28,612,730	84,741,890	1,499,501,143	374,673,147	-	2,004,752,577	768,159,830	1,202,248,560	81,572,964	2,051,981,354
Deposits from banks	36	-	-	-	-	-	15,208,300	15,208,300	-	15,234,151	-	15,234,151
Deposits from customers	37	-	-	-	-	-	1,427,493,697	1,427,493,697	-	1,415,225,379	-	1,415,225,379
Derivative financial liabilities	27	-	3,883	-	-	-	-	3,883	3,883	-	-	3,883
Debt securities issued	38	-	-	-	-	-	156,498,167	156,498,167	-	156,064,353	-	156,064,353
Other borrowed funds	41	-	-	-	-	-	92,134,872	92,134,872	-	89,943,224	-	89,943,224
Other liabilities	39	-	-	-	-	-	61,014,954	61,014,954	-	61,014,954	-	61,014,954
		-	3,883	-	-	-	1,752,349,990	1,752,353,873	3,883	1,737,482,061	-	1,737,485,944

Notes to the financial statements

Group
Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount							Fair Value			
		Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	276,856,206	-	-	276,856,206	322,989,428	-	-	322,989,428
Loans and advances to banks	24	-	-	-	4,864,824	-	-	4,864,824	-	5,072,973	-	5,072,973
Loans and advances to customers	25	-	-	-	779,050,018	-	-	779,050,018	-	744,216,392	54,892,052	799,108,444
Financial assets held for trading	26	271,073,896	-	-	-	-	-	271,073,896	271,073,896	-	-	271,073,896
Assets pledged as collateral	29	16,461,583	-	14,741,647	-	-	-	31,203,230	16,461,583	14,741,647	-	31,203,230
Investment securities:												
– Available for sale	28	-	-	-	-	15,765,789	-	15,765,789	-	15,765,789	-	15,765,789
– Held to maturity	28	-	-	129,490,810	-	-	-	129,490,810	63,682,096	89,600,027	-	153,282,123
Restricted Deposits & Other assets	34	-	-	-	149,022,918	-	-	149,022,918	-	149,022,918	-	149,022,918
		287,535,479	-	144,232,457	1,209,793,966	15,765,789	-	1,657,327,691	674,207,003	1,018,419,746	54,892,052	1,747,518,801
Deposits from banks	36	-	-	-	-	-	23,860,259	23,860,259	-	24,360,329	-	24,360,329
Deposits from customers	37	-	-	-	-	-	1,148,197,165	1,148,197,165	-	1,148,432,653	-	1,148,432,653
Debt securities issued	38	-	-	-	-	-	86,926,227	86,926,227	-	86,037,028	-	86,037,028
Other borrowed funds	41	-	-	-	-	-	92,561,824	92,561,824	-	90,784,791	-	90,784,791
Other liabilities	39	-	-	-	-	-	83,278,066	83,278,066	-	83,278,066	-	83,278,066
		-	-	-	-	-	1,434,823,541	1,434,823,541	-	1,432,892,867	-	1,432,892,867

Notes to the financial statements

Parent
Dec-2013

In thousands of Nigerian Naira	Note	Carrying amount							Fair Value			
		Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	228,609,551	-	-	228,609,551	233,977,904	-	-	233,977,904
Loans and advances to banks	24	-	-	-	16,976	-	-	16,976	-	17,411	-	17,411
Loans and advances to customers	25	-	-	-	926,967,093	-	-	926,967,093	-	892,721,934	60,667,473	953,389,407
Financial assets held for trading	26	13,746,682	-	-	-	-	-	13,746,682	13,746,682	-	-	13,746,682
Derivative financial assets	27	-	170,101	-	-	-	-	170,101	170,101	-	-	170,101
Assets pledged as collateral	29	-	28,440,947	-	-	-	-	28,440,947	28,440,947	-	-	28,440,947
Investment securities:												
– Available for sale	28	-	-	-	-	364,056,362	-	364,056,362	352,204,680	4,876,541	6,975,141	364,056,362
– Held to maturity	28	-	-	46,682,498	-	-	-	46,682,498	-	52,240,717	-	52,240,717
Restricted Deposits & Other assets	34	-	-	-	180,318,664	-	-	180,318,664	-	180,318,664	-	180,318,664
		13,746,682	28,611,048	46,682,498	1,335,912,284	364,056,362	-	1,789,008,874	628,540,314	1,130,175,267	67,642,614	1,826,358,195
Deposits from banks	36	-	-	-	-	-	88,729	88,729	-	88,729	-	88,729
Deposits from customers	37	-	-	-	-	-	1,261,927,035	1,261,927,035	-	1,257,958,050	-	1,257,958,050
Derivative financial liabilities	27	-	3,883	-	-	-	-	3,883	3,883	-	-	3,883
Debt securities issued	38	-	-	-	-	-	13,233,595	13,233,595	-	13,165,000	-	13,165,000
Other borrowed funds	41	-	-	-	-	-	233,040,108	233,040,108	-	233,881,975	-	233,881,975
Other liabilities	39	-	-	-	-	-	49,008,466	49,008,466	-	49,008,466	-	49,008,466
		-	3,883	-	-	-	1,557,297,933	1,557,301,816	3,883	1,554,102,220	-	1,554,106,103

Notes to the financial statements

Parent
Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount							Fair Value			
		Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	210,300,286	-	-	210,300,286	256,433,560	-	-	256,433,560
Loans and advances to banks	24	-	-	-	177,985	-	-	177,985	-	177,985	-	178,001
Loans and advances to customers	25	-	-	-	742,436,944	-	-	742,436,944	-	700,956,097	41,480,847	762,681,419
Financial assets held for trading	26	267,417,182	-	-	-	-	-	267,417,182	267,417,182	-	-	267,417,182
Assets pledged as collateral	29	16,461,583	-	14,741,647	-	-	-	31,203,230	16,461,583	14,741,647	-	31,203,230
Investment securities:												
– Available for sale	28	-	-	-	-	10,138,761	-	10,138,761	-	10,138,761	-	10,138,761
– Held to maturity	28	-	-	118,897,917	-	-	-	118,897,917	53,089,203	89,600,027	-	142,689,230
Restricted Deposits & Other assets	34	-	-	-	147,793,848	-	-	147,793,848	-	147,793,848	-	147,793,848
		283,878,765	-	133,639,564	1,100,709,063	10,138,761	-	1,528,366,153	593,401,528	963,408,365	41,480,847	1,618,535,231
Deposits from banks	36	-	-	-	-	-	7,170,321	7,170,321	-	7,170,321	-	7,670,445
Deposits from customers	37	-	-	-	-	-	1,054,122,573	1,054,122,573	-	1,054,122,573	-	1,054,358,017
Debt securities issued	38	-	-	-	-	-	13,238,291	13,238,291	-	13,238,291	-	12,349,074
Other borrowed funds	41	-	-	-	-	-	169,194,418	169,194,418	-	169,194,418	-	169,005,105
Other liabilities	39	-	-	-	-	-	72,178,426	72,178,426	-	72,178,426	-	72,178,426
		-	-	-	-	-	1,315,904,029	1,315,904,029	-	1,315,904,029	-	1,315,561,067

Fair value of loans and advances

The fair values of non retail loans have been determined based on observable market data (transactions) (level 2) whilst those of retail loans have been estimated using **Discounted Cash Flow (DCF) valuation models (level 3)**. Inputs into this valuation technique include: expected cash flows, expected losses, tenor and interest rates, risk premium between interest rate on the loan and risk free rate in the economy.

The expected cash flows (estimated recoverable amount from receivables, collateral and otherwise) are thus discounted to obtain the fair value of the retail loans. To improve the accuracy of fair value of retail loans, these loans are grouped into homogenous portfolio along product and customer type.

Fair value of customers' deposits

Fair values of customers' deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

Notes to the financial statements

Accounting classification measurement basis

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

9 Interest income

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Loans and advances to banks	341,311	276,329	4,368	13,678
Loans and advances to customers	117,647,966	113,977,110	110,342,081	107,203,241
	117,989,277	114,253,439	110,346,449	107,216,919
Cash and cash equivalents	4,852,522	5,338,453	3,592,231	4,316,174
Financial assets held for trading	3,244,542	29,988,581	3,214,637	29,979,434
Investment securities:				-
– Available for sale	40,692,578	731,076	40,584,130	731,076
– Held to maturity	17,286,213	17,746,075	13,377,379	15,643,408
Assets pledged as collateral	1,318,341	2,237,569	1,318,341	2,237,569
	185,383,473	170,295,193	172,433,167	160,124,580
Geographical location				
Interest income earned in Nigeria	172,092,586	158,666,324	172,174,542	158,761,673
Interest income earned outside Nigeria	13,290,887	11,628,869	258,625	1,362,907
	185,383,473	170,295,193	172,433,167	160,124,580

Interest income for the period ended 31 December 2013 includes N2,583,453,000 (December 2012: N4,203,173,000) accrued on impaired financial assets.

Notes to the financial statements

10

Interest expense

	Group	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Deposit from banks	865,193	1,042,097	354,590	377,771
Deposit from customers	35,784,530	28,246,392	32,533,051	26,457,147
	36,649,723	29,288,489	32,887,641	26,834,918
Other borrowed funds	3,164,575	2,780,114	9,911,049	8,413,207
Debt securities	8,630,170	7,540,859	1,777,262	1,777,714
Total interest expense	48,444,468	39,609,462	44,575,952	37,025,839
Geographical location				
Interest expense paid in Nigeria	35,331,423	29,168,483	35,323,994	29,213,853
Interest expense paid outside Nigeria	13,113,045	10,440,979	9,251,958	7,811,986
	48,444,468	39,609,462	44,575,952	37,025,839

11

Loan impairment charges

	Group	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Loans and advances to banks (Note 24)	(230)	9	(230)	9
Increase in collective impairment	-	8	-	8
Increase in specific impairment	-	1	-	1
Reversal of collective impairment	(227)	-	(227)	-
Reversal of specific impairment	(3)	-	(3)	-
Loans and advances to customers (Note 25)	2,886,235	738,777	2,913,548	(667,676)
Increase in collective impairment	4,023,770	1,135,156	3,701,098	966,633
Increase in specific impairment ¹	1,781,429	4,437,951	94,708	2,652,758
Reversal of collective impairment	(199,186)	(3,224,950)	-	(3,176,657)
Reversal of specific impairment	(1,063,423)	(1,124,026)	(522,214)	(841,268)
Amounts written off during the year as uncollectible	333	40,899	311	2,415
Income received on claims previously written off	(1,656,688)	(526,253)	(360,355)	(271,557)
Impairment charges on loans and advances transferred to discontinued operations	-	-	-	-
	2,886,005	738,786	2,913,318	(667,667)

Notes to the financial statements

12 Fee and commission income

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Credit related fees and commissions	11,839,827	9,472,654	10,508,273	8,032,200
Commission on turnover	13,797,249	15,779,497	13,104,641	15,218,176
Corporate finance fees	2,763,519	419,999	1,320,782	420,022
Commission on foreign exchange deals	4,009,920	4,612,690	4,009,920	4,612,690
Income from financial guarantee contracts issued	4,790,391	5,898,025	4,548,013	4,933,680
Other fees and commissions	9,430,995	9,262,692	6,697,687	7,122,530
	46,631,901	45,445,557	40,189,316	40,339,298

13 Fee and commission expense

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Bank charges	847,996	688,352	838,455	688,352
Other fees and commission expense ¹	976,216	902,664	880,520	820,563
	1,824,212	1,591,016	1,718,975	1,508,915

¹ Largely comprises of loan recovery expenses

14 Net gains/(losses) on financial instruments classified as held for trading

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Bonds trading	475,460	72,326	467,323	72,326
Treasury bills trading	1,278,516	294,383	1,278,516	294,383
Foreign exchange	5,932,264	3,573,815	3,649,934	1,972,623
Net trading income	7,686,240	3,940,524	5,395,773	2,339,332

Notes to the financial statements

15 Other income

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Mark to market gains/(loss) on trading investments	(126,190)	1,223,216	(126,190)	1,223,216
Foreign exchange gain/(loss)	2,851,855	1,002,061	2,527,971	1,003,068
Gain on disposal of fixed assets	59,111	462,033	41,317	454,752
Net portfolio (loss)/gain on SMEEIS investments	-	(693,401)	-	(693,401)
Dividends income	177,753	139,934	1,138,930	658,406
Other income	868	1,249,768	-	-
	2,963,397	3,383,611	3,582,028	2,646,041

16 Net impairment change in other financial assets

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Impairment charges on other assets	-	20,946	-	20,946
Other assets balances written off during the year as uncollectible	-	75,923	-	75,923
Impairment charges on HTM bonds	131,164	-	131,164	-
Reversal of specific impairment for equities	(250,000)	-	(250,000)	-
	(118,836)	96,869	(118,836)	96,869

17 Personnel expenses

<i>In thousands of Nigerian Naira</i>	<u>Note</u>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Wages and salaries		22,479,004	20,756,986	19,055,211	18,197,947
Contributions to defined contribution plans		813,988	805,873	687,412	708,316
Defined benefit costs	40	(402,337)	(596,489)	(402,337)	(596,489)
Cash-settled share-based payments (see 17(b) below)		(122,551)	2,095,505	-	-
Other staff cost		993,344	598,216	284,983	158,796
		23,761,448	23,660,091	19,625,269	18,468,570

Staff loans

Staff received loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (other staff cost) over the life of the loan.

Cash-settled share-based payments

The Group operates a cash-settled share based compensation plan (share appreciation rights (SARs) for its management personnel. The management personnel are entitled to the share appreciation rights after spending ten years in the Bank. The amount of cash payment is determined based on the fair value of the shares of the Bank. The details of SARs granted at the reporting date are provided below:

Notes to the financial statements

In thousands	Number of shares
SARs granted to senior management employees at 31 December 2013	406,626
SARs granted to senior management employees at 31 December 2012	436,673

(b) Employee expenses for share-based payments

		Group	Group
<i>In thousands of Nigerian Naira</i>	<u>Note</u>	Dec-2013	Dec-2012
Effect of changes in the fair value of SARs		(1,504,505)	897,258
Expense from rights exercised during the year		583,958	615,022
Dividend payment to members of the scheme		797,996	583,225
Total expense recognized as personnel expenses		(122,551)	2,095,505

		Group	Group
<i>In thousands of Nigerian Naira</i>		Dec-2013	Dec-2012
Total carrying amount of liabilities for cash-settled arrangements	39	7,463,681	7,340,059

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

		Group	Group
<i>In thousands of Nigerian Naira</i>	<u>Note</u>	Dec-2013	Dec-2012
Balance, beginning of period		7,340,059	4,985,189
Effect of changes in fair value of SAR at year end		(1,504,505)	897,258
Options exercised during the year		(137,381)	(122,926)
Share rights granted during the year		1,765,508	1,580,538
Balance, end of year	39	7,463,681	7,340,059

Notes to the financial statements

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

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
	Number	Number	Number	Number
Executive directors	6	6	6	6
Management	198	127	54	56
Non-management	4,447	3,614	3,095	2,757
	4,651	3,747	3,155	2,819

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

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
	Number	Number	Number	Number
Abuja Commercial Banking Division	32	32	32	32
Abuja Public Sector Division	45	44	45	44
Communication and External Affairs	115	77	28	20
Corporate Planning and Group Coordination	79	62	43	45
Corporate Services Division	176	143	114	88
Compliance Group	12	12	12	12
E-Business Division	126	103	87	64
Enterprise Risk Management Division	153	96	89	80
Executive	1	1	1	1
Human Resources	30	26	30	26
Institutional Banking Division	339	172	156	162
Lagos Island Division	72	69	72	69
Lagos Island Retail Division	87	85	87	85
Lagos Mainland Division & Agric Banking	121	120	121	120
Lagos Mainland Retail Division	87	75	87	75
North East Division	50	45	50	45
North West Division	57	53	57	53
Operations Division	230	222	230	222
Public Sector South West Division	22	22	22	22
Retail Abuja Division	52	49	52	49
Retail South East Division	69	72	69	72
Retail South West Division	89	82	89	82
SME Abuja Division	24	21	24	21
SME Lagos Island	27	23	27	23
SME Lagos Mainland	35	22	35	22
SME South East Division	24	18	24	18
South East Division	36	40	36	40
South South Division	63	56	63	56
Systems and Control Division	138	109	107	88
Technology Division	185	120	132	87
Transaction Services	1,552	1,226	1,102	963
Wholesale Banking Division	43	33	32	33
Commercial Banking Subsidiaries	82	40	-	-
Retail Subsidiaries	110	89	-	-
Public Sector Subsidiaries	10	10	-	-
Others	278	278	-	-
	4,651	3,747	3,155	2,819

Notes to the financial statements

- (iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Dec-2013 Number	Group Dec-2012 Number	Parent Dec-2013 Number	Parent Dec-2012 Number
N720,001 - N1,400,000	1,248	705	-	-
N1,400,001 - N2,050,000	284	76	221	13
N2,190,001 - N2,330,000	52	41	1	2
N2,330,001 - N2,840,000	16	12	-	-
N2,840,001 - N3,000,000	13	13	-	-
N3,030,001 - N3,830,000	974	827	957	810
N3,830,001 - N4,530,000	6	6	-	-
N4,530,001 - N5,930,000	548	544	544	540
N6,300,001 - N6,800,000	532	518	514	501
N6,800,001 - N7,300,000	19	19	-	-
N7,300,001 - N7,800,000	392	414	384	406
N7,800,001 - N8,600,000	6	6	-	-
N8,600,001 - N11,800,000	367	379	360	372
Above N11,800,000	188	181	168	169
	4,645	3,741	3,149	2,813

18

General and administrative expenses

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Stationery and postage	1,978,642	2,200,561	1,804,026	2,038,902
Business travel expenses	906,690	816,300	823,009	726,987
Advert, promotion and corporate gifts	4,823,523	5,066,234	4,474,748	4,764,918
Repairs and maintenance	3,825,739	3,463,020	3,468,893	3,199,274
Occupancy costs	3,483,295	3,963,894	2,743,729	3,279,164
Directors' emoluments	366,194	344,933	216,910	227,753
Contract services	7,166,090	6,550,533	6,546,207	6,048,785
	22,550,173	22,405,475	20,077,522	20,285,783

Notes to the financial statements

19 Depreciation and amortisation

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Amortisation of intangible assets (see note 32)	783,270	352,519	645,254	417,761
Depreciation of property, plant and equipment (see note 31)	9,332,590	8,539,277	8,627,942	7,634,982
	10,115,860	8,891,796	9,273,196	8,052,743

20 Other operating expenses

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Finance costs	214,441	250,423	213,911	250,423
Deposit insurance premium	4,922,666	4,582,074	4,912,287	4,575,674
Other insurance premium	518,856	452,196	474,630	420,060
Auditors' remuneration ¹	335,337	320,931	256,600	252,000
Professional fees and other consulting costs	1,447,282	1,163,042	1,218,020	1,029,945
AMCON expenses	8,101,588	3,983,159	8,101,588	3,983,159
Others ²	9,733,037	11,500,209	7,272,744	9,403,113
	25,273,207	22,252,034	22,449,780	19,914,374

¹ Auditor's remuneration represents fees for half and full year audit of the Group and Bank for the year ended 31 December 2013

² Included in others are communication expenditures, training, transportation and allowances paid to Interns.

21 Income tax expense recognised in the Income statement

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Current tax expense:				
Company income tax	12,737,040	13,488,588	10,627,833	11,873,631
Education Tax	1,000,528	1,008,899	1,000,528	1,008,899
NITDA Levy	1,004,617	1,001,417	1,004,617	1,001,417
discontinued operations	-	-	-	-
	14,742,185	15,498,904	12,632,978	13,883,947

Notes to the financial statements

Prior year's under provision	-	1,456,170	-	1,456,170
Tax deferred Expense - Land	1,395,423	-	1,395,423	-
			
Deferred tax expense:				
Origination of temporary differences	929,671	(614,031)	887,818	(462,276)
Deferred tax expense transferred to disposal group	-	-	-	-
	17,067,279	16,341,043	14,916,219	14,877,841

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira

	Dec-2013	Dec-2013	Dec-2012	Dec-2012
Profit before income tax	107,091,256		103,027,923	
Income tax using the domestic corporation tax rate	32,127,377	30.0%	30,908,377	30.0%
Effect of tax rates in foreign jurisdictions	162,201	0.2%	597,325	0.6%
Tax reliefs/WHT Credits	(497,326)	-0.5%	(546,643)	-0.5%
Net capital allowance	(3,882,764)	-3.6%	(3,175,486)	-3.1%
Non-deductible expenses	4,009,821	3.7%	2,782,580	2.7%
Education tax levy	1,000,528	0.9%	1,008,899	1.0%
NITDEF tax levy	1,004,617	0.9%	1,001,417	1.0%
Tax exempt income	(16,555,790)	-15.5%	(17,391,171)	-16.9%
Deductible expenses	(301,385)	-0.3%	(300,425)	-0.3%
Under provision in prior years	-	0.0%	1,456,170	1.4%
Total income tax expense in comprehensive income	17,067,279	15.9%	16,341,043	15.9%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira

	Dec-2013	Dec-2013	Dec-2012	Dec-2012
Profit before income tax	100,461,729		100,141,667	
Income tax using the domestic corporation tax rate	30,138,518	30.0%	30,042,500	30.0%
Tax reliefs/WHT Credits	(497,326)	-0.5%	(546,643)	-0.5%
Net capital allowance	(3,882,764)	-3.6%	(3,175,486)	-3.1%
Non-deductible expenses	4,009,821	3.7%	2,782,580	2.7%
Education tax levy	1,000,528	0.9%	1,008,899	1.0%
NITDEF tax levy	1,004,617	0.9%	1,001,417	1.0%
Tax exempt income	(16,555,790)	-15.5%	(17,391,171)	-16.9%
Deductible expenses	(301,385)	-0.3%	(300,425)	-0.3%
Under provision in prior years	-	0.0%	1,456,170	1.4%
Total income tax expense in comprehensive income	14,916,219	15.8%	14,877,841	15.3%

Notes to the financial statements

Income tax recognised in other comprehensive income

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Income tax relating to actuarial gains and losses	196,731	(691,791)	196,731	(691,791)
Income tax relating to Foreign currency translation differences for foreign operations	(311,893)	(812,032)	-	-
Income tax relating to Net change in fair value of available for sale financial assets	1,224,129	438,955	1,166,147	379,137
	1,108,967	(1,064,868)	1,362,878	(312,654)

(b) *Current income tax payable*

The movement on the current income tax payable account during the year was as follows:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	15,630,973	14,062,596	15,340,116	13,760,343
Exchange difference on translation	(159,848)	(174,364)	-	-
Charge for the year	14,742,185	15,498,904	12,632,978	13,883,947
Payments during the year	(17,198,130)	(15,212,334)	(15,340,119)	(13,760,345)
Prior year under-provision	-	1,456,171	-	1,456,171
Liabilities on acquisition of subsidiaries	58,667	-	-	-
Balance, end of the year	13,073,847	15,630,973	12,632,975	15,340,116

Notes to the financial statements

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 attributable to ordinary shareholders of N89,599,095,000 and a weighted average number of ordinary shares outstanding of 28,260,504,993 and it calculated as follows:

Profit attributable to ordinary shareholders

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012
Net profit attributable to equity holders of the company	89,599,095	86,176,397
Interest expense on convertible debt (net of tax)	-	-
Net profit used to determine diluted earnings per share	89,599,095	86,176,397

Number of ordinary shares

<i>In thousands of shares</i>	Group Dec-2013	Group Dec-2012
Weighted average number of ordinary shares in issue	28,260,505	28,260,505
Basic earnings per share (expressed in naira per share)	3.17	3.05

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	28,260,505	28,260,505
Adjustment for:		
-Bonus element on conversion of convertible debt	-	-
-Share options (millions)	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,260,505	28,260,505
Diluted earnings per share (expressed in naira per share)	3.17	3.05

Notes to the financial statements

Basic Earnings Per Share (Basic EPS) - Discontinued operations

Weighted average number of ordinary shares in issue	28,260,505	28,260,505
Profit for the period from discontinued operations	-	559,780
Basic earnings per share (expressed in naira per share)	0.00	0.02
Weighted average number of ordinary shares in issue	28,260,505	28,260,505
-Bonus element on conversion of convertible debt	-	-
-Share options (millions)	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,260,505	28,260,505
Profit for the period from discontinued operations	-	559,780
Diluted earnings per share (expressed in naira per share)	0.00	0.02

Profit attributable to:

<i>In millions of shares</i>	Group Dec-2013	Group Dec-2012
Equity holders of the parent entity (total)	89,599,095	86,736,177
– Profit for the year from continuing operations	89,599,095	86,176,397
– Profit for the year from discontinued operations	-	559,780

Notes to the financial statements

23 Cash and cash equivalents

(a)	<i>In thousands of Nigerian Naira</i>	Group	Group	Parent	Parent
		Dec-2013	Dec-2012	Dec-2013	Dec-2012
	Cash in hand	30,448,221	40,740,209	24,612,167	23,406,726
	Balances held with other banks	85,154,356	74,572,750	32,508,143	28,672,903
	Unrestricted balances with central banks	32,260,765	14,116,151	23,962,746	7,691,952
	Money market placements	159,532,334	147,427,096	147,526,495	150,528,705
		<u>307,395,676</u>	<u>276,856,206</u>	<u>228,609,551</u>	<u>210,300,286</u>

(b) Cash and cash equivalents in statement of cash flows includes:

<i>In thousands of Nigerian Naira</i>	Group	Group	Parent	Parent
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Cash and cash equivalents of continuing operations	307,395,676	276,856,206	228,609,551	210,300,286
Cash and cash equivalents classified as held for sale	-	-	-	-
	<u>307,395,676</u>	<u>276,856,206</u>	<u>228,609,551</u>	<u>210,300,286</u>

24 Loans and advances to banks

<i>In thousands of Nigerian Naira</i>	Group	Group	Parent	Parent
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Loans and advances to banks	5,596,487	4,865,065	16,987	178,226
Less specific allowances for impairment	-	(3)	-	(3)
Less collective allowances for impairment	(11)	(238)	(11)	(238)
	<u>5,596,476</u>	<u>4,864,824</u>	<u>16,976</u>	<u>177,985</u>
Current	5,593,976	4,864,824	14,476	177,985
Non-current	2,500	-	2,500	-

Notes to financial statements

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

Group

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	3	238	241	39,365	160	39,525
Increase in impairment allowances	-	-	-	1	8	9
Reversal of impairment	(3)	(227)	(230)	-	-	-
Reclassifications	-	-	-	(39,363)	70	(39,293)
	-	11	11	3	238	241

Parent

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	3	238	241	39,365	160	39,525
Increase in impairment allowances	-	-	-	1	8	9
Reversal of impairment	(3)	(227)	(230)	-	-	-
Reclassifications	-	-	-	(39,363)	70	(39,293)
	-	11	11	3	238	241

25 Loans and advances to customers

Group Dec-2013	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Loans to individuals:				
Loans	63,293,748	46,698,343	51,499,866	38,362,957
Overdrafts	6,007,840	7,762,696	3,909,684	2,739,779
Others ¹	38,312	106,198	-	-
Gross loans	69,339,900	54,567,237	55,409,550	41,102,736
Specific impairment	(375,223)	(901,973)	(180,579)	(594,416)
Collective impairment	(923,780)	(151,058)	(880,293)	(128,533)
Total impairment	(1,299,003)	(1,053,031)	(1,060,872)	(722,949)
Carrying amount	68,040,897	53,514,206	54,348,678	40,379,787
Loans to Non-individuals:				
Loans	681,789,476	522,470,314	663,015,976	515,449,218
Overdrafts	136,981,233	121,111,149	100,729,164	106,519,148
Others ¹	138,076,534	100,163,603	127,811,952	96,185,941
	956,847,243	743,745,066	891,557,092	718,154,307
Specific impairment	(16,047,503)	(14,911,699)	(12,947,786)	(12,976,805)
Collective impairment	(6,469,999)	(3,297,555)	(5,990,891)	(3,120,345)
Total impairment	(22,517,502)	(18,209,254)	(18,938,677)	(16,097,150)
Carrying amount	934,329,741	725,535,812	872,618,415	702,057,157
Total carrying amount (individual and non individual)	1,002,370,638	779,050,018	926,967,093	742,436,944

Notes to financial statements

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Current	578,465,833	424,018,577	529,684,728	407,313,799
Non-current	423,904,805	355,031,441	397,282,365	335,123,145

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

Group

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	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	901,973	151,058	1,053,031	556,597	59,788	616,385
Foreign currency translation and other adjustments	(35,823)	(506)	(36,329)	(10,780)	(764)	(11,544)
Increase in impairment allowances	66,293	777,957	844,250	530,387	42,453	572,840
Reversal of impairment	(418,271)	(4,729)	(423,000)	(145,621)	(14,015)	(159,636)
Reclassifications	-	-	-	128,175	63,596	191,771
Write offs	(138,949)	-	(138,949)	(156,785)	-	(156,785)
Impairment of subsidiary acquired	-	-	-	-	-	-
Balance, end of period	375,223	923,780	1,299,003	901,973	151,058	1,053,031

Notes to financial statements

Parent

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	594,416	128,533	722,949	556,597	59,788	616,385
Foreign currency translation and other adjustments	-	-	-	-	-	-
Increase in impairment allowances	-	751,760	751,760	142,500	5,149	147,649
Reversal of impairment	(403,580)	-	(403,580)	(139,312)	-	(139,312)
Reclassifications	-	-	-	128,175	63,596	191,771
Write offs	(10,257)	-	(10,257)	(93,544)	-	(93,544)
Impairment of subsidiary acquired	-	-	-	-	-	-
Balance, end of period	180,579	880,293	1,060,872	594,416	128,533	722,949

Reconciliation of allowance accounts for losses on loans and advances to Non-Individuals

Group

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	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	14,911,699	3,297,555	18,209,254	16,191,120	9,052,043	25,243,163
Reversal of impairment	(645,152)	(194,457)	(839,609)	(978,405)	(3,210,935)	(4,189,340)
Foreign currency translation and other adjustments	(165,898)	(29,448)	(195,346)	(213,475)	(12,465)	(225,940)
Increase in impairment allowances	1,715,136	3,245,813	4,960,949	3,907,564	1,092,703	5,000,267
Reclassifications	78,792	(78,792)	-	(3,646,412)	(1,179,840)	(4,826,252)
Write offs	(445,000)	-	(445,000)	(348,693)	(2,443,951)	(2,792,644)
Impairment of subsidiary acquired	597,926	229,328	827,254	-	-	-
Balance, end of period	16,047,503	6,469,999	22,517,502	14,911,699	3,297,555	18,209,254

Parent

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	12,976,805	3,120,345	16,097,150	16,191,120	6,515,358	22,706,478
Foreign currency translation and other adjustments	62	-	62	-	-	-
Increase in impairment allowances	94,708	2,949,338	3,044,046	2,510,258	961,484	3,471,742
Reversal of impairment	(118,634)	-	(118,634)	(701,956)	(3,176,657)	(3,878,613)
Reclassifications	78,792	(78,792)	-	(3,646,412)	(1,179,840)	(4,826,252)
Write offs	(83,947)	-	(83,947)	(1,376,205)	-	(1,376,205)
Balance, end of period	12,947,786	5,990,891	18,938,677	12,976,805	3,120,345	16,097,150

Reclassifications relates to reversals done between the 2 classes of impairment for proper presentation. This resulted from movement of in exposures which were initially assessed under collective impairment in prior year but which were subsequently re-assessed under specific impairment in the current year. They are not provisions no longer required.

Notes to the financial statements

26 Financial assets held for trading

(a) <i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Trading bonds (see note 26(b) below)	5,143,554	4,550,387	5,143,554	4,550,387
Trading treasury bills (see note 26(c) below)	12,080,113	266,523,509	8,603,128	262,866,795
Equities	-	-	-	-
	17,223,667	271,073,896	13,746,682	267,417,182
Current	17,160,074	271,019,064	13,683,089	267,362,350
Non-current	63,593	54,832	63,593	54,832

(b) Trading bonds are analysed below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
3rd FGN Bond Series 14 (12.74%)	-	1,064,137	-	1,064,137
4th FGN Bond Series 9 (9.35%)	7,386	7,486	7,386	7,486
5th FGN Bond Series 1 (9.45%)	-	55,675	-	55,675
5th FGN Bond Series 4 (10.5%)	-	29,623	-	29,623
6th FGN Bond Series 3 (12.49%)	44,326	47,345	44,326	47,345
7th FGN Bond Series 1 (5.5%)	-	460	-	460
7th FGN Bond Series 2 (4.00%)	-	4	-	4
8th FGN Bond Series 1 (10.50%)	5,079,961	-	5,079,961	-
AMCON Bond	-	3,345,657	-	3,345,657
Local Contractor Bond	11,881	-	11,881	-
	5,143,554	4,550,387	5,143,554	4,550,387

Notes to the financial statements

(c) Trading treasury bills is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Nigerian treasury bills' maturities:				
03-January-2013	-	28,727,232	-	28,727,232
10-January-2013	-	5,164,365	-	5,164,365
17-January-2013	-	16,380,175	-	16,380,175
24-January-2013	-	21,256,695	-	21,256,695
31-January-2013	-	26,446,153	-	26,446,153
07-February-2013	-	6,311,208	-	6,311,208
14-February-2013	-	6,146,761	-	6,146,761
21-February-2013	-	10,585,415	-	10,585,415
28-February-2013	-	4,929,327	-	4,929,327
07-March-2013	-	828,021	-	828,021
14-March-2013	-	24,440,891	-	24,440,891
21-March-2013	-	34,517,833	-	34,517,833
28-March-2013	-	16,559,313	-	16,559,313
04-April-2013	-	14,976,205	-	14,976,205
11-April-2013	-	25,591,236	-	25,591,236
18-April-2013	-	2,642,295	-	2,642,295
25-April-2013	-	15,525,887	-	15,525,887
09-May-2013	-	3,676	-	3,676
23-May-2013	-	225	-	225
06-June-2013	-	262,737	-	262,737
27-June-2013	-	31,071	-	31,071
08-August-2013	-	232,248	-	232,248
05-December-2013	-	200,597	-	200,597
19-December-2013	-	1,107,229	-	1,107,229
02-January-2014	269,447	-	269,447	-
09-January-2014	131,160	-	131,160	-
16-January-2014	254,517	-	254,517	-
23-January-2014	295,894	-	295,894	-
30-January-2014	523,483	-	523,483	-
06-February-2014	10,300	-	10,300	-
13-February-2014	11,093	-	11,093	-
20-February-2014	80,005	-	80,005	-
27-February-2014	83,444	-	83,444	-
06-March-2014	224,554	-	224,554	-
13-March-2014	896	-	896	-
20-March-2014	265,510	-	265,510	-
27-March-2014	1,693,042	-	1,693,042	-
03-April-2014	607,173	-	607,173	-

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10-April-2014	628,478	-	628,478	-
17-April-2014	211,290	-	211,290	-
24-April-2014	673,214	-	673,214	-
08-May-2014	1,065,371	-	1,065,371	-
15-May-2014	955,945	-	955,945	-
22-May-2014	588,346	-	588,346	-
05-June-2014	1,513	-	1,513	-
19-June-2014	948	-	948	-
26-June-2014	5,641	-	5,641	-
09-October-2014	895	-	895	-
18-December-2014	20,969	-	20,969	-
Non-Nigerian treasury bills	3,476,985	3,656,714	-	-
	12,080,113	266,523,509	8,603,128	262,866,795

27 Derivative financial instruments

(a) Group
Dec-2013

In thousands of Nigerian Naira

	Notional Contract Amount	Fair Value Assets Liability	
Foreign exchange derivatives:			
Foreign exchange forward	7,171,967	169,677	(3,475)
Currency swaps	7,238,083	424	(408)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)

Parent
Dec-2013

In thousands of Nigerian Naira

	Notional Contract Amount	Fair Value Assets Liability	
Foreign exchange derivatives:			
Foreign exchange forward	7,171,967	169,677	(3,475)
Currency swaps	7,238,083	424	(408)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)

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

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designed as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-

Notes to the financial statements

determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

28 Investment securities

(a) <i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
(i) Available for sale investment securities				
Treasury bills	360,883,227	5,622,398	352,204,680	-
Bonds	6,735,679	7,303,799	4,802,488	7,303,799
Equity securities at fair value (See note 28(a)(ii) below)	6,975,141	-	6,975,141	-
Unquoted equity securities at cost (see note 28(c) below)	3,293,263	6,303,755	3,288,216	6,299,125
	377,887,310	19,229,952	367,270,525	13,602,924
Specific impairment for equities (see note 28(b) below)	(3,214,163)	(3,464,163)	(3,214,163)	(3,464,163)
Total available for sale investment securities	374,673,147	15,765,789	364,056,362	10,138,761
Held to maturity investment securities				
Bonds	15,879,968	7,896,407	5,207,273	5,308,197
Treasury bills	26,744,008	50,347,387	-	38,412,656
AMCON bond (see note 28(e) below)	39,359,346	68,527,540	39,359,346	68,527,540
Corporate bond (See note 28(a)(iii) below)	2,758,568	2,719,476	2,115,879	6,649,524
Total held to maturity investment securities	84,741,890	129,490,810	46,682,498	118,897,917
Total investment securities	459,415,037	145,256,599	410,738,860	129,036,678
Current	436,628,559	93,189,851	398,571,494	77,049,643
Non-current	22,786,478	52,066,748	12,167,366	51,987,035

Notes to the financial statements

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
SMEIS investment:				
- Sokoa Chair Centre	95,531	-	95,531	-
- TerraKulture Ltd	829,354	-	829,354	-
- Iscare Nigeria Ltd	125,687	-	125,687	-
- Central Securities Clearing System	106,891	-	106,891	-
- Patrick Speech & Language Centre Ltd	31,887	-	31,887	-
- 3 Peat Investment Ltd	1,945,109	-	1,945,109	-
- CRC Credit Bureau	45,796	-	45,796	-
	3,180,255	-	3,180,255	-
Other unquoted equity investment:				
- Kakawa Discount House Limited	1,663,576	-	1,663,576	-
- Unified Payment Services Limited ¹	124,060	-	124,060	-
- Nigeria Automated Clearing Systems	115,254	-	115,254	-
- Afrexim	215,483	-	215,483	-
- Africa Finance Corporation	1,676,513	-	1,676,513	-
	3,794,886	-	3,794,886	-
Total fair value of equity securities	6,975,141	-	6,975,141	-

The above investments which were recognised as unquoted equity securities in prior year have been recognised as equity securities at fair value in current period.

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

(iii) The amount represents the total value of investment in corporate bonds. Of this amount, the sum of N2,100,000,000 (December 2012: 2,700,000,000) represents face value of a 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc to the Bank. Included in parent's investment in corporate bonds for the comparative period is investment in Eurobond issued by GTBV in the sum of N3,930,048,000 (USD 25,162,375).

(b) Specific impairment for equities

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance at 1 January	3,464,163	2,694,626	3,464,163	2,694,626
- Charge for the year	-	769,537	-	769,537
- Reversals	(250,000)	-	(250,000)	-
Balance, end of the year	3,214,163	3,464,163	3,214,163	3,464,163

Notes to the financial statements

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

Unquoted equity securities is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>SMEEIS investment:</i>				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Sokoa Chair Centre	-	61,288	-	61,288
- TerraKulture Ltd	-	469,999	-	469,999
- Tinapa Business Resort	-	500,000	-	500,000
- Iscare Nigeria Ltd	-	40,000	-	40,000
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Central Securities Clearing System	-	10,500	-	10,500
- Patrick Speech & Language Centre Ltd	-	30,000	-	30,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
- 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	3,024,015	5,212,945	3,024,015	5,212,945
Less specific impairment for equities	(2,949,962)	(3,199,962)	(2,949,962)	(3,199,962)
Carrying value of SMIEES investment	74,053	2,012,983	74,053	2,012,983
<i>Other unquoted equity investment:</i>				
- Kakawa Discount House Limited	-	34,100	-	34,100
- Unified Payment Services Limited ¹	-	90,153	-	90,153
- Nigeria Automated Clearing Systems	-	47,547	-	47,547
- Afrexim	-	14,131	-	14,131
- ICHL Nigeria Limited	264,201	264,201	264,201	264,201
- GIM UEMOA	5,047	4,630	-	-
- Africa Finance Corporation	-	636,048	-	636,048
Cost of other unquoted equity investment	269,248	1,090,810	264,201	1,086,180
Less specific impairment for equities	(264,201)	(264,201)	(264,201)	(264,201)
Carrying value of other unquoted equity investment	5,047	826,609	-	821,979
Total cost of unquoted equity investment	3,293,263	6,303,755	3,288,216	6,299,125
Total impairment of unquoted equity investment	(3,214,163)	(3,464,163)	(3,214,163)	(3,464,163)
Total carrying value of unquoted equity investment	79,100	2,839,592	74,053	2,834,962

Notes to the financial statements

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

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 which technically equates the Adjusted net asset value of these entities.

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 2 of the Fair Value hierarchy table. The outstanding carrying amount on the book for these investments as at 31st December 2013 is N74m.

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.

Also, the Group neither controls nor significantly influences the above SMEEIS and other long term 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.

(e) (i) The AMCON bonds comprise:

	Group	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Face value	43,147,618	81,484,586	43,147,618	81,484,586
Unearned interest	(3,788,272)	(12,957,046)	(3,788,272)	(12,957,046)
	39,359,346	68,527,540	39,359,346	68,527,540

(ii) This represents consideration bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The Consideration bonds were issued to banks in exchange for non-performing loans.

Notes to the financial statements

29 **Assets pledged as collateral**

(a)	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
<i>In thousands of Nigerian Naira</i>				
Financial assets held for trading (See note 29(c) below):	1,682	16,461,583	-	16,461,583
- Treasury bills	1,682	12,668,211	-	12,668,211
- Bonds	-	3,793,372	-	3,793,372
Investment Securities - available for sale (See note (d) below):	28,440,947	-	28,440,947	-
- Treasury bills	28,440,947	-	28,440,947	-
Investment Securities - held to maturity (See note 29(e) below):	-	14,741,647	-	14,741,647
- Treasury bills	-	14,741,647	-	14,741,647
	28,442,629	31,203,230	28,440,947	31,203,230
Current	28,440,947	31,203,230	28,440,947	31,203,230
Non-current	1,682	-	-	-

(b) Included in Assets pledged as collateral for comparative period are bonds held on Repurchase agreements (REPO) basis N3,793,372,000. Other 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 and Valucard Nigeria Plc for collections and other transactions.

(c) Bonds and Treasury Bills pledged as collateral of N1,682,000 (Bank: nil) (December 2012: N16,461,583,000) have been reclassified from financial assets held for trading at fair value.

(d) Treasury Bills pledged as collateral of N28,440,947,000 (December 2012: nil) have been reclassified from available for sale investment securities at fair value.

(e) Treasury Bills pledged as collateral of nil (December 2012: N14,741,647,000) have been reclassified from held to maturity investment securities at amortised cost.

30 **Investment in subsidiaries**

(a) Investment in subsidiaries comprises:

<i>In thousands of Nigerian Naira</i>	Parent Dec-2013	Parent Dec-2012
GTB Gambia	574,278	574,278
GTB Sierra Leone	594,109	594,109
GTB Ghana	8,572,446	8,498,732
GTB Finance B.V.	3,220	3,220
GTB UK Limited	7,822,427	7,822,427
GTB Liberia Limited	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	3,485,058	3,485,058
GTB Kenya Limited	17,131,482	-
	40,130,284	22,925,088
Current	-	-
Non-current	40,130,284	22,925,088

Notes to the financial statements

(a) (i) The movement in investment in subsidiaries during the period is as follows:

<i>In thousands of Nigerian Naira</i>	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	22,925,088	16,233,581
Disposal during the period	-	-
Additions during the period	17,205,196	6,691,507
Transferred to assets classified as held for sale and discontinued operations	-	-
Balance, end of the year	40,130,284	22,925,088

Notes to the financial statements

Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at 31 December 2013, are as follows:

Full year profit and loss

Dec-2013

<i>In thousands of Nigerian Naira</i>	Group balance	Elimination Entries	GTBank Plc	SIT	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya
Operating income	192,515,167	(961,174)	175,424,193	(79,936)	-	9,950,126	2,483,005	1,218,312	1,926,370	1,587,629	134,138	832,504
Operating expenses	(82,537,906)	-	(72,049,146)	122,547	-	(4,254,202)	(1,466,179)	(914,488)	(1,871,531)	(917,935)	(489,803)	(697,169)
Loan impairment charges	(2,886,005)	-	(2,913,318)	-	-	317,652	(215,664)	(41,324)	-	5,153	-	(38,504)
<i>Profit before tax from continuing operations</i>	107,091,256	(961,174)	100,461,729	42,611	-	6,013,576	801,162	262,500	54,839	674,847	(355,665)	96,831
Taxation	(17,067,279)	-	(14,916,219)	-	-	(1,781,027)	(256,554)	(1)	66,182	(194,899)	-	15,239
<i>Profit after tax from continuing operations</i>	90,023,977	(961,174)	85,545,510	42,611	-	4,232,549	544,608	262,499	121,021	479,948	(355,665)	112,070
<i>Profit after tax from discontinued operations</i>	-	-	-	-	-	-	-	-	-	-	-	-
Profit after tax	90,023,977	(961,174)	85,545,510	42,611	-	4,232,549	544,608	262,499	121,021	479,948	(355,665)	112,070

Notes to the financial statements

Condensed financial position
Dec-2013

<i>In thousands of Nigerian Naira</i>	Group balance	Elimination Entries	GTBank Plc	SIT	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya
Assets												
Cash and cash equivalents	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314
Loans and advances to banks	5,596,476	-	16,976	-	-	-	-	462,151	5,117,349	-	-	-
Loans and advances to customers	1,002,370,638	(144,273,815)	926,967,093	-	142,993,474	21,979,712	5,087,070	3,824,876	8,375,480	3,521,200	328,184	33,567,364
Financial assets held for trading	17,223,667	-	13,746,682	-	-	-	-	-	-	3,476,985	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial assets	170,101	-	170,101	-	-	-	-	-	-	-	-	-
Investment securities:	-	-	-	-	-	-	-	-	-	-	-	-
– Available for sale	374,673,147	(2,046,714)	364,056,362	2,046,714	-	-	4,264,130	-	2,300,078	-	5,047	4,047,530
– Loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-
– Held to maturity	84,741,890	-	46,682,498	-	-	24,128,122	-	671,343	-	-	2,249,829	11,010,098
Investment in subsidiaries	-	(40,130,284)	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	28,442,629	-	28,440,947	-	-	-	-	-	-	-	1,682	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	68,306,197	-	61,419,683	-	-	1,886,315	879,050	691,287	493,519	823,738	796,440	1,316,165
Intangible assets	11,214,274	8,605,984	2,256,768	-	-	119,042	396	8,792	33,184	10,834	99,103	80,171
Deferred tax assets	1,945,629	1,066,039	-	-	-	63,307	-	-	326,535	-	-	489,748
Restricted deposits and other assets	200,766,091	(198,779)	191,868,850	-	1,203,390	1,213,055	211,661	2,121,619	257,520	1,588,455	326,861	2,173,459
Total assets	2,102,846,415	(196,352,402)	1,904,365,795	2,050,016	144,196,864	69,504,525	17,843,193	12,027,101	63,994,886	11,349,147	4,883,441	68,983,849
Financed by:												
Deposits from banks	15,208,300	(17,290,573)	88,729	-	-	3,703,584	331,259	-	26,513,988	554,570	-	1,306,743
Deposits from customers	1,427,493,697	(491,410)	1,261,927,035	-	-	48,951,956	14,718,977	8,802,278	29,026,122	9,206,881	1,700,853	53,651,005
Derivative financial liabilities	3,883	-	3,883	-	-	-	-	-	-	-	-	-
Debt securities issued	156,498,167	-	13,233,595	-	142,899,381	-	-	-	-	-	-	365,191
Current income tax liabilities	13,073,847	-	12,632,975	-	-	147,568	113,895	7,855	-	42,787	-	128,767
Deferred tax liabilities	5,065,625	-	4,784,323	-	-	142,608	6,490	-	34,512	-	-	97,692
Other liabilities	61,014,954	(198,781)	49,008,466	7,463,681	782,644	899,777	360,139	901,596	334,307	41,912	366,290	1,054,923
Other borrowed funds	92,134,872	(145,866,665)	233,040,108	1,374,432	-	1,865,971	-	-	1,592,852	-	-	128,174
Total liabilities	1,770,493,345	(163,847,429)	1,574,719,114	8,838,113	143,682,025	55,711,464	15,530,760	9,711,729	57,501,781	9,846,150	2,067,143	56,732,495
Equity and reserve	332,353,070	(32,504,973)	329,646,681	(6,788,097)	514,839	13,793,061	2,312,433	2,315,372	6,493,105	1,502,997	2,816,298	12,251,354
	2,102,846,415	(196,352,402)	1,904,365,795	2,050,016	144,196,864	69,504,525	17,843,193	12,027,101	63,994,886	11,349,147	4,883,441	68,983,849

Notes to the financial statements

Condensed cash flow

Dec-2013

<i>In thousands of Nigerian Naira</i>	Group balance	Elimination Entries	<i>GTBank Plc</i>	<i>SIT</i>	<i>GTB Finance B.V.</i>	<i>GT Bank Ghana</i>	<i>GT Bank Sierra Leone</i>	<i>GT Bank Liberia</i>	<i>GT Bank UK</i>	<i>GT Bank Gambia</i>	<i>GT Bank Cote D'Ivoire</i>	<i>GT Bank Kenya</i>
Net cash flow:												
- from operating activities	325,188,925	33,679,370	306,604,430	164,213	(63,362,128)	14,406,031	2,954,970	1,780,354	(4,381,594)	591,706	674,397	32,077,177
- from investing activities	(317,624,857)	21,030,728	(308,774,524)	-	-	(12,288,310)	(944,305)	(804,894)	75,039	(467,066)	(1,714,557)	(13,736,967)
- from financing activities	20,370,057	(61,356,589)	17,951,385	(213,285)	63,360,670	210,305	(75,794)	-	-	-	-	493,365
Increase in cash and cash equivalents	27,934,125	(6,646,492)	15,781,291	(49,072)	(1,458)	2,328,026	1,934,870	975,460	(4,306,556)	124,641	(1,040,160)	18,833,576
Cash balance, beginning of year	276,856,206	(14,814,517)	210,300,286	50,354	1,423	19,660,699	5,353,867	3,208,379	49,242,650	1,863,876	1,989,189	-
Effect of exchange difference	2,605,345	2,086,176	2,527,974	2,020	35	(1,873,753)	112,149	63,194	2,155,127	(60,582)	127,266	(2,534,262)
Cash balance, end of year	307,395,676	(19,374,833)	228,609,551	3,302	0	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314

Notes to the financial statements

(b) Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2013, are as follows:

Profit and loss

Dec-2013

<i>In thousands of Nigerian Naira</i>	<i>GT Bank Kenya Group</i>	<i>Elimination Entries</i>	<i>GT Bank Kenya</i>	<i>GT Bank Uganda</i>	<i>GT Bank Rwanda</i>
Operating income	832,504	-	442,497	310,717	79,290
Operating expenses	(697,169)	-	(325,973)	(273,451)	(97,745)
Loan impairment charges	(38,504)	-	10,351	(31,284)	(17,571)
<i>Profit before tax from continuing operations</i>	96,831	-	126,875	5,982	(36,026)
Taxation	15,239	-	(25,093)	(4,516)	44,848
<i>Profit after tax from continuing operations</i>	112,070	-	101,782	1,466	8,822
<i>Profit after tax from discontinued operations</i>	-	-	-	-	-
<i>Profit after tax</i>	112,070	-	101,782	1,466	8,822

Condensed financial position

Dec-2013

<i>In thousands of Nigerian Naira</i>	<i>GT Bank Kenya Group</i>	<i>Elimination Entries</i>	<i>GT Bank Kenya</i>	<i>GT Bank Uganda</i>	<i>GT Bank Rwanda</i>
Assets					
Cash and cash equivalents	16,299,314	-	12,209,468	2,917,257	1,172,589
Loans and advances to customers	33,567,364	-	19,200,041	11,172,241	3,195,082
– Available for sale	4,047,530	-	4,047,530	-	-
– Held to maturity	11,010,098	-	7,405,013	2,442,945	1,162,140
Investment in subsidiaries	-	(3,538,225)	3,538,225	-	-
Property and equipment	1,316,165	-	332,958	923,198	60,009
Intangible assets	80,171	40,646	19,232	19,859	434
Deferred tax assets	489,748	-	22,747	-	467,001
Restricted deposits and other assets	2,173,459	2	1,079,006	1,041,845	52,606
<i>Total assets</i>	68,983,849	(3,497,577)	47,854,220	18,517,345	6,109,861
Financed by:					
Deposits from banks	1,306,743	-	1,031,312	545	274,886
Deposits from customers	53,651,005	-	34,374,743	15,816,044	3,460,218
Debt securities issued	365,191	-	365,191	-	-
Current income tax liabilities	128,767	-	128,767	-	-
Deferred tax liabilities	97,692	-	-	97,692	-
Other liabilities	1,054,923	-	604,328	325,273	125,322
Other borrowed funds	128,174	-	-	128,174	-
	56,732,495	-	36,504,341	16,367,728	3,860,426
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-
<i>Total liabilities</i>	56,732,495	-	36,504,341	16,367,728	3,860,426
Equity and reserve	12,251,354	(3,497,577)	11,349,879	2,149,617	2,249,435
	68,983,849	(3,497,577)	47,854,220	18,517,345	6,109,861

Notes to the financial statements

(c) Condensed results of the consolidated entities as at 31 December 2012, are as follows:

Dec-2012

<i>In thousands of Nigerian Naira</i>	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	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
Condensed profit and loss												
Operating income	181,767,538	(518,471)	166,817,628	(96,355)	-	-	9,119,901	2,106,871	1,032,981	1,705,513	1,506,602	92,868
Operating expenses	(78,000,829)	-	(67,343,628)	(2,095,505)	-	-	(3,740,488)	(1,257,695)	(758,065)	(1,600,509)	(919,659)	(285,280)
Loan impairment charges	(738,786)	-	667,667	-	-	-	(1,023,578)	(283,565)	(44,776)	-	(54,523)	(11)
<i>Profit before tax from continuing operations</i>	103,027,923	(518,471)	100,141,667	(2,191,860)	-	-	4,355,835	565,611	230,140	105,004	532,420	(192,423)
Taxation	(16,341,043)	-	(14,877,841)	-	-	-	(1,229,486)	(169,683)	(40,090)	151,754	(175,696)	(1)
<i>Profit after tax from continuing operations</i>	86,686,880	(518,471)	85,263,826	(2,191,860)	-	-	3,126,349	395,928	190,050	256,758	356,724	(192,424)
<i>Profit after tax from discontinued operations</i>	609,077	609,077	-	-	-	-	-	-	-	-	-	-
Profit after tax	87,295,957	90,606	85,263,826	(2,191,860)	-	-	3,126,349	395,928	190,050	256,758	356,724	(192,424)

Notes to the financial statements

Condensed results of the consolidated entities as at 31 December 2012, are as follows:

Dec-2012

<i>In thousands of Nigerian Naira</i>	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	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
Condensed financial position												
Assets												
Cash and cash equivalents	276,856,206	(14,814,517)	210,300,286	50,354	-	1,423	19,660,699	5,353,867	3,208,379	49,242,650	1,863,876	1,989,189
Loans and advances to banks	4,864,824	-	177,985	-	-	-	-	-	-	4,686,839	-	-
Loans and advances to customers	779,050,018	(79,205,702)	742,436,944	-	-	77,992,985	20,062,511	3,839,654	3,333,005	6,332,848	4,071,772	186,001
Financial assets held for trading	271,073,896	-	267,417,182	-	-	-	-	-	-	-	3,656,714	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Investment securities:	-	-	-	-	-	-	-	-	-	-	-	-
– Available for sale	15,765,789	(2,046,714)	10,138,761	2,046,714	-	-	-	3,304,134	-	2,318,264	-	4,630
– Loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-
– Held to maturity	129,490,810	(3,930,048)	118,897,917	-	-	-	13,887,947	-	-	-	-	634,994
Investment in subsidiaries	-	(22,925,088)	22,925,088	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	31,203,230	-	31,203,230	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	60,886,728	-	55,496,808	-	-	-	1,969,699	846,779	642,907	501,507	751,561	677,467
Intangible assets	1,772,176	50,922	1,539,717	-	-	-	107,626	685	28,731	44,495	-	-
Deferred tax assets	991,791	812,032	-	-	-	-	-	-	-	179,759	-	-
Restricted deposits and other assets	162,922,392	(93,250)	159,783,305	-	-	388	662,278	338,470	1,607,905	216,168	302,218	104,910
Total assets	1,734,877,860	(122,152,365)	1,620,317,223	2,097,068	-	77,994,796	56,350,760	13,683,589	8,820,927	63,522,530	10,646,141	3,597,191
Financed by:												
Deposits from banks	23,860,259	(12,808,683)	7,170,321	-	-	-	3,322,186	761	-	26,175,674	-	-
Deposits from customers	1,148,197,165	(480,290)	1,054,122,573	-	-	-	39,306,669	10,969,114	5,641,214	29,517,782	8,809,434	310,669
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities issued	86,926,227	(3,930,048)	13,238,291	-	-	77,617,984	-	-	-	-	-	-
Current income tax liabilities	15,630,973	-	15,340,116	-	-	-	86,106	167,088	5,343	-	32,320	-
Deferred tax liabilities	2,596,405	-	2,533,627	-	-	-	30,501	5,350	-	26,927	-	-
Other liabilities	83,278,066	(93,247)	72,178,426	7,340,059	-	74,989	1,172,145	754,549	1,024,717	240,966	192,786	392,676
Other borrowed funds	92,561,824	(80,731,248)	169,194,418	1,587,717	-	-	985,390	-	-	1,525,547	-	-
Total liabilities	1,453,050,919	(98,043,516)	1,333,777,772	8,927,776	-	77,692,973	44,902,997	11,896,862	6,671,274	57,486,896	9,034,540	703,345
Equity and reserve	281,826,941	(24,108,849)	286,539,451	(6,830,708)	-	301,823	11,447,763	1,786,727	2,149,653	6,035,634	1,611,601	2,893,846
	1,734,877,860	(122,152,365)	1,620,317,223	2,097,068	-	77,994,796	56,350,760	13,683,589	8,820,927	63,522,530	10,646,141	3,597,191

Notes to the financial statements

Dec-2012

<i>In thousands of Nigerian Naira</i>	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	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
Condensed cash flow												
Net cash flow:												
- from operating activities	9,239,076	(34,320,082)	(34,619,493)	67,459	(3,971,316)	56,844,989	14,499,674	(380,474)	715,680	9,994,206	408,434	2,880,114
- from investing activities	7,743,371	(9,611,018)	26,174,917	-	2,886,708	-	(8,908,783)	781,842	668,947	(4,542,871)	293,629	(107,557)
- from financing activities	(88,727,555)	59,369,313	(93,330,478)	(55,008)	-	(56,844,320)	(772,838)	(159,254)	-	3,065,030	-	-
Increase in cash and cash equivalents	(71,745,108)	15,438,214	(101,775,054)	12,451	(1,084,608)	669	4,818,052	242,114	1,384,627	8,516,365	702,063	2,772,557
Cash balance, beginning of year	349,883,065	(16,753,732)	311,072,270	36,568	1,084,608	801	10,782,179	4,321,701	1,988,686	36,225,186	1,124,798	-
Effect of exchange difference	(1,281,751)	(2,220,320)	1,003,070	-	-	13	(1,164,679)	101,603	22,205	886,589	89,767	-
Cash balance, end of year	276,856,206	(3,535,838)	210,300,286	49,019	-	1,483	14,435,552	4,665,418	3,395,518	45,628,140	1,916,628	2,772,557

31 Property and equipment

(a) Group

<i>In thousands of Nigerian Naira</i>	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Cost							
Balance at 1 January 2013	30,944,183	8,041,110	36,223,462	6,791,431	4,113,773	8,295,478	94,409,437
Exchange difference	(22,807)	(119,825)	(108,577)	(61,083)	-	(11,672)	(323,964)
Additions	1,849,537	155,133	3,753,852	1,862,312	68,503	7,130,321	14,819,658
Disposals	(11,347)	(107,374)	(483,615)	(908,669)	-	-	(1,511,005)
Transfers	1,402,835	157,675	1,379,648	243	-	(2,940,401)	-
Reclassifications from other assets	-	-	48,540	-	-	978,572	1,027,112
Assets of subsidiaries acquired	671,208	-	1,723,463	93,711	-	137,658	2,626,040
Balance at 31 December 2013	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278
Balance at 1 January 2012	29,379,263	6,353,602	30,036,502	6,831,294	4,113,773	7,975,592	84,690,026
Exchange difference	(242,927)	(85,569)	(202,312)	(54,339)	-	(16,460)	(601,607)
Additions	2,356,335	182,036	5,970,589	1,123,912	-	5,296,576	14,929,448
Disposals	(1,742,815)	-	(82,382)	(1,109,436)	-	(1,673,797)	(4,608,430)
Transfers	1,194,327	1,591,041	501,065	-	-	(3,286,433)	-
Balance at 31 December 2012	30,944,183	8,041,110	36,223,462	6,791,431	4,113,773	8,295,478	94,409,437

Capital work in progress 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 <i>In thousands of Nigerian Naira</i>	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Balance at 1 January 2013	4,022,731	538,069	22,939,717	4,389,515	1,632,677	-	33,522,709
Exchange difference	(5,866)	(15,025)	(122,744)	(32,414)	-	-	(176,049)
Charge for the year	1,506,792	96,089	6,021,577	1,215,291	492,841	-	9,332,590
Disposal	(80,302)	(107,374)	(361,408)	(789,437)	-	-	(1,338,521)
Assets of subsidiaries acquired	164,790	-	1,172,793	62,769	-	-	1,400,352
Balance at 31 December 2013	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Balance at 1 January 2012	3,768,627	445,252	17,595,423	4,065,390	1,304,712	-	27,179,404
Exchange difference	(22,651)	(5,370)	(117,500)	(26,530)	-	-	(172,051)
Charge for the year	1,227,299	98,187	5,523,068	1,362,758	327,965	-	8,539,277
Disposal	(950,544)	-	(61,274)	(1,012,103)	-	-	(2,023,921)
Balance at 31 December 2012	4,022,731	538,069	22,939,717	4,389,515	1,632,677	-	33,522,709
Carrying amounts:							
Balance at 31 December 2013	29,225,464	7,614,960	12,886,838	2,932,221	2,056,758	13,589,956	68,306,197
Balance at 31 December 2012	26,921,452	7,503,041	13,283,745	2,401,916	2,481,096	8,295,478	60,886,728

Property and equipment (continued)

(b) Parent

<i>In thousands of Nigerian Naira</i>	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Cost							
Balance at 1 January 2013	27,597,533	7,270,014	33,145,122	5,963,590	4,113,773	7,920,000	86,010,032
Exchange difference	-	-	-	-	-	-	-
Additions	1,862,876	160,000	3,298,246	1,608,653	68,503	6,676,561	13,674,839
Disposals	(40)	(107,374)	(23,216)	(793,798)	-	-	(924,428)
Transfers	1,159,097	157,675	1,310,988	-	-	(2,627,760)	-
Reclassifications from other assets	-	-	-	-	-	978,572	978,572
Balance at 31 December 2013	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015
Balance at 1 January 2012	26,221,821	5,519,923	27,688,280	6,097,340	4,113,773	7,702,835	77,343,972
Exchange difference	-	-	-	-	-	-	-
Additions	1,924,200	159,050	5,021,799	917,424	-	5,103,598	13,126,071
Disposals	(1,742,815)	-	(66,022)	(1,051,174)	-	(1,600,000)	(4,460,011)
Transfers	1,194,327	1,591,041	501,065	-	-	(3,286,433)	-
Balance at 31 December 2012	27,597,533	7,270,014	33,145,122	5,963,590	4,113,773	7,920,000	86,010,032

Property and equipment (continued)

Parent Depreciation <i>In thousands of Nigerian Naira</i>	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Balance at 1 January 2013	3,503,994	451,917	21,050,096	3,874,540	1,632,677	-	30,513,224
Exchange difference	-	-	-	-	-	-	-
Charge for the year	1,335,274	97,152	5,557,663	1,145,012	492,841	-	8,627,942
Disposal	-	(107,374)	(22,366)	(692,094)	-	-	(821,834)
Balance at 31 December 2013	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
Balance at 1 January 2012	3,374,470	367,885	16,178,138	3,624,537	1,304,712	-	24,849,742
Exchange difference	-	-	-	-	-	-	-
Charge for the year	1,080,068	84,032	4,922,446	1,220,471	327,965	-	7,634,982
Disposal	(950,544)	-	(50,488)	(970,468)	-	-	(1,971,500)
Balance at 31 December 2012	3,503,994	451,917	21,050,096	3,874,540	1,632,677	-	30,513,224
Carrying amounts:							
Balance at 31 December 2013	25,780,198	7,038,620	11,145,747	2,450,987	2,056,758	12,947,373	61,419,683
Balance at 31 December 2012	24,093,539	6,818,097	12,095,026	2,089,050	2,481,096	7,920,000	55,496,808

(c) The Bank had capital commitments of N465,295,000 (31 December 2012: N1,008,604,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2013: nil)

¹Until 31 December 2012, the Group had classified Land as operating lease with the unamortized lease rental recognized in Prepayments within Other Assets. Land is leased for a period of 99 years in Nigeria with an immaterial sum paid to renew the lease for another 99 years and this continues in perpetuity. In the financial year ended December 31, 2012, the Group classified Land as part of Property and Equipment because substance over form, ownership of Land is assumed to reside with the Bank. The carrying value of Land, therefore, has been reclassified from Restricted deposits and Other Assets to Property and Equipment. Accordingly, a third statement of financial position for earliest comparative period has been prepared.

Notes to the financial statements

32 Intangible assets

(a) Group

<i>In thousands of Nigerian Naira</i>	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2013	50,923	5,608,778	5,659,701
Exchange translation differences	(50)	(2,675)	(2,725)
Additions	-	1,589,242	1,589,242
Goodwill on subsidiaries acquired	8,555,062	-	8,555,062
Assets of subsidiaries acquired	40,696	334,269	374,965
Balance at 31 December 2013	8,646,631	7,529,614	16,176,245
Balance at 1 January 2012	50,923	4,499,395	4,550,318
Exchange translation differences	-	(31,599)	(31,599)
Additions	-	1,140,982	1,140,982
Balance at 31 December 2012	50,923	5,608,778	5,659,701
Amortization and impairment losses			
Balance at 1 January 2013	-	3,887,525	3,887,525
Exchange translation differences	-	(3,550)	(3,550)
Amortization for the period	-	783,270	783,270
Assets of subsidiaries acquired	-	294,726	294,726
Balance at 31 December 2013	-	4,961,971	4,961,971
Balance at 1 January 2012	-	3,543,848	3,543,848
Exchange translation differences	-	(8,842)	(8,842)
Amortization for the period	-	352,519	352,519
Balance at 31 December 2012	-	3,887,525	3,887,525
Carrying amounts			
Balance at 31 December 2013	8,646,631	2,567,643	11,214,274
Balance at 31 December 2012	50,923	1,721,253	1,772,176

Goodwill is revised annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended December 2013 (2012: nil).

Notes to the financial statements

(b) Parent

<i>In thousands of Nigerian Naira</i>	Purchased Software
Cost	
Balance at 1 January 2013	5,277,464
Additions	1,362,305
Balance at 31 December 2013	6,639,769
Balance at 1 January 2012	4,082,695
Additions	1,194,769
Balance at 31 December 2012	5,277,464
Amortization and impairment losses	
Balance at 1 January 2013	3,737,747
Amortization for the period	645,254
Balance at 31 December 2013	4,383,001
Balance at 1 January 2012	3,319,986
Amortization for the period	417,761
Balance at 31 December 2012	3,737,747
Carrying amounts	
Balance at 31 December 2013	2,256,768
Balance at 31 December 2012	1,539,717

Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired in 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 to business segments as follows:

In thousands of Nigerian Naira

Operating segment	Dec-2013	Dec-2012
Corporate banking	4,595,588	40,738
Retail banking	2,107,851	10,185
Commercial banking	1,491,843	-
SME	461,626	-
	8,656,908	50,923

No impairment loss on goodwill was recognised during the period ended 31 December 2013 (December 2012: nil). Included in the December 2013 figure is the goodwill of N8,605,985,000 that arose on the acquisition of Finabank Kenya.

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

Cash flows were projected based on past experience, actual operating results and the 5-year business plan in both 2012 and 2013. Cash flows for a further 5 year using a constant growth rate of 2 per cent were extrapolated for the two financial periods. This constant growth rate is based on the long term forecast GTBank's growth rate in the countries in which the CGU's operates. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.

Growth Rates

Pre-tax discount rates of 8% were applied in determining the recoverable amounts for the segments for which goodwill was allocated. This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

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-2013			Dec-2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	398,346	-	398,346	179,759	-	179,759
Fair value reserves	22,747	-	22,747	-	-	-
Allowances for loan losses	4,312	-	4,312	-	-	-
Other assets	454,185	-	454,185	812,032	-	812,032
Foreign currency translation difference	1,066,039	-	1,066,039	-	-	-
Net deferred tax assets/(liabilities)	1,945,629	-	1,945,629	991,791	-	991,791

In thousands of Nigerian Naira

	Dec-2013	Dec-2012
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	1,547,283	812,032
-Deferred tax assets to be recovered after more than 12 months	398,346	179,759
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	-	-
-Deferred tax liabilities to be recovered after more than 12 months	-	-

Group**Deferred tax liabilities***In thousands of Nigerian Naira*

	Dec-2013			Dec-2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	6,526,882	6,526,882	-	5,056,628	5,056,628
Fair value reserves	-	1,310,829	1,310,829	-	72,689	72,689
Allowances for loan losses	2,897,696	-	(2,897,696)	2,832,792	-	(2,832,792)
Mark to market loss on valuation of securities	37,857	-	(37,857)	108,779	-	(108,779)
Defined benefit obligation	495,061	-	(495,061)	-	701,231	701,231
Other assets	99,863	758,391	658,528	(459,642)	59,818	519,460
Foreign currency translation difference	-	-	-	-	(812,032)	(812,032)
Net deferred tax assets/(liabilities)	3,530,477	8,596,102	5,065,625	2,481,929	5,078,334	2,596,405

In thousands of Nigerian Naira

	Dec-2013	Dec-2012
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,530,477	2,481,929
-Deferred tax assets to be recovered after more than 12 months	-	-
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	2,069,220	21,706
-Deferred tax liabilities to be recovered after more than 12 months	6,526,882	5,056,628

Parent
Deferred Tax Liabilities

<i>In thousands of Nigerian Naira</i>	Dec-2013			Dec-2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	6,219,780	6,219,780	-	4,974,376	4,974,376
Fair value reserves	-	1,238,836	1,238,836	-	72,689	72,689
Allowances for loan losses	2,808,099	-	(2,808,099)	2,822,084	-	(2,822,084)
Mark to market loss on valuation of securities	37,857	-	(37,857)	108,779	-	(108,779)
Defined benefit obligation	495,061	-	(495,061)	-	709,997	709,997
Other assets	91,667	758,391	666,724	292,572	-	(292,572)
Net deferred tax assets/(liabilities)	3,432,684	8,217,007	4,784,323	3,223,435	5,757,062	2,533,627

<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,432,684	3,223,435
-Deferred tax assets to be recovered after more than 12 months	-	-
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,997,227	782,686
-Deferred tax liabilities to be recovered after more than 12 months	6,219,780	4,974,376

Deferred tax assets and liabilities
Movements in temporary differences during the year

Group
Dec-2013

In thousands of Nigerian Naira

	Balance at Jan-2013	Exchange Difference	Recognised in		Asset of subsidiaries acquired	Balance at Dec-2013
			Profit or loss	Other comprehensive income		
Property and equipment, and software	4,876,869	(43,286)	1,279,796	-	15,157	6,128,536
Operating lease rental - land	-	-	-	-	-	-
Fair value reserves	72,689	10	-	1,224,129	(8,746)	1,288,082
Allowances for loan losses	(2,832,792)	(10,297)	(58,919)	-	-	(2,902,008)
Mark to market loss on valuation of securities	(108,779)	12,544	58,378	-	-	(37,857)
Defined benefit obligation	701,231	-	(1,393,023)	196,731	-	(495,061)
Other assets	459,642	(2,660)	1,043,439	-	(474,700)	1,025,721
Foreign currency translation difference	(1,564,246)	-	-	(311,893)	(11,278)	(1,887,417)
	1,604,614	(43,689)	929,671	1,108,967	(479,567)	3,119,996

Group
Dec-2012

In thousands of Nigerian Naira

	Balance at Jan-2012	Exchange Difference	Recognised in		Other comprehensive income	Balance at Dec-2012
			Profit or loss			
Property and equipment, and software	5,904,781	(46,115)	(981,797)	-	-	4,876,869
Fair value reserves	(790,890)	-	424,624	438,955	-	72,689
Allowances for loan losses	(2,733,598)	(10,708)	(88,486)	-	-	(2,832,792)
Mark to market loss on valuation of securities	3,443	(3,443)	(108,779)	-	-	(108,779)
Defined benefit obligation	1,315,560	(8,766)	86,228	(691,791)	-	701,231
Other assets	(448,282)	41,713	54,179	-	-	(352,390)
Foreign currency translation difference	59,818	-	-	(812,032)	-	(752,214)
	3,310,832	(27,319)	(614,031)	(1,064,868)		1,604,614

**Parent
Dec-2013**
In thousands of Nigerian Naira

	Balance at Jan-2013	Recognised in		Balance at Dec-2013
		Profit or loss	Other comprehensive income	
Property and equipment, and software	4,974,376	1,245,404	-	6,219,780
Operating lease rental - land				-
Fair value reserves	72,689	-	1,166,147	1,238,836
Allowances for loan losses	(2,822,084)	13,985	-	(2,808,099)
Mark to market loss on valuation of securities	(108,779)	70,922	-	(37,857)
Defined benefit obligation	709,997	(1,401,789)	196,731	(495,061)
Other assets	(292,572)	959,296	-	666,724
	2,533,627	887,818	1,362,878	4,784,323

**Parent
Dec-2012**
In thousands of Nigerian Naira

	Balance at Jan-2012	Recognised in		Balance at Dec-2012
		Profit or loss	Other comprehensive income	
Property and equipment, and software	5,804,419	(830,043)	-	4,974,376
Fair value reserves	(790,890)	484,442	379,137	72,689
Allowances for loan losses	(2,733,598)	(88,486)	-	(2,822,084)
Mark to market loss on valuation of securities	-	(108,779)	-	(108,779)
Defined benefit obligation	1,315,560	86,228	(691,791)	709,997
Other assets	(286,934)	(5,638)	-	(292,572)
	3,308,557	(462,276)	(312,654)	2,533,627

Notes to the financial statements

34 Restricted deposits and other assets

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Prepayments	16,627,738	13,899,474	11,550,186	11,989,457
Foreign Banks - Cash Collateral	30,071,679	46,133,274	30,071,679	46,133,274
Restricted deposits with central banks	148,592,788	99,198,633	144,773,099	97,969,563
Recognised assets for defined benefit obligations (See note 40)	5,779,442	4,672,628	5,779,442	4,672,628
	201,071,647	163,904,009	192,174,406	160,764,922
Impairment on other assets	(305,556)	(981,617)	(305,556)	(981,617)
	200,766,091	162,922,392	191,868,850	159,783,305
Current	158,830,104	144,303,486	155,670,938	143,145,365
Non-current	41,935,987	18,618,906	36,197,912	16,637,940

Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N144,773,099,000 with the Central Bank of Nigeria (CBN) as at 31st December 2013 (December 2012: N97,969,563,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 12% of non-government deposits and 50% of government deposit (December 2012: 12%) which should be held with the Central Bank of Nigeria as a regulatory requirement. GTB Liberia, Cote d'Ivoire and Gambia had restricted balances of N1,623,503,000, N71,001,000 and N1,327,426,000 respectively with the Central Bank of Liberia, the BCEAO and Central Bank of Gambia as at December 2013. The Cash Reserve Ratio in Liberia, Cote d'Ivoire and Gambia represents a mandatory 22%, 5% and 15% (December 2012: 22%, 5%) of local deposit which should be held with the Central Bank of Liberia and the BCEAO as a regulatory requirement. GTBank Kenya, Rwanda and Uganda had restricted deposits of N797,759,000 as at December 2013.

Movement in impairment of other assets:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Opening Balance	981,617	960,671	981,617	960,671
Charge for the year	-	20,946	-	20,946
Recoveries	-	-	-	-
Write off	(676,061)	-	(676,061)	-
Closing Balance	305,556	981,617	305,556	981,617

35 (a) Assets classified as held for sale and discontinued operations

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Net cash flow from operating activities	-	2,249,804	-	-
Net cash flow from investing activities	-	244,473	-	-
Net cash flow from financing activities	-	-	-	-
	-	2,494,277	-	-

Included in cash flow from investment activities for 2012 is cash inflow and outflow in the sum of N268,284,000 and N31,983,000 on disposal and purchase of investment properties respectively.

Notes to the financial statements

(b) Profit from discontinued operations

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Revenues	-	653,126	-	-
Expenses	-	(455,089)	-	-
Profit before tax of discontinued operations	-	198,037	-	-
Tax	-	-	-	-
Profit from discontinued operations after tax	-	198,037	-	-
Gains on disposal of disposal group 35(c)	-	411,040	-	-
Gains from discontinued operations	-	609,077	-	-
Pre-tax loss recognised on the remeasurement of assets of disposal group	-	-	-	-
Tax	-	-	-	-
After tax loss recognised on the remeasurement of assets of disposal group	-	-	-	-
Profit from discontinued operations	-	609,077	-	-
Profit attributable to:				
Equity holders of the parent entity (total)	-	559,780	-	-
Non-controlling interests (total)	-	49,297	-	-
	-	609,077	-	-

Notes to the financial statements

(c) Disposal of Businesses

(i) The Group disposed of its investment in GTHomes Limited in May 2012. This disposal is in line with the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters. The regulation requires banks to either set up a holding company structure or divest from all non-banking businesses and apply for a new type of banking license.

<i>In thousands of Nigerian Naira</i>	GTHomes Limited May-2012
Cash and cash equivalents	3,775,711
Loans and advances to customers	5,078,168
Investment properties	2,601,153
Property and equipment	40,730
Deferred tax assets	386,018
Restricted deposits and other assets	173,606
Total assets	12,055,386
Deposits from customers	7,567,216
Current income tax liabilities	65,947
Other liabilities	309,494
Total liabilities	7,942,657
Net assets	4,112,729
Non controlling interest disposed of	1,023,769
Net assets less non-controlling interests disposed of	3,088,960
Net sale proceeds on disposal	3,500,000
Profit on sale	411,040
Net cash inflow arising on disposal:	
Cash consideration received	3,500,000
Cash paid to sell subsidiaries	-
Net sale proceeds on disposal	3,500,000
Cash and cash equivalents disposed	(3,775,711)
	(275,711)
Cash flow:	
- Cash inflow on disposal of subsidiaries	3,500,000
- Cash outflow on disposal of subsidiaries	(3,775,711)

Notes to the financial statements

36 Deposits from banks

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Money market deposits	5,463,518	7,009,720	294	3,687,535
Other deposits from banks	9,744,782	16,850,539	88,435	3,482,786
	15,208,300	23,860,259	88,729	7,170,321
Current	15,208,300	23,860,259	88,729	7,170,321
Non-current	-	-	-	-

Included in money market deposits for comparative period are inter-bank takings of N3,687,535,000 secured by treasury bills and/or bonds of N3,793,372,000 which have been included in assets pledged as collateral (see Note 29). These transactions have been conducted under terms that are usual and customary to standard lending and repurchase activities.

37 Deposits from customers

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Individual Customers:				
Term deposits	162,898,145	172,773,521	142,938,282	170,674,252
Current deposits	318,123,500	270,059,731	289,234,905	255,484,673
Savings	243,148,396	187,845,990	213,323,827	160,880,989
Non-Individual Customers:				
Term deposits	195,144,884	156,401,620	170,424,225	136,191,195
Current deposits	508,178,772	361,116,303	446,005,796	330,891,464
	1,427,493,697	1,148,197,165	1,261,927,035	1,054,122,573
Current	1,423,715,711	1,143,820,898	1,261,920,726	1,054,021,631
Non-current	3,777,986	4,376,267	6,309	100,942

Notes to the financial statements

38 **Debt securities issued**

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Debt securities at amortized cost:				
Eurobond debt security	142,899,381	73,687,936	-	-
Corporate bonds	13,598,786	13,238,291	13,233,595	13,238,291
	156,498,167	86,926,227	13,233,595	13,238,291
Current	13,233,595	73,291	13,233,595	73,291
Non-current	143,264,572	86,852,936	-	13,165,000

Debt securities of N142,899,381,000 (USD 900,367,000) represents amortised cost of dollar guaranteed note issued by GTB B.V., Netherlands. The balance reported in comparative period is net of N3,930,048,000 invested by members of the Group in its Eurobond . 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 USD400,000,000 (principal) was issued in November 2013 for a period of 5 years at 6% .

The amount of N13,233,595,000 represents fixed rate senior unsecured non-convertible bonds issued by the Bank in December 2009. The debt security is redeemable in December 2014 and coupon is payable half yearly at 13.5% per annum. The amount represents the first tranche of a N200 billion debt issuance programme.

Notes to the financial statements

39 Other liabilities

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cash settled share based payment liability	7,463,681	7,340,059	-	-
Liability for defined contribution obligations Note 39(a)	50,569	7,314	-	-
Deferred income on financial guarantee contracts	256,823	304,746	181,296	214,752
Certified cheques	8,071,482	8,882,330	7,552,390	8,464,554
Lease obligation (b)	2,769,235	3,242,131	2,769,235	3,242,131
Customers' deposit for foreign trade (c)	30,071,820	46,133,172	30,071,820	46,133,211
Other current liabilities	12,022,944	17,347,965	8,131,777	14,109,491
Deposit for shares	308,400	20,349	301,948	14,287
	61,014,954	83,278,066	49,008,466	72,178,426
Current	51,295,821	47,278,466	46,798,094	43,673,489
Non-current	9,719,133	35,999,600	2,210,372	28,504,937

(a) The Bank and its employees each contributes a minimum of 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators. The amount not yet transferred as at period end of nil (December 2012: nil) was settled subsequent to that date.

(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 N2,056,758,000 (December 2012: N2,481,096,000)

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 2012:Nil)

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Not more than one year	768,168	624,681	768,168	624,681
Over one year but less than five years	2,432,531	2,998,470	2,432,531	2,998,470
Over five years	-	249,873	-	249,873
Less future finance charges	(431,464)	(630,893)	(431,464)	(630,893)
	2,769,235	3,242,131	2,769,235	3,242,131

(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.

Notes to the financial statements

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	17.13	428,420	11.67	427,280
Granted	9.26	12,060	8.58	48,392
Forfeited	-	-	8.51	(675)
Exercised	21.31	(33,853)	15.70	(46,578)
Expired	-	-	-	-
At at end of the period	18.36	406,626	17.13	428,420

Out of the 406,626,000 outstanding SARs (2012: 428,420,000 SARs), 207,229,682 SARs (2012: 341,488,864) were exercisable. SARs exercised in 2013 resulted in 33,853,000 shares (2012:46,578,000) being issued at a weighted average price of N21.31 each (2012:N15.70 each). The related weighted average share price at the time of exercise was N21.31 (2012:N15.70) per share.

Notes to the financial statements

40 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years.

(a) The amounts recognised in the statement of financial position are as follows:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Unfunded obligations	-	-	-	-
Present value of funded obligations	(1,780,666)	(1,940,855)	(1,780,666)	(1,940,855)
Total present value of defined benefit obligations	(1,780,666)	(1,940,855)	(1,780,666)	(1,940,855)
Fair value of plan assets	7,560,108	6,613,483	7,560,108	6,613,483
Present value of net asset/(obligations)	5,779,442	4,672,628	5,779,442	4,672,628
Unrecognized actuarial gains and losses	-	-	-	-
Recognized asset/(liability) for defined benefit obligations	5,779,442	4,672,628	5,779,442	4,672,628

The bank's surplus in defined benefit plan is the same as figure determined using asset ceiling.

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

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
(Deficit)/surplus on defined benefit obligations, beginning of period	4,672,628	4,385,199	4,672,628	4,385,199
Interest cost on net defined benefit obligation *	558,923	734,404	558,923	734,404
Current service costs	(156,586)	(137,915)	(156,586)	(137,915)
Actuarial gains/(losses) recognised in Other Comprehensive income **	655,768	(2,305,970)	655,768	(2,305,970)
Contributions paid	48,709	1,996,910	48,709	1,996,910
(Deficit)/surplus for defined benefit obligations, end of period	5,779,442	4,672,628	5,779,442	4,672,628

* Interest cost on net defined benefit obligation is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Interest income on assets	814,120	827,223	814,120	827,223
Interest cost on defined benefit obligation	(255,197)	(92,819)	(255,197)	(92,819)
	558,923	734,404	558,923	734,404

Notes to the financial statements

** Actuarial gains/(losses) recognised in Other Comprehensive income is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Net actuarial gain/(loss) for the year - Plan Assets	132,505	57,554	132,505	57,554
Net actuarial gain/(loss) for the year - Obligations	523,263	(2,363,524)	523,263	(2,363,524)
	655,768	(2,305,970)	655,768	(2,305,970)

(c) Plan assets consist of the following:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Equity securities	2,662,989	1,874,101	2,662,989	1,874,101
Government securities	99,623	293,428	99,623	293,428
Offshore investments	1,267,974	1,269,899	1,267,974	1,269,899
Cash and bank balances	3,529,522	3,176,055	3,529,522	3,176,055
	7,560,108	6,613,483	7,560,108	6,613,483

Group				
<i>In thousands of Nigerian Naira</i>	Dec-2013		Dec-2012	
Equity securities	2,662,989	34%	1,874,101	27%
Government securities	99,623	1%	293,428	4%
Offshore investments	1,267,974	17%	1,269,899	19%
Cash and bank balances	3,529,522	47%	3,176,055	48%
	7,560,108	100%	6,613,483	100%

Parent				
<i>In thousands of Nigerian Naira</i>	Dec-2013		Dec-2012	
Equity securities	2,662,989	34%	1,874,101	27%
Government securities	99,623	1%	293,428	4%
Offshore investments	1,267,974	17%	1,269,899	19%
Cash and bank balances	3,529,522	47%	3,176,055	48%
	7,560,108	100%	6,613,483	100%

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited and First Pension Custodian Nigeria Limited.

Notes to the financial statements

Plan assets include the Group's ordinary shares with a fair value of N2,480,521,000 (2012: N1,758,172,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2014 are N132,297,000 while gratuity payments are estimated to be N132,297,000

(d) Defined benefit cost for year ending December 2014 is expected to be as follows:

	Group Dec-2014	Parent Dec-2014
Current service cost	129,545	129,545
Net Interest on Net benefit liability	(743,085)	(743,085)
Expense/(Income) recognised in profit or loss	(613,540)	(613,540)

Components of net interest on defined benefit liability for year ending December 2014 is estimated to be as follows:

	Group Dec-2014	Parent Dec-2014
Interest cost on defined benefit obligation	239,729	239,729
Interest income on assets	(982,814)	(982,814)
Net interest cost	(743,085)	(743,085)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) **Movement in plan assets:**

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Fair value of plan assets, beginning of the period	6,613,483	6,088,763	6,613,483	6,088,763
Contributions paid into the plan	48,709	1,996,910	48,709	1,996,910
Benefits paid by the plan	(48,709)	(2,356,967)	(48,709)	(2,356,967)
Actuarial gain	132,505	57,554	132,505	57,554
Expected return on plan assets	814,120	827,223	814,120	827,223
Fair value of plan assets, end of the period	7,560,108	6,613,483	7,560,108	6,613,483

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

Notes to the financial statements

(f) Movement in present value of obligations:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Present value of obligation, beginning of the period	1,940,855	1,703,564	1,940,855	1,703,564
Interest cost	255,197	92,819	255,197	92,819
Current service cost	156,586	137,915	156,586	137,915
Benefits paid	(48,709)	(2,356,967)	(48,709)	(2,356,967)
Actuarial (gain)/loss on obligation	(523,263)	2,363,524	(523,263)	2,363,524
Present value of obligation at end of the period	1,780,666	1,940,855	1,780,666	1,940,855

(g) Expense recognised in profit or loss:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Current service costs	156,586	137,915	156,586	137,915
Interest on obligation	(558,923)	(734,404)	(558,923)	(734,404)
To profit or loss	(402,337)	(596,489)	(402,337)	(596,489)

Notes to the financial statements

(h) Actuarial assumptions

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

	2013	2012
Discount rate	13.00%	12.31%
Salary increase rate	10%	12%
Inflation	10%	10%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 14%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 2% per annum. The inflation component has been worked out at 10% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

- (i) Reasonably possible changes at the reporting date of one of the principal actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Group
Dec-2013

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in Defined benefit obligation		
	assumption	Increase	Decrease
Discount rate	1.00%	(42,994)	42,994
Salary increase rate	0.50%	783	(783)
Inflation	0.25%	(4,452)	4,452

Notes to the financial statements

Group

Dec-2012

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in Defined benefit obligation		
	assumption	Increase	Decrease
Discount rate	1.00%	(59,659)	59,659
Salary increase rate	0.50%	690	(690)
Inflation	0.25%	(4,852)	4,852

Parent

Dec-2013

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in Defined benefit obligation		
	assumption	Increase	Decrease
Discount rate	1.00%	(42,994)	42,994
Salary increase rate	0.50%	783	(783)
Inflation	0.25%	(4,452)	4,452

Parent

Dec-2012

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in Defined benefit obligation		
	assumption	Increase	Decrease
Discount rate	1.00%	(59,659)	59,659
Salary increase rate	0.50%	690	(690)
Inflation	0.25%	(4,852)	4,852

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) Historical information

<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Present value of the defined benefit obligation	(2,303,929)	422,669	(2,065,771)	(2,400,746)	(2,311,829)
Fair value of plan assets	7,427,603	6,555,929	6,403,690	4,329,807	3,183,481
Experience adjustments on plan liabilities	523,263	(2,363,524)	362,207	574,498	359,019
Experience adjustments on plan assets	132,505	57,554	(314,927)	264,227	108,493
Surplus/(deficit)	5,779,442	4,672,628	4,385,199	2,767,786	1,339,164

Notes to the financial statements

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.

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41 Other borrowed funds

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Due to IFC (see note (i) below)	26,987,714	29,633,112	26,987,714	29,633,112
Due to ADB (see note (ii) below)	12,969,344	14,640,013	12,969,344	14,640,013
Due to FMO (see note (iii) below)	207,544	985,390	-	-
Due to BOI (see note (iv) below)	40,236,112	35,654,048	40,236,112	35,654,048
Due to GTBV (see note (v) below)	-	-	142,899,381	77,617,984
Due to CAC (see note (vi) below)	5,500,000	5,500,000	5,500,000	5,500,000
Due to Proparco (see note (vii) below)	4,447,557	6,149,261	4,447,557	6,149,261
Due to KfW (see note (viii) below)	128,174	-	-	-
Due to EDIF (see note (ix) below)	458,033	-	-	-
Due to SCHAT (see note (x) below)	1,200,394	-	-	-
	92,134,872	92,561,824	233,040,108	169,194,418
Current	12,325,555	11,835,103	11,888,623	10,849,713
Non-current	79,809,317	80,726,721	221,151,485	158,344,705

- i). The amount of N26,987,714,000 (USD 168,618,000) (December 2012: N29,633,112,000 ; USD 189,728,000) represents the balances on various facilities granted by the International Finance Corporation (IFC) between January 2007 and December 2011, repayable over 7 to 9 years at interest rates varying from 2.75% to 3.5% above LIBOR rates.
- ii). The amount of N12,969,344,000 (USD 81,032,000) (December 2012: N14,640,013,000; USD93,734,000) represents the outstanding balance on a dollar facility of \$130,000,000 by the African Development Bank (ADB) between September 2007 and December 2011 repayable over 7 years. Interest is payable half yearly at a rate per annum determined by the Bank to range between the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum and 5.157%.
- iii). The amount of N207,544,000 (USD 1,297,000) (December 2012: N985,390,000; USD6,309,000) represents the outstanding balance on the term loan facility of USD15,000,000 granted by FMO (an entrepreneurial development bank of the Netherlands) in December 2009 for a period of 4 years plus one year moratorium. The principal is repayable at maturity in January 2014 while the interest is repayable quarterly over the tenure of the facility at 4.5% above LIBOR rates.
- iv). The amount of N40,236,112,000 (December 2012: N35,654,048,000) represents the outstanding balance on a naira facility granted (BOI) in August 2010 for a period of 15 years. The facility (an on-lending loan) is an initiative of the Central Bank of Nigeria to unlock the credit market in the country through the revamping of power projects and the refinancing and restructuring of bank loans. The principal amount is repayable in quarterly instalments as specified against each beneficiary customer in the schedule attached to the offer letter. There is no interest repayable on the facility.
- v). The amount of N142,899,381,000 (USD 892,828,000) represents amortised cost of dollar guaranteed notes issued by GTB Finance B.V., Netherlands. It represents the 2nd tranche of \$500,000,000 issued in May 2011 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.5% per annum and \$400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% .
- vi). The amount of N5,500,000,000 (December 2012: N5,500,000,000) represents the outstanding balance on a facility granted by the Debt Management Office in tranches between April and August 2010 for 7 years. It is an initiative of Central Bank of Nigeria and Federal Ministry of Agriculture and Water resources aimed at the growth and development of commercial agriculture enterprise in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agriculture enterprise at a maximum rate of 9.00% p.a.

Notes to the financial statements

- vii). The amount of N4,447,557,000 (USD 27,788,000) represents the outstanding balance on a dollar term loan facility granted by Proparco in December 2011 for a period of 5 years. Interest is payable half yearly at 4.46% over the tenure of the facility.
- viii). The amount of N128,174,000 (USD 801,000) represents outstanding balance on borrowing by GTBank Rwanda from KfW (Kreditanstalt für Wiederaufbau) at 10.5% per annum for the financing of small and medium-sized enterprises located in the urban centres as well as semi-urban and rural areas of Rwanda. The borrowing has a maturity date 1 April 2016.
- ix). The amount of N458,033,000 (USD 2,862,000) represents borrowing from Export Development and Investment Fund . to support Corporate Customers in Export Sector.
- ix). The amount of N1,200,394,000 (USD 7,500,000) represents borrowing from Standard Chartered Bank at 3.75 per cent p.a.

42 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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
(a) Authorised - 50,000,000,000 ordinary shares of 50k each (31 December 2012: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
(b) Issued and fully paid: 29,431,179,224 ordinary shares of 50 kobo each (31 December 2012: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

Components of Issued and Fully Paid Ordinary Shares

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
26,046,264,387 ordinary shares of 50k each (31 December 2012: 25,925,597,487)	13,023,133	12,962,799	13,023,133	12,962,799
3,384,914,837 ordinary shares (GDR) of 50k each (31 December 2012: 3,505,581,737)	1,692,457	1,752,791	1,692,457	1,752,791
	14,715,590	14,715,590	14,715,590	14,715,590

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The movement on the issued and fully paid-up share capital account during the year was as follows:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the year	-	-	-	-
Bonus shares capitalized	-	-	-	-
Balance, end of year	14,715,590	14,715,590	14,715,590	14,715,590

Share capital

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2012	29,431,180	14,715,590	123,471,114	(2,046,714)
Proceeds from shares issued	-	-	-	-
Bonus capitalised	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	-
At 31 December 2012/1 January 2013	29,431,180	14,715,590	123,471,114	(2,046,714)
Bonus capitalised	-	-	-	-
Proceeds from shares issued	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	-
At 31 December 2013	29,431,180	14,715,590	123,471,114	(2,046,714)

December

Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

- (i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The bank appropriated N25,663,653,000 representing 30% of its Profit after tax to statutory reserve.
- (ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer

Notes to the financial statements

mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. The bank did not make any appropriation to this reserve during the period.

(iii) **Treasury shares**

Treasury shares represent the Bank's shares of 1,170,674,231 units held by the Staff Investment Trust as at 31 December 2013. (31 December 2012 : 1,170,674,231 units)

(iv) **Bonus reserves**

Subsequent to the balance sheet date, the Board of Directors has approved the transfer of Nil (2012: Nil) bonus shares.

(v) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) **Regulatory risk reserve**

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria as opposed to the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines is the inclusion of 1% General Loan Loss provisioning of performing loans in the entity impairment figures, this 1% provision amounting to N9,216,774,000 is not required by IAS 39. The total Parent's balance in regulatory risk reserve is N16,900,397,000.

(vii) **Retained earnings**

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

(viii) **Non-controlling interest**

The entities accounting for the non-controlling interest balance is shown below:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
GTB (Gambia) Limited	372,727	375,242	-	-
GTB (Sierra Leone) Limited	360,971	282,664	-	-
GTB (Ghana) Limited	659,825	598,480	-	-
GTB Liberia	13,285	12,305	-	-
GTB Kenya Limited	3,676,769	-	-	-
	5,083,577	1,268,691	-	-

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43 **Dividends**

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of period	-	-	-	-
Final dividend declared	38,260,533	25,016,504	38,260,533	25,016,504
Interim dividend declared	7,357,795	7,357,794	7,357,795	7,357,794
Payment during the period	(45,618,328)	(32,374,298)	(45,618,328)	(32,374,298)
Balance, end of period	-	-	-	-

Subsequent to the balance sheet date, the board of directors proposed a final dividend of 145k per share subject to the approval of the shareholders at the next annual general meeting. (31 December 2012: 130k per share on the issued ordinary shares of 29,431,179,224 of 50k each, amount being N38,260,533,000)

44. Leasing

As lessor

The Group acts as lessor under finance leases, providing financing for its customers and leasing assets for their own use. In addition, assets leased by the Group may be sublet to other parties.

The income from the lease is recognized as interest income on the Group's income statement, representing the Group's return on investment in the capital lease while a receivable is recognized for the Lease amount outstanding at the reporting period.

As lessee

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognized on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable.

For finance lease agreements in which the group is lessee, details of the resulting commitments have been included in other liabilities.

45. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 365 cases as a defendant (31 December 2012: 310) and 159 cases as a plaintiff (31 December 2012: 133). The total amount claimed in the 365 cases against the Bank is estimated at N386.67 Billion and \$136.81 Million (31 December 2012: N304.62 Billion and \$133,520,449) while the total amount claimed in the 159 cases instituted by the Bank is N55.1 Billion (31 December 2012: N50,24 Billion). However, the solicitors of the Bank are of the view that the probable liability arising from the cases pending against the Bank is not likely to exceed N56,500,000 (31 December 2012: N27,310,000 and US\$146,346). The amounts have been fully provided for in the financial statements.

Based on the advice of the solicitors, the Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and they are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

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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-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	83,847	-	-
Transaction related bonds and guarantees	438,406,221	363,927,051	431,691,415	355,132,185
	438,406,221	364,010,898	431,691,415	355,132,185
Commitments:				
Short term foreign currency related transactions	28,169,581	21,056,857	27,469,212	21,056,857
Clean line facilities and letters of credit	91,820,634	77,094,340	77,388,975	54,726,233
Other commitments	8,727,345	1,167,439	-	-
	128,717,560	99,318,636	104,858,187	75,783,090

b. 65% of all the transaction related bonds and guarantees are collateralised (December 2012: 65%). The cash component of the balance was ₦48,301,206,000 (31 December 2012: ₦61,398,412,00).

c. The Bank used its confirmation line offshore to back Letters of Credit of certain customers to guarantee performance of customers to third parties

46. 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 December 2013	Ownership interest December 2012	
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	77.81%
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	84.24%	84.24%
3	Guaranty Trust Bank Ghana Limited	Ghana	95.37%	95.33%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	100.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	99.43%
6	Guaranty Trust Bank Cote D’Ivoire Limited	Cote D’Ivoire	100.00%	100.00%
7	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	---
Special purpose entities:				
	Staff Investment Trust	Nigeria	100.00%	100.00%
	Guaranty Trust Bank Finance BV	Netherlands	100.00%	100.00%

The remaining interests in the Group are held by minority shareholders.

- (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.
On the 8th of August, 2013, GTB UK, a subsidiary of Guaranty Trust Bank Plc received a final notice for a financial penalty of £525,000 from the Financial Conduct Authority (FCA). The FCA, in its review of the Bank’s controls in the early years of the Bank’s operation (between 19 May 2008 and 19 July 2010) found that GTB UK did not take reasonable care to establish and maintain effective anti-money-laundering (AML) systems and controls in relation to customers that were identified by the Bank as presenting a higher risk of money-laundering for the purposes of the 2007 regulations, including those customers deemed to be a politically exposed person (PEP).
- (e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.
- (f) Guaranty Trust Bank (Cote D’Ivoire) is Guaranty Trust Bank Plc’s first subsidiary in Francophone West

Africa. The Bank has been licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and is situated at an ultra-modern office at 11, Rue du Senateur, LAGAROSSE, Abidjan-Plateau. Banking operations commenced at the new subsidiary on April 16, 2012.

(g) In December 2013, the Group extended its regional presence in Africa by acquiring a 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been rebranded as Guaranty Trust Bank Kenya Limited.

(h) GTB Finance B.V was incorporated in December 2006 as a special purpose entity with the principal purpose of providing funding, through the international capital markets, to the ultimate parent. A share premium obligation of N417.4 million (\$2,608,000) exists between GTB Finance B.V. and the Bank. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

Non controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for year ended December 31, 2013:

Significant subsidiaries		Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
			2013	2012	2013	2012
1	Guaranty Trust Bank Gambia Limited	Gambia	372,727	375,242	106,512	79,166
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	360,971	282,664	85,805	62,379
3	Guaranty Trust Bank Ghana Limited	Ghana	659,825	598,480	197,528	145,903
4	Guaranty Trust Bank Liberia Limited	Liberia	13,285	12,305	1,487	1,077
5	Guaranty Trust Bank Kenya Limited	Kenya	3,676,769	-	33,550	-

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Gambia) Limited paid dividend in the sum of N38,133,000, N12,657,000 and N32,666,000 respectively to non-controlling interest.

47. 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	Patrick Speech and Language Centre	Terra Kulture Limited	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	67%	96%	70%	51%
Nature of entity	Special education services provider	Arts & Culture	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment	Government-induced investment	Government-induced investment
Activities of entity	Provision of special education services to autistic children	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 as at 31-Dec-2013 (₦)	31,886,850	829,353,865	1,945,108,572	40,500,000
Line item in SOFP	Investment securities-AFS	Investment securities-AFS	Investment securities-AFS	Investment securities-AFS
Loans granted (₦)	1,833,333	43,657,177	2,167,093,184	-
**Maximum exposure to loss (₦)	31,833,333	513,655,777	4,112,201,756	40,500,000
Source of Financing	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions	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 carrying amount 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.

48. Fina Bank Acquisition

During 2013, GTBank Plc acquired a 70% shareholding in Fina Bank Limited, a commercial bank incorporated in Kenya which operates two subsidiaries in Rwanda and Uganda.

The acquisition was based on completion accounts as of October 31, 2013 and represents a stepping stone to the Group's entry into the East African market through a multi-country platform thus achieving a significant presence in the region. In addition, this acquisition would help in further diversifying the Group's revenue stream by leveraging on the growth potential of the East African banking industry fuelled by rapid GDP expansion.

The transaction took the form of an offer for subscription resulting in a capital injection of USD30 million and an offer for sale from existing shareholders resulting in GTBank acquiring a 70% stake.

The initial acquisition accounting for the business combination is yet to be finalized. This is as a result of an on-going exercise to assess the fair value of certain items of the opening balance sheet; Property and Equipment in particular. However, we estimate that the fair value of the financial assets and liabilities of the acquiree, except those held to maturity, approximate their carrying value due to the generally short periods to contractual repricing or maturity dates.

Where applicable, the Group will adjust the provisional amounts initially recognized as permitted and required by IFRS 3. Such adjustments result in retrospective changes to the provisional amounts recorded in the business combination. The measurement period, which cannot exceed one year, ends when an acquirer obtains the additional information that it was seeking about facts and circumstances that existed as of the acquisition date or it concludes that such information is not obtainable. This period comes to an end in December 2014.

The preliminary allocation of the consideration to the carrying value of net assets resulted in an initial positive goodwill of N8.5 billion; this goodwill is not deductible for tax purposes. The main reasons for the recognition of this goodwill are the expected synergies, anticipated additional income as well as market presence in the commercial banking landscape in Kenya, Rwanda and Uganda. The goodwill has been allocated to GTBank's business operating segments which constitute cash generating units that are likely to benefit from the synergies of the business combination. The goodwill was allocated as follows: Corporate Banking – 50 per cent, Commercial Banking – 24 per cent, Retail Banking – 17 per cent, SME Banking – 5 per cent and Public sector – 4 per cent. Non controlling interest (NCI) in the acquiree at the acquisition date has been determined as NCI's proportionate share in the recognized amounts of the acquiree's identifiable net assets.

The acquiree has contributed revenues of N794 million and net profit after tax of N112 million respectively in the Group's income statement in the period since acquisition. If acquisition had been as of the beginning of the annual reporting period, the acquiree would have contributed revenues of N4.8 billion and net profit after tax of N672 million respectively in the Group's income statement for the year.

Differences in accounting policies were deemed immaterial to the GTBank Group. The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

In thousands of Nigerian naira

Assets acquired	Fair Value
Cash and cash equivalents	6,509,601
Investment securities:	
– Available for sale	10,667,896
– Held to maturity	4,754,108
Loans and advances to customers	31,633,118
Current income tax assets	21,626
Property and equipment	1,225,687
Intangible assets	80,238
Deferred tax assets	515,075
Other assets	805,336
Assets	56,212,685
Liabilities assumed:	
Deposits from banks	1,192,160
Deposits from customers	46,295,649
Other borrowed funds	502,072
Deferred tax liabilities	35,509
Current income tax liabilities	58,667
Other liabilities	756,415
Liabilities	48,840,472
Net assets	7,372,213
Cash on subscription shares	4,868,729
Net assets acquired	12,240,942
Non-controlling interest (@ approx. 30 per cent)	3,664,522
Net assets acquired (@ approx. 70 per cent)	8,576,420

*The fair values of the acquired net assets have been determined provisionally as at 31 October 2013 and are subject to change, as the Group has yet to finalise the fair value of all the net identifiable assets acquired due to the timing of the completion of the acquisition.

Contingent assets and liabilities as at acquisition date amounted to N4.69 billion. These relate to Acceptances and letter of credit and Guarantees in the sum of N1.95 billion and Guarantees and performance bonds in the sum of N2.73 billion.

As part of the acquisition, the Group acquired trade receivables with a fair value of N31,633,118,000 with gross contractual amount receivable of N35,290,715,000. Discounting this contractual cash flows receivable to present value, management's estimate an amount in the sum of N828,271,000 might not be collectible. Acquisition related costs in the sum of N250,000,000 have been included under other operating expenses as part of professional fees and other consulting costs.

Net cash flow on acquisition of subsidiaries is analyzed below:

In thousands of Nigerian naira

Cash outflow on acquisition of subsidiary	17,131,482
Cash and cash equivalent at acquisition date:	
- Cash and cash equivalent (without inflow on subscription share)	(6,509,601)
- Cash and cash equivalent (Inflow to acquired entity on subscription shares)	(4,868,729)
Cash Outflow on acquisition of subsidiaries (net of cash acquired)	5,753,152

Details of goodwill are as follows:

In thousands of Nigerian naira

	On acquisition
Purchase consideration (cash)	17,131,482
Share of fair value of net assets acquired (see below)	8,576,420
Goodwill	8,555,062

Acquisition related costs in the sum of N250,000,000 have been included under other operating expenses as part of Professional fees and other consulting costs.

49. Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) Subsidiaries

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

(c)(i) Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which they exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(c)(ii) Directors' interest in Contracts

Agusto & company Limited carried out an issuer risk rating on GTBank's Plc's N13.165 Billion 3-year fixed rate senior unsecured non convertible corporate bonds issued in 2010. The transaction during the period relates to payment of annual monitoring fee of N2,100,000 to this firm in respect of the bond rating.

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(d) Risk assets outstanding as at 31 December 2013

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 N2,371,690,000 (31 December 2012:N6,336,282,000) 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 <i>In thousands of Nigerian Naira</i>	Relationship	Facility type	Status	Nature of Security	Parent Dec-2013	Parent Dec-2012
Jaykay Pharmacy Ltd	Director Related	Overdraft/Term Loan	Performing	Asset Debenture/Real Estate	40,187	54,298
Comprehensive Project Mgt.Ser	Director Related	Advance Payment Guarantee	Performing	Cash	-	8,000
Touchdown Travels Limited	Director Related	Performance Bond	Performing	Cash	1,875	1,500
Kresta Laurel Ltd.	Director Related	Bond Line	Performing	Personal Guarantee, Cash	66,353	77,782
Afren Resources Limited	Director Related	Custom Duty Bond	Performing	Corporate Guarantee / Cash	831,674	831,674
Mr. & Mrs. E. U. Imomoh	Director Related	Overdraft	Performing	Corporate Guarantee	-	11,033
International Travel Express Ltd	Director Related	Overdraft	Performing	Personal Guarantee, Domiciliati	149,429	187,411
Oduyemi Oluwole Sunday	Director Related	Overdraft	Performing	Domiciliation/ Cash	-	1,536
Fola Adeola	Director Related	Overdraft	Performing	Equitable Mortgage	-	108,284
Augusto Enterprises	Director Related	Term Loan	Performing	Equitable Mortgage	5,667	7,666
Enwereji Nneka Stella	Director Related	Gt Mortgage	Performing	Legal Mortgage	21,600	23,753
Olanrewaju Kalejaiye	Insider Related	Gt Mortgage/Max Advance/C	Performing	Legal Mortgage, Domiciliation	86,153	63,260
Main One Cable Ltd.	Director Related	Term Loan	Performing	Mortgage Debenture/Shares	-	4,001,037
Polystyrene Industries Ltd	Director Related	Term Loan	Performing	Mortgage Debenture/Corporate	35,667	26,795
Mediabloc Consulting Nigeria Ltd.	Insider Related	Overdraft	Performing	Personal Guarantee, Domiciliati	21,937	18,934
Broadway Loteza Enterprises	Insider Related	Overdraft/Term Loan	Performing	Shares	-	633
Adam And Eve Nigeria Ltd.	Insider Related	Overdraft	Performing	Tripartite Legal Mortgage	7,088	4,322
Payless Butchers And Supermart	Director Related	Overdraft	Performing	Tripartite Legal Mortgage	10,197	1,651
Emzor Pharmaceuticals	Director Related	Letter Of Credit/Overdraft/Ti	Performing	Tripartite Legal Mortgage, Cash	715,999	906,713
Ademola Kuye & Company	Insider Related	Time Loan	Performing	Equitable Mortgage	50,000	-
Discovery House Mont.Sch. Ltd	Insider Related	Term Loan	Performing	Tripartite Legal Mortgage	41,667	-
Cubic Contractors Limited	Director Related	Overdraft	Performing	Mortgage Debenture, Personal	15,294	-
Adeoye, Busola	Insider Related	Max Advance	Performing	Domiciliation	2,453	-
Agbaje, Olufemi Augustus	Director Related	Maxplus	Performing	Domiciliation	18,450	-
Adeola, Razack Adeyemi	Director Related	Time Loan	Performing	Equitable Mortgage	250,000	-
					2,371,690	6,336,282

Notes to the financial statements

(e) Director/insiders related deposit liabilities

<i>Name of company/Individual In thousands of Nigerian Naira</i>	<i>Relationship</i>	<i>Type of Deposit</i>	Parent Dec-2013	Parent Dec-2012
Agusto & Co. Limited	Director related	Demand Deposit	33,695	8,280
Alliance Consulting Comprehensive Project Mgt. Services	Director related	Demand Deposit	761	2,023
Cubic Contractors Limited	Director related	Demand Deposit	8,466	29,139
Eterna Plc	Director related	Demand Deposit	2,625	25,978
F & C Securities Limited	Director related	Demand Deposit	7,411	7,088
IBFC Agusto Training	Director related	Demand Deposit	11,540	955
IBFC Limited	Director related	Demand Deposit	4,975	1,753
Jaykay Pharmacy Limited	Director related	Demand Deposit	6	55
Kresta Laurel Limited	Director related	Demand Deposit	14	48
Main One Cable Company Ltd	Director related	Demand Deposit and Time Deposit	11,661	9,256
Mayfield Finance Company	Director related	Demand Deposit	39,986	145,773
Mayfield Ventures Limited	Director related	Demand Deposit	85	558
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	11	11
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	209	1,496
WSTC Financial Services Ltd	Director related	Demand Deposit and Time Deposit	3	3
WSTC Nominee Limited	Director related	Demand Deposit	190,692	308,397
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	431	431
International Travel Express Ltd	Director related	Demand Deposit	53	382
Afren Onshore Ltd	Director related	Demand Deposit	9	9
Afren Resources Limited	Director related	Demand Deposit	1	1
Ademola Kuye & Company	Insider Related	Demand Deposit and Time Deposit	12,428	11,784
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	61,322	-
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	71	-
Polystyrene Industries Ltd	Director related	Demand Deposit	794	-
Touchdown Travels Limited	Insider Related	Demand Deposit and Time Deposit	21,853	-
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	13,297	-
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	7,925	-
			2	-
			430,327	553,420

Notes to the financial statements

(f) Subsidiaries' deposit account balances

In thousands of Nigerian Naira

<i>Name of company/Individual</i>	<i>Relationship</i>	<i>Type of Deposit</i>	Dec-2013	Dec-2012
			<i>₦</i>	<i>₦</i>
GTB Sierra Leone	Subsidiaries	Domiciliary	592,361	578,056
GTB Ghana	Subsidiaries	Demand Deposit	3,461,859	3,072,683
GTB Ghana	Subsidiaries	Domiciliary	278,296	31,431
			4,332,515	3,682,170

Notes to the financial statements

(g) **Key management personnel and their immediate relatives engaged in the following transactions with the Group during the period:**

Loans and advances:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Secured loans	2,371,690	6,336,282	2,371,690	6,336,282

Deposits:

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Total deposits	430,327	553,420	430,327	553,420

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 period end.

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Wages and salaries	1,004,170	2,140,149	863,055	1,853,893
Post-employment benefits	17,593	2,334,198	17,593	2,334,198
Share-based payments	578,218	585,964	-	-
Increase / (decrease) in share appreciation rights	1,816,333	2,750,805	-	-
	3,416,314	7,811,116	880,648	4,188,091

(i) **Directors' remuneration**

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

<i>In thousands of Nigerian Naira</i>	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Fees as directors	115,302	103,749	46,000	42,500
Other allowances	250,892	241,185	170,910	185,253
	366,194	344,933	216,910	227,753
Executive compensation	696,900	684,051	690,525	677,213
	1,063,094	1,028,985	907,435	904,966

Notes to the financial statements

(ii) The directors' remuneration shown above includes:

<i>In thousands of Nigerian Naira</i>	Parent Dec-2013	Parent Dec-2012
Chairman	24,197	21,771
Highest paid director	183,412	168,155

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

	Parent Dec-2013	Parent Dec-2012
N 6,500,001 - N11,000,000	-	-
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	-	-
N12,500,001 - N13,000,000	1	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	2	3
Above N22,500,001	12	11
	15	14

50 **Contraventions**

The bank did not contravene any banking legislation during the reporting period.

51 **Subsequent events**

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

52 **Treasury bills held on behalf of customers**

The Bank in its normal course of business has in its custody, Treasury Bills belonging to its customers as at December 2013 in the sum of N128,287,496,000 (December 2012: N64,055,852,000). This relationship has no recourse to the bank, as all associated with this transaction solely rest on the customers who have these investments.

Notes to the financial statements

53 Change in accounting policies

The group made certain reclassifications and also adopted IAS 19 (revised 2011), 'Employee benefits'. The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also requires net interest expense / income to be calculated as the product of the net defined benefit liability / asset and the discount rate as determined at the beginning of the year. The effect of this is a change in recognition of expected return on plan assets. The effects of the changes to the accounting policies is shown in the following tables.

<i>In thousands of Nigerian Naira</i>	Reported Group Dec-2012	Reclassifications	Adopt IAS 19 (Revised 2011)	Restated Group Dec-2012	Reported Parent Dec-2012	Reclassifications	Adopt IAS 19 (Revised 2011)	Restated Parent Dec-2012
Assets								
Cash and cash equivalents ¹	322,989,480	(46,133,274)	-	276,856,206	256,433,560	(46,133,274)	-	210,300,286
Loans and advances to banks	4,864,824	-	-	4,864,824	177,985	-	-	177,985
Loans and advances to customers	779,050,018	-	-	779,050,018	742,436,944	-	-	742,436,944
Financial assets held for trading	271,073,896	-	-	271,073,896	267,417,182	-	-	267,417,182
Investment securities:		-	-			-	-	
– Available for sale	15,765,789	-	-	15,765,789	10,138,761	-	-	10,138,761
– Held to maturity	129,490,810	-	-	129,490,810	118,897,917	-	-	118,897,917
Assets pledged as collateral	31,203,230	-	-	31,203,230	31,203,230	-	-	31,203,230
Investment in subsidiaries	-	-	-	-	22,925,088	-	-	22,925,088
Property and equipment	60,886,728	-	-	60,886,728	55,496,808	-	-	55,496,808
Intangible assets	1,772,176	-	-	1,772,176	1,539,717	-	-	1,539,717
Deferred tax assets	991,791	-	-	991,791	-	-	-	-
Restricted deposits and other assets ¹	116,789,118	46,133,274	-	162,922,392	113,650,031	46,133,274	-	159,783,305
Total assets	1,734,877,860	-	-	1,734,877,860	1,620,317,223	-	-	1,620,317,223
Liabilities								
Deposits from banks	23,860,259	-	-	23,860,259	7,170,321	-	-	7,170,321
Deposits from customers	1,148,197,165	-	-	1,148,197,165	1,054,122,573	-	-	1,054,122,573
Other liabilities ³	80,972,096	-	2,305,970	83,278,066	69,872,456	-	2,305,970	72,178,426
Current income tax liabilities	15,630,973	-	-	15,630,973	15,340,116	-	-	15,340,116
Deferred tax liabilities ²	3,288,196	-	(691,791)	2,596,405	3,225,418	-	(691,791)	2,533,627
Debt securities issued	86,926,227	-	-	86,926,227	13,238,291	-	-	13,238,291
Other borrowed funds	92,561,824	-	-	92,561,824	169,194,418	-	-	169,194,418
Total liabilities	1,451,436,740	-	1,614,179	1,453,050,919	1,332,163,593	-	1,614,179	1,333,777,772

Notes to the financial statements

<i>In thousands of Nigerian Naira</i>	Reported Group Dec-2012	Reclassifications	Adopt IAS 19 (Revised 2011)	Restated Group Dec-2012	Reported Parent Dec-2012	Reclassifications	Adopt IAS 19 (Revised 2011)	Restated Parent Dec-2012
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 ²	41,380,776	-	(1,614,179)	39,766,597	47,558,325	-	(1,614,179)	45,944,146
Other components of equity	104,651,663	-		104,651,663	102,408,601	-		102,408,601
Total equity attributable to owners of the Parent	282,172,429	-	(1,614,179)	280,558,250	288,153,630	-	(1,614,179)	286,539,451
Non-controlling interests in equity	1,268,691	-	-	1,268,691	-	-	-	-
Total equity	283,441,120	-	(1,614,179)	281,826,941	288,153,630	-	(1,614,179)	286,539,451
Total equity and liabilities	1,734,877,860	-	-	1,734,877,860	1,620,317,223	-	-	1,620,317,223

Restatement in respect of prior years:

¹The Group reclassified balances held on behalf of customers in various foreign accounts to cover letters of credit transactions in the sum of N46,133,274,000 from Cash and cash equivalent to Restricted Deposits and Other assets for consistency with current period presentation.

²The Group recognised actuarial loss of N2,305,970,000 and deferred tax of N691,791,000 in equity.

Notes to the financial statements

	Reported Group Dec-2012	Reclassifications	Adopt IAS 19 (Revised 2011)	Restated Group Dec-2012	Reported Parent Dec-2012	Reclassifications	Adopt IAS 19 (Revised 2011)	Restated Parent Dec-2012
<i>In thousands of Nigerian Naira</i>								
Interest income	170,295,193	-	-	170,295,193	160,124,580	-	-	160,124,580
Interest expense	(39,609,462)	-	-	(39,609,462)	(37,025,839)	-	-	(37,025,839)
Net interest income	130,685,731	-	-	130,685,731	123,098,741	-	-	123,098,741
Loan impairment charges	(738,786)	-	-	(738,786)	667,667	-	-	667,667
Net interest income after loan impairment charges	129,946,945	-	-	129,946,945	123,766,408	-	-	123,766,408
Fee and commission income ¹	44,320,753	1,124,804	-	45,445,557	39,214,494	1,124,804	-	40,339,298
Fee and commission expense	(1,591,016)	-	-	(1,591,016)	(1,508,915)	-	-	(1,508,915)
Net fee and commission income	42,729,737	1,124,804	-	43,854,541	37,705,579	1,124,804	-	38,830,383
Net gains/(losses) on financial instruments classified as held for trading	3,940,524	-	-	3,940,524	2,339,332	-	-	2,339,332
Other operating income	3,383,611	-	-	3,383,611	2,646,041	-	-	2,646,041
Other income	7,324,135	-	-	7,324,135	4,985,373	-	-	4,985,373
Total operating income	180,000,817	1,124,804	-	181,125,621	166,457,360	1,124,804	-	167,582,164
Net impairment loss on financial assets	(96,869)	-	-	(96,869)	(96,869)	-	-	(96,869)
Net operating income after net impairment loss on financial assets	179,903,948	1,124,804	-	181,028,752	166,360,491	1,124,804	-	167,485,295
Personnel expenses ²	(25,966,061)	-	2,305,970	(23,660,091)	(20,774,540)	-	2,305,970	(18,468,570)
General and administrative expenses	(22,405,475)	-	-	(22,405,475)	(20,285,783)	-	-	(20,285,783)
Operating lease expenses	(791,433)	-	-	(791,433)	(622,158)	-	-	(622,158)
Depreciation and amortization	(8,891,796)	-	-	(8,891,796)	(8,052,743)	-	-	(8,052,743)
Other operating expenses	(18,821,260)	(3,430,774)	-	(22,252,034)	(16,483,600)	(3,430,774)	-	(19,914,374)
Total expenses	(76,876,025)	(3,430,774)	2,305,970	(78,000,829)	(66,218,824)	(3,430,774)	2,305,970	(67,343,628)
Profit before income tax	103,027,923	(2,305,970)	2,305,970	103,027,923	100,141,667	(2,305,970)	2,305,970	100,141,667
Income tax expense	(16,341,043)	-	-	(16,341,043)	(14,877,841)	-	-	(14,877,841)
Profit for the year from continuing operations	86,686,880	(2,305,970)	2,305,970	86,686,880	85,263,826	(2,305,970)	2,305,970	85,263,826
Profit for the year from discontinued operations	609,077	-	-	609,077	-	-	-	-
Profit for the year	87,295,957	(2,305,970)	2,305,970	87,295,957	85,263,826	(2,305,970)	2,305,970	85,263,826

¹Fee and commission income:

The Group reclassified commissions on telexes in the sum of N1,124,804,000 from other other operating expenses to Fee and commission income

²Personnel expenses:

other Operating expenses in the sum of N2,305,970,000 have been reclassified from Personnel expenses to Other operating expenses.

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 required that Banks should have their credit rating updated on a regular basis. Furthermore, the CBN required that banks should disclose this credit rating prominently in their published annual reports. In their report dated 26 July, 2013, Fitch rated the Bank a long term International Issuer and Credit Rating of B+ and a National Long term credit rating of AA-. The Rating agency stated that the ratings were based on the Bank's strong franchise, its solid financial metrics compared to peers and the challenging operating environment of Nigeria in which the Bank operates.

Furthermore, 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

b. Agriculture	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

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 btw 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
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v. Object Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation btw 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	50% of total outstanding balance

		1.5 years	
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	Doubt	Markup / interest or principal past due by 1 to 2years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

Operational risk Management

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as “the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events”. This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

- **Loss Incident Reporting** – Loss incidents are reported to OpRisk Group by all business areas in the Bank. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has a robust OpRisk loss database detailing relevant OpRisk loss data for four years. Information collated is analyzed for identification of risk concentrations and appropriate OpRisk risk profiling and capital estimation.
- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide all branches and Head-Office departments are required to complete related templates at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. These assessments enable risk profiling and risk mapping of prevalent operational risks.

Risk Assessments of the Bank’s new and existing products and services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

Other Risk Assessments conducted include Process Risk Assessments, Product Risk Assessments, Vendor Risk Assessments, and Fraud Risk Assessments.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.
- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with BS 25999 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP). This plan assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. It is reviewed monthly and when necessary, it is updated to ensure reliability and relevance of information contained.

Plans are underway for the Bank to be certified by globally recognized Business Continuity standards organizations.

- **Compliance and Legal Risk Management** – Compliance Risk Management involves close monitoring of KYC compliance by the Bank, escalation of Audit Non-conformances, Complaints Management, and observance of the Bank’s zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium – High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank’s premises are advised, reported on to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors

As a result, the following are conducted and monitored: Fire Risk Assessments, Quarterly Fire Drills, Burglaries and Injuries that occur within the Bank’s premises.

- **Operational Risk Capital Calculation** – The Bank has adopted the Basel II Pillar 1 defined “Standardized Approach” for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to the Advanced Measurement Approach, it is mindful of investing in the additional resources required especially as the Central Bank of Nigeria has recommended the Basic Indicator Approach for all banks in Nigeria. The Estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.
- **Operational Risk Reporting** – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk application – OFSAA, has been acquired by the Bank, and is currently being implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Operational Risk Management Philosophy and Principles

Governance Structure

- The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.
- The Management Risk Committee monitors the activities of OpRisk and approves key decisions made before presentation to the Board. It ensures the implementation of the guiding OpRisk framework bank-wide, and ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.
- All process owners are responsible for the day-to-day management of OpRisks prevalent in respective Departments, Groups, Divisions and Regions of the Bank.
- The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Approach to Managing OpRisk

- Guaranty Trust Bank adopts operational risk procedures and practices that are "fit for purpose" and will increase the efficiency and effectiveness of the bank's resources, minimise losses and utilize opportunities.
- This outlook embeds OpRisk practices in the bank's day-to-day business activities.
- It also aligns with the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organisations (COSO) / Sarbanes-Oxley (SOX) standards, and some internationally accepted British Standards such as the BS 25999 for Business Continuity Management.

Principles

- Operational risks inherent in all products, activities, processes and systems are assessed periodically for timely identification of new risks and trending of prevalent risks. The Bank ensures that before any new products, processes, activities and systems are introduced or undertaken, the operational risks inherent are assessed and likely risks mitigated.
- In accordance with this, the Bank ensures regular monitoring of its operational risk profile and material exposure to losses.
- Pertinent information is reported regularly to Senior Management and the Board to ensure proactive management of operational risk bankwide.

- Furthermore, the Bank's Business Continuity Plan outlines the Bank's requirements for contingency and business continuity procedures to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Treatment of Operational Risks

- The OpRisk identification and assessment process provides a guide on the decision-making process for the extent and nature of risk treatment to be employed by the Bank. In line with best practices, the cost of risk treatments introduced must not exceed the reward.
- The following comprise the OpRisk treatments adopted by the Bank:
 - **Risk Acceptance and Reduction:** The Bank accepts the risk because the reward of engaging in the business activity far outweighs the cost of mitigating the risk. Residual risks retained by the business after deploying suitable mitigants are accepted
 - **Risk Transfer (Insurance):** This involves another party or parties bearing the risk, by mutual consent. Relationships are guided by the use of contracts and insurance arrangements
 - **Risk Sharing (Outsourcing):** Risk is shared with other parties that provide expert solutions required to mitigate risk or reduce risk burden whether operationally or financially
 - **Risk Avoidance:** Requires discontinuance of the business activity that gives rise to the risk

Strategy Risk Management

Strategic Risk Management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

In Guaranty Trust Bank, it is also regarded as the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process or the inadequate implementation of such strategies. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances.

A specialized template for monitoring Strategic Risk is deployed for tracking key business activities designed or defined by the Bank to monitor performance in the achievement of its strategic intent in the short, medium and long term.

Reputational Risk Management

Guaranty Trust Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly.

A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

List of Agents and Locations

S/N	Name	Location
1	Prince Ebeano Supermarket	No 9, Northern Business District, Lekki Phase 1, Lagos

Value Added Statement*For the year ended 31 December 2013***Group**

	Dec-2013			%	Dec-2012			%
	Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total	
	N'000	N'000	N'000		N'000	N'000	N'000	
Gross earnings	242,665,011	-	242,665,011		223,064,885	1,064,166	224,129,051	
Interest expense:								
- Local	(35,331,423)	-	(35,331,423)		(29,168,483)	(538,059)	(29,706,542)	
- Foreign	(13,113,045)	-	(13,113,045)		(10,440,979)	-	(10,440,979)	
Premium ceded	-	-	-		-	(1,943,737)	(1,943,737)	
	194,220,543	-	194,220,543		183,455,423	(1,417,630)	182,037,793	
Loan impairment charges / Net impairment loss on financial assets	(2,767,169)	-	(2,767,169)		(835,655)	(150,072)	(985,727)	
	191,453,374	-	191,453,374		182,619,768	(1,567,702)	181,052,066	
Bought in materials and services								
- Local	(49,871,964)	-	(49,871,964)		(46,713,178)	3,405,655	(43,307,523)	
- Foreign	(612,846)	-	(612,846)		(326,780)	-	(326,780)	
Value added	140,968,564	-	140,968,564	100	135,579,810	1,837,953	137,417,763	100
Distribution								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	23,761,448	-	23,761,448	17	23,660,091	613,007	24,273,098	18
Government								
- Taxation	17,067,279	-	17,067,279	12	16,341,043	426,021	16,767,064	12
Retained in the Group								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	10,115,860	-	10,115,860	7	8,891,796	189,848	9,081,644	7
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	90,023,977	-	90,023,977	64	86,686,880	609,077	87,295,957	63
	140,968,564	-	140,968,564	100	135,579,810	1,837,953	137,417,763	100

Value Added Statement*For the period ended 31 December 2013***Parent**

	Dec-2013				Dec-2012			
	Continuing operations	Discontinued operations	Total	%	Continuing operations	Discontinued operations	Total	%
	N'000	N'000	N'000		N'000	N'000	N'000	
Gross earnings	221,600,284	-	221,600,284		205,449,251	-	205,449,251	
Interest expense:								
- Local	(35,323,994)	-	(35,323,994)		(29,213,853)	-	(29,213,853)	
- Foreign	(9,251,958)	-	(9,251,958)		(7,811,986)	-	(7,811,986)	
	177,024,332	-	177,024,332		168,423,412	-	168,423,412	
Loan impairment charges / Net impairment loss on financial assets	(2,794,482)	-	(2,794,482)		570,798	-	570,798	
	174,229,850	-	174,229,850		168,994,210	-	168,994,210	
Bought in materials and services								
- Local	(44,256,810)	-	(44,256,810)		(42,004,450)	-	(42,004,450)	
- Foreign	(612,846)	-	(612,846)		(326,780)	-	(326,780)	
Value added	129,360,194	-	129,360,194	100	126,662,980	-	126,662,980	100
Distribution								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	19,625,269	-	19,625,269	15	18,468,570	-	18,468,570	15
Government								
- Taxation	14,916,219	-	14,916,219	12	14,877,841	-	14,877,841	12
Retained in the Bank								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	9,273,196	-	9,273,196	7	8,052,743	-	8,052,743	6
- To pay proposed dividend	-	-	-	-	-	-	-	-
- Profit for the year (including statutory and regulatory risk reserves)	85,545,510	-	85,545,510	66	85,263,826	-	85,263,826	67
	129,360,194	-	129,360,194	100	126,662,980	-	126,662,980	100

Five Year Financial Summary

Statement of financial Position

Group

<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Assets					
Cash and cash equivalents	307,395,676	276,856,206	349,060,323	273,074,591	255,944,975
Loans and advances to banks	5,596,476	4,864,824	158,616	186,480	146,002
Loans and advances to customers	1,002,370,638	779,050,018	706,893,133	603,906,669	574,586,579
Financial assets held for trading	17,223,667	271,073,896	173,297,556	148,872,254	134,926,969
Derivative financial assets	170,101	-	-	-	-
Investment securities:					
– Available for sale	374,673,147	15,765,789	3,744,970	10,629,568	12,026,708
– Held to maturity	84,741,890	129,490,810	161,196,356	22,896,774	7,132,700
Assets pledged as collateral	28,442,629	31,203,230	45,588,084	29,481,804	22,112,657
Investment properties	-	-	-	7,349,815	5,070,666
Property and equipment	68,306,197	60,886,728	57,510,622	47,092,669	41,281,423
Intangible assets	11,214,274	1,772,176	1,006,470	1,956,459	2,337,921
Deferred tax assets	1,945,629	991,791	96,820	587,881	410,864
Restricted deposits and other assets	200,766,091	162,922,392	100,320,495	22,017,933	22,200,121
	2,102,846,415	1,734,877,860	1,598,873,445	1,168,052,897	1,078,177,585
Assets classified as held for sale and discontinued operations	-	-	9,779,201	-	-
Total assets	2,102,846,415	1,734,877,860	1,608,652,646	1,168,052,897	1,078,177,585
Liabilities					
Deposits from banks	15,208,300	23,860,259	37,229,029	26,026,980	31,187,065
Deposits from customers	1,427,493,697	1,148,197,165	1,026,119,419	753,088,230	666,921,855
Derivative financial liabilities	3,883	-	-	-	-
Other liabilities	61,014,954	83,278,066	52,323,162	65,037,039	90,521,190
Current income tax liabilities	13,073,847	15,630,973	14,062,596	9,529,921	3,483,561
Deferred tax liabilities	5,065,625	2,596,405	3,407,652	4,884,484	6,557,821
Liabilities on insurance contracts	-	-	-	2,926,322	1,476,642
Debt securities issued	156,498,167	86,926,227	145,767,516	66,886,763	67,373,122
Other borrowed funds	92,134,872	92,561,824	93,230,139	23,033,947	12,390,288
	1,770,493,345	1,453,050,919	1,372,139,513	951,413,686	879,911,544
Liabilities included in assets classified as held for sale and discontinued operations	-	-	6,119,979	-	-
Total liabilities	1,770,493,345	1,453,050,919	1,378,259,492	951,413,686	879,911,544
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	11,658,594	9,326,875
Share premium	123,471,114	123,471,114	123,471,114	119,076,565	119,076,565
Treasury shares	(2,046,714)	(2,046,714)	(2,046,714)	(1,562,603)	(1,873,920)
Retained earnings	55,205,142	39,766,597	25,130,520	13,329,100	10,215,217
Other components of equity	135,924,361	104,651,663	67,121,427	68,106,870	56,379,365
Total equity attributable to owners of the Bank	327,269,493	280,558,250	228,391,937	210,608,526	193,124,102
Non-controlling interests in equity	5,083,577	1,268,691	2,001,217	6,030,685	5,141,939
Total equity	332,353,070	281,826,941	230,393,154	216,639,211	198,266,041
Total equity and liabilities	2,102,846,415	1,734,877,860	1,608,652,646	1,168,052,897	1,078,177,585

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Interest income	185,383,473	170,295,193	126,471,509	112,396,831	128,605,231
Interest expense	(48,444,468)	(39,609,462)	(27,980,359)	(29,774,970)	(44,227,069)
Net interest income	136,939,005	130,685,731	98,491,150	82,621,861	84,378,162
Loan impairment charges	(2,886,005)	(738,786)	(19,503,412)	(10,368,326)	(31,703,124)
Net interest income after loan impairment charges	134,053,000	129,946,945	78,987,738	72,253,535	52,675,038
Fee and commission income	46,631,901	45,445,557	43,518,522	33,634,283	27,886,901
Fee and commission expense	(1,824,212)	(1,591,016)	(1,837,536)	(3,198,819)	(349,726)
Net fee and commission income	44,807,689	43,854,541	41,680,986	30,435,464	27,537,175
Net gains/(losses) on financial instruments classified as held for trading	7,686,240	3,940,524	6,843,478	7,935,040	7,302,666
Net premium less claims on insurance contracts	-	-	-	-	3,163,170
Other income	2,963,397	3,383,611	5,575,053	(2,261,461)	4,000,278
Other income	10,649,637	7,324,135	12,418,531	5,673,579	14,466,114
Operating income	189,510,326	181,125,621	133,087,255	108,362,578	94,678,327
Net impairment loss on financial assets	118,836	(96,869)	(1,181,354)	(228,910)	(1,573,001)
Net operating income after net impairment loss on financial assets	189,629,162	181,028,752	131,905,901	108,133,668	93,105,326
Personnel expenses	(23,761,448)	(23,660,091)	(22,374,358)	(16,932,927)	(18,484,414)
General and administrative expenses	(22,550,173)	(22,405,475)	(21,621,110)	(22,791,994)	(19,248,697)
Operating lease expenses	(837,218)	(791,433)	(677,886)	(594,272)	(969,720)
Depreciation and amortization	(10,115,860)	(8,891,796)	(7,608,215)	(6,539,171)	(5,950,871)
Other operating expenses	(25,273,207)	(22,252,034)	(17,544,126)	(15,000,112)	(13,439,090)
Operating expenses	(82,537,906)	(78,000,829)	(69,825,695)	(61,858,476)	(58,092,792)
Profit before income tax	107,091,256	103,027,923	62,080,206	46,275,192	35,012,534
Income tax expense	(17,067,279)	(16,341,043)	(14,277,068)	(7,666,836)	(6,409,456)
Profit for the year from continuing operations	90,023,977	86,686,880	47,803,138	38,608,356	28,603,078
Profit for the year from discontinued operations	-	609,077	3,938,482	995,668	-
Profit for the period	90,023,977	87,295,957	51,741,620	39,604,024	28,603,078
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
- Basic	3.17	3.05	1.69	1.36	1.53
- Diluted	3.17	3.05	1.69	1.36	1.53
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	0.02	0.13	0.04	-
- Diluted	0.00	0.02	0.13	0.04	-

Five Year Financial Summary

Statement of financial Position

Parent

<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Assets					
Cash and cash equivalents	228,609,551	210,300,286	311,072,270	226,123,548	232,253,559
Loans and advances to banks	16,976	177,985	158,616	186,480	146,002
Loans and advances to customers	926,967,093	742,436,944	679,358,919	574,255,521	550,281,123
Financial assets held for trading	13,746,682	267,417,182	151,819,087	131,189,143	126,598,639
Derivative financial assets	170,101	-	-	-	-
Investment securities:					
– Available for sale	364,056,362	10,138,761	3,744,970	6,919,692	9,865,756
– Held to maturity	46,682,498	118,897,917	163,914,120	23,443,181	8,212,983
Assets pledged as collateral	28,440,947	31,203,230	45,588,084	29,481,804	22,112,657
Investment in subsidiaries	40,130,284	22,925,088	16,233,581	30,115,862	29,774,817
Property and equipment	61,419,683	55,496,808	52,494,230	42,538,693	36,223,904
Intangible assets	2,256,768	1,539,717	762,709	1,374,207	1,835,440
Restricted deposits and other assets	191,868,850	159,783,305	94,880,959	17,675,985	15,649,728
	1,904,365,795	1,620,317,223	1,520,027,545	1,083,304,116	1,032,954,608
Assets classified as held for sale and discontinued operations	-	-	3,500,000	-	-
Total assets	1,904,365,795	1,620,317,223	1,523,527,545	1,083,304,116	1,032,954,608
Liabilities					
Deposits from banks	88,729	7,170,321	21,636,242	5,361,654	12,246,124
Deposits from customers	1,261,927,035	1,054,122,573	962,486,292	711,038,787	651,145,758
Derivative financial liabilities	3,883	-	-	-	-
Other liabilities	49,008,466	72,178,426	45,275,666	47,761,799	80,995,080
Current income tax liabilities	12,632,975	15,340,116	13,760,343	8,686,276	2,373,006
Deferred tax liabilities	4,784,323	2,533,627	3,308,557	4,708,122	6,348,353
Debt securities issued	13,233,595	13,238,291	13,233,169	68,370,952	67,403,227
Other borrowed funds	233,040,108	169,194,418	229,647,220	20,931,341	12,390,288
	1,574,719,114	1,333,777,772	1,289,347,489	866,858,931	832,901,836
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-
Total liabilities	1,574,719,114	1,333,777,772	1,289,347,489	866,858,931	832,901,836
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	11,658,594	9,326,875
Share premium	123,471,114	123,471,114	123,471,114	119,076,565	119,076,565
Treasury shares	-	-	-	-	-
Retained earnings	55,079,117	45,944,146	31,560,746	19,976,375	17,114,337
Other components of equity	136,380,860	102,408,601	64,432,606	65,733,651	54,534,995
Total equity attributable to owners of the Bank	329,646,681	286,539,451	234,180,056	216,445,185	200,052,772
Non-controlling interests in equity	-	-	-	-	-
Total equity	329,646,681	286,539,451	234,180,056	216,445,185	200,052,772
Total equity and liabilities	1,904,365,795	1,620,317,223	1,523,527,545	1,083,304,116	1,032,954,608

Five Year Financial Summary Cont'd

Statement of comprehensive income

Parent

<i>In thousands of Nigerian Naira</i>	Dec-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Interest income	172,433,167	160,124,580	119,016,532	104,114,184	120,889,212
Interest expense	(44,575,952)	(37,025,839)	(25,489,191)	(26,517,345)	(41,322,764)
Net interest income	127,857,215	123,098,741	93,527,341	77,596,839	79,566,448
Loan impairment charges	(2,913,318)	667,667	(18,661,992)	(9,771,893)	(31,288,431)
Net interest income after loan impairment charges	124,943,897	123,766,408	74,865,349	67,824,946	48,278,017
Fee and commission income	40,189,316	40,339,298	38,765,945	30,511,098	24,878,122
Fee and commission expense	(1,718,975)	(1,508,915)	(1,821,651)	(3,198,819)	(349,726)
Net fee and commission income	38,470,341	38,830,383	36,944,294	27,312,279	24,528,396
Net gains/(losses) on financial instruments classified as held for trading	5,395,773	2,339,332	4,878,110	7,001,436	8,549,716
Other income	3,582,028	2,646,041	9,940,364	(2,123,952)	4,813,618
Other income	8,977,801	4,985,373	14,818,474	4,877,484	13,363,334
Total Operating income	172,392,039	167,582,164	126,628,117	100,014,709	86,169,747
Net impairment loss on financial assets	118,836	(96,869)	(1,181,354)	(51,442)	(1,464,670)
Net operating income after net impairment loss on financial assets	172,510,875	167,485,295	125,446,763	99,963,267	84,705,077
Personnel expenses	(19,625,269)	(18,468,570)	(17,851,900)	(13,691,152)	(13,777,781)
General and administrative expenses	(20,077,522)	(20,285,783)	(19,779,440)	(17,942,774)	(16,467,320)
Operating lease expenses	(623,379)	(622,158)	(487,393)	(563,314)	(905,881)
Depreciation and amortization	(9,273,196)	(8,052,743)	(6,830,267)	(5,831,757)	(5,244,550)
Other operating expenses	(22,449,780)	(19,914,374)	(15,752,662)	(16,422,938)	(12,206,641)
Total expenses	(72,049,146)	(67,343,628)	(60,701,662)	(54,451,935)	(48,602,173)
Profit before income tax	100,461,729	100,141,667	64,745,101	45,511,332	36,102,904
Income tax expense	(14,916,219)	(14,877,841)	(13,091,850)	(7,099,720)	(5,325,647)
Profit for the year from continuing operations	85,545,510	85,263,826	51,653,251	38,411,612	30,777,257
Profit for the year from discontinued operations	-	-	-	-	-
Profit for the period	85,545,510	85,263,826	51,653,251	38,411,612	30,777,257

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	2.91	2.90	1.77	1.65	1.65
– Diluted	2.91	2.90	1.77	1.65	1.65

Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

– Basic	0.00	0.00	0.00	0.00	0.00
– Diluted	0.00	0.00	0.00	0.00	0.00

Share Capitalisation History						
YEAR	AUTHORISED		ISSUED		NO. OF SHARES	CONSIDERATION
	INCREASE	CUMULATIVE	INCREASE	CUMMULATIVE		
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	IPO
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

Dividend History

Ten-year dividend and unclaimed dividend history as at 31st December 2013

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31/12/2013	Percentage Dividend Amount Unclaimed
Payment 22	Interim	2/28/2003	625,000,000.00	25 kobo	5,037,186.08	0.81%
Payment 23	Final	2/28/2003	875,000,000.00	35 kobo	31,731.63	0.00%
Payment 24	Interim	2/29/2004	750,000,000.00	25 kobo	4,935,020.80	0.66%
Payment 25	Final	2/29/2004	1,350,000,000.00	45 kobo	46,641,711.78	3.45%
Payment 26	Interim	2/28/2005	1,000,000,000.00	25 kobo	56,564,383.05	5.66%
Payment 27	Final	2/28/2005	2,700,000,000.00	45 kobo	81,050,876.48	3.00%
Payment 28	Interim	2/28/2006	1,500,000,000.00	25 kobo	67,047,825.06	4.47%
Payment 29	Final	2/28/2006	4,200,000,000.00	70 kobo	168,368,440.47	4.01%
Payment 30	Interim	2/28/2007	2,000,000,000.00	25 kobo	196,009,367.69	9.80%
Payment 31	Final	2/28/2007	4,000,000,000.00	50 kobo	221,427,478.68	5.54%
Payment 32	Interim	2/28/2008	3,419,853,912.50	25 kobo	258,715,699.45	7.57%
Payment 33	Final	2/28/2008	9,575,590,955.00	70 kobo	625,182,694.78	6.53%
Payment 34	Final	12/31/2008	14,922,998,891.00	100 kobo	967,151,724.76	6.48%
Payment 35	Final	12/31/2009	13,990,311,460.50	75 kobo	935,893,169.59	6.69%
Payment 36	Interim	12/31/2010	5,829,296,441.75	25 kobo	369,383,827.96	6.34%
Payment 37	Final	12/31/2010	17,487,889,325.37	75 kobo	1,124,332,561.32	6.43%
Payment 38	Interim	12/31/2011	7,286,620,552.30	25 Kobo	455,911,028.47	6.26%
Payment 39	Final	12/31/2011	25,016,502,340.40	85 Kobo	1,516,699,032.49	6.06%
Payment 40	Interim	12/31/2012	7,357,794,806.00	25 Kobo	445,936,355.77	6.06%
Payment 41	Final	12/31/2012	38,260,532,991.20	130 kobo	2,380,895,667.08	6.22%
Payment 42	Interim	12/31/2013	7,357,794,806.00	25 Kobo	647,465,527.42	8.80%