Guaranty Trust Bank Plc and Subsidiary Companies

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

Introduction

Guaranty Trust Bank's Interim Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding interim financial statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the two quarters ended 30 June 2013.The consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria. In compliance with the provisions of that standard, it also includes unaudited current quarter income statements. 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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RESULT AT A GLANCE

GROSS EARNINGS	*PROFIT ON ORDINARY ACTIVITIES BEFORE TAX*	*PROFIT AFTER TAX*
N124.2 billion	**N57.36 billion**	**N49.01 billion**

	Group Jun-13 N' Million	Group Jun-12 N' Million	Increased / (Decreased) %	Bank Jun-13 N' Million	Bank Jun-12 N' Million	Increased / (Decreased) %
Major Profit and Loss Account Items						
Gross Earnings	124,202	113,527	9.4	115,161	106,122	8.5
Profit before tax on continuing operations	57,364	53,636	7.0	54,439	52,848	3.0
Profit after tax	49,015	45,552	7.6	47,112	44,707	5.4
Earnings per share (Naira)	1.73	1.59		1.60	1.52	

	Group Jun-13 N' Million	Group Dec-12 N' Million	Increased / (Decreased) %	Bank Jun-13 N' Million	Bank Dec-12 N' Million	Increased / (Decreased) %
Major Balance Sheet Items						
Deposits from customers	1,254,445	1,148,197	9.3	1,158,422	1,054,123	9.9
Loans and advances to customers	894,863	779,050	14.9	848,310	742,437	14.3
Total assets	1,860,494	1,734,878	7.2	1,736,556	1,620,317	7.2
Total equity	296,949	283,441	4.8	299,138	288,154	3.8

Corporate Governance

Introduction

Guaranty Trust Bank Plc ("the Bank") believes the fundamental purpose of any company is the creation and delivery of long-term sustainable value in a manner consistent with our obligations as a responsible corporate citizen. 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 is conscious that value creation is influenced by many factors both external and internal and that is why the Bank continues to review its corporate governance processes and practices carefully to ensure that they are fit for purpose. In reviewing our corporate governance practices, our aim is to understand the external factors that present risks and opportunities for our business in order to ensure our strategy is appropriate; building strong and stable relationship with our customers, employees and suppliers; and ensuring that we manage our risks and resources including capital appropriately. Over the years, the Bank has built an enviable reputation as an institution which has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

Our guiding principles ("the Orange Rules") are Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation. These Principles, on which the Bank was founded, remain the bedrock upon which we have built and developed our exemplary corporate governance practices. At Guaranty Trust Bank plc, the principles of good corporate governance practices remain one of our core values and an important ingredient in creating and sustaining shareholder value, while ensuring that behaviour is ethical, legal and transparent.

As a company publicly quoted on the Nigerian Stock Exchange with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, the Bank remains focused on its responsibilities and commitment to protect and increase shareholder value through transparent corporate governance practices. The Bank has over time developed policies and structures which help ensure compliance with laws and regulations and provide a clear line of sight for decision making and accountability which imbibe local regulatory standards as well as international best practices. The Bank ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission with effect from April, 2011 ("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.

In order to remain a pace setter in the area of good corporate governance practices, the Bank continuously reviews its Code to align with additional legal and regulatory requirements and global best 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 in furtherance of this, the Board of Directors of the Bank recently approved an Ethics Policy which would regulate employee relations with internal and external parties. This is a pointer to the Bank's dogged determination to ensure that its employees remain professional at all times in their business practices and ethics.

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

The Bank fosters 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 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. The Board is also responsible for the management of the Bank's relationship with its various stakeholders.

In order to deliver on its strategic objectives the Bank needs the right people and one of the Bank's key priorities is to ensure that we continue to have a Board and an executive management team with the appropriate skills, knowledge and experience to operate effectively 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 Nomination Committee, Board Remuneration Committee, 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 managed properly without eroding the controls in place.

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, and possesses 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 CBN Guidelines prescribe that the term of office of an Independent Director shall be four (4) years for a single term with a maximum of two consecutive terms if re-elected upon the expiration of the first term.

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 two (2) times during the period ended June 30, 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; appointment or removal of Company Secretary; approval of major change to the Bank's corporate structure (excluding internal reorganizations) 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; 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: monitor effectively 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 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 Criteria for the desired experience and competencies of new Directors is agreed upon by the Board, upon the recommendation of the Board Human Resources and Nomination Committee which 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 Central Bank of Nigeria.

Induction and Continuous Training

On appointment to the Board and to Board Committees, all Directors receive a formal 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**;** five (5) Non-Executive Directors attended foreign and local courses during the period ended June 30, 2013.

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, in compliance with the provisions of the Code of Corporate Governance of the Bank which stipulates that Non-

Executive Directors shall retire from the Board upon attaining the age of seventy (70) years. 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.

The Board also 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.

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 Resource 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 for shareholders' for approval at the next 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 47 of this Interim 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 Nomination Committee, Board Remuneration Committee, Board Information Strategy Committee.

Through these Committees, the Board is able to more effectively deal with complex and specialized 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, 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 two (2) times in the period ended June 30, 2013.

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

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

Board Credit Committee

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

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

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

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the period ended June 30, 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. Agusto	Non-Executive Director	Member
5	Mr. I. Hassan	Non-Executive Director	Member
6	Mr. O. Ohiwerei	Executive Director	Member
7	Mr. A. A. Oyedeji	Executive Director	Member

Board Human Resources and Nominations Committee

This Committee is responsible for the approval of the human resources matters, identification and nomination of candidates for appointment to the Board and board governance issues such as annual evaluation of the performance of the Managing Director and the Board, induction and continuous education, approval of promotion of top management staff, corporate governance, succession planning, conflicts 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 twice during the period under review.

Board Remuneration Committee

The Board Remuneration Committee has the responsibility of setting the 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. O. M. Agusto	Non-Executive Director	Chairman
2	Mr. K. A. Adeola	Non-Executive Director	Member

The Committee met once during the period under review.

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:

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

The Board Information Technology Strategy Committee 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 once during the period under review.

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 two (2) times during the period.

The following members served on the Committee during the period ended June 30, 2013:

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

* Mr. A.B. Akinsanmi was appointed as the Chairman of the Committee on April 25, 2013
**Alhaji M.F. Lawal served up till the AGM on April 25, 2013.

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 period ended June 30, 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	Jan. 23, 2013, April 17, 2013,	January 22, 2013, February 9, 2013, February 26, 2013 April 16, 2013 April 27, 2013	January 22, 2013 April 16, 2013	January 22, 2013 April 16, 2013	January 23, 2013	January 23, 2013	
	NUMBER OF MEETINGS	2	5	2	2	1	1	13
1	Mr.S.O. Oduyemi*	2	N/A	N/A	N/A	N/A	N/A	2
2	Mr. J. K. O Agbaje	2	N/A	2	2	N/A	1	7
3	Mrs. C. N. Echeozo	2	5	N/A	N/A	N/A	N/A	7
4	Mr. E. U. Imomoh	2	N/A	2	N/A	1	N/A	5
5	Mr. A O. Akintoye	2	5	N/A	2	N/A	N/A	9
6	Mr. A. F. Alli	2	N/A	2	2	N/A	N/A	6
7	Dr (Mrs.) S. C. Okoli	2	N/A	2	2	N/A	N/A	6
8	Mr. O. M. Agusto	2	5	N/A	N/A	1	N/A	8
9	Mr. K. A. Adeola	2	5	N/A	N/A	1	1	9
10	Mr. I. Hassan	2	5	N/A	2	N/A	N/A	9
11	Mr. A. A. Odeyemi	2	N/A	2	N/A	N/A	1	5
12	Mr. O. Ohiwerei	2	5	N/A	N/A	N/A	1	8
13	Mrs. O. O. Omotola	2	N/A	2	2	N/A	N/A	6
14	Mr. A. Oyedeji	2	5	N/A	N/A	N/A	N/A	7
15	Mrs. O. A. Demuren**	0	0	0	0	0	0	0

*Mr. S.O. Odeyemi retired from the Board of Directors at the end of the Annual General Meeting held on April 25, 2013.
**There has been no Meeting after her appointment to the Board on April 17, 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 and international best practices.

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 2012 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 requirements.

The Annual Board and Director Review/Appraisal Report for the 2012 financial year was presented to shareholders at the Annual General Meeting of the Bank held on April 25, 2013 and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

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

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

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

Protection of Shareholders Rights

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

Communication Policy

The Board and Management of the Bank ensure that communication and dissemination of information regarding the operations and management of the company 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, www.gtbank.com. The website is constantly updated with information as events occur.

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

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

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

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

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

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

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

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

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

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

Information Flows

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

The Company Secretary

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

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

Independent Advice

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

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

Insider Trading and price sensitive information

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

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, e.t.c., and agree on suitable mitigants.
- Review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

Management Credit Committee

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. Planning, Budgeting and Monitoring

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

2. Ensuring Operational Excellence

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

3. IT Risk Assurance

- Review and approve governance, risk and control framework.
- Monitor compliance with defined standards and agreed performance metrics.
- Ensure that vulnerability assessments of new technology are performed.

- Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
- Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
- Reviewing key IT risk and security issues relevant to the Bank's IT processes / systems.
- Ensuring the Bank's compliance with relevant laws and regulations.

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

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

Whistle Blowing procedures

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

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

Code of Professional Conduct for Employees

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

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

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 30 of this Interim 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.

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

Sustainability Report

Guaranty Trust Bank has had an Environmental and Social Management System (ESMS) Policy since 2002. The subsisting Board approved policy ensures that the Bank remains at the forefront of using its banking operations in influencing the sustainability behaviour of its stakeholders – customers, suppliers, workers and communities where it operates.

As one of the drafters of and signatory to the Nigerian Sustainable Banking Principles, Guaranty Trust Bank has adopted these Principles which include:

Principle 1 | Our Business Activities[1]: Environmental and Social Risk Management
We will integrate environmental and social considerations into decision-making processes relating to our Business Activities to avoid, minimise or offset negative impacts.

Principle 2 | Our Business Operations[2]: Environmental and Social Footprint[3]
We will avoid, minimise or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and, where possible, promote positive impacts.

Principle 3 | Human Rights
We will respect human rights in our Business Operations and Business Activities.

Principle 4 | Women's Economic Empowerment
We will promote women's economic empowerment through a gender inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities.

Principle 5 | Financial Inclusion
We will promote financial inclusion, seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.

Principle 6 | E&S Governance
We will implement robust and transparent E&S governance practices in Guaranty Trust Bank and assess the E&S governance practices of our clients.

Principle 7 | Capacity Building
We will develop individual, institutional and sector capacity necessary to identify, assess and manage environmental and social risks as well as opportunities associated with our Business Activities and Business Operations.

Principle 8 | Collaborative Partnerships
We will collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.

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[1]**Business Activities**: The provision of financial products and services to clients including, but not limited to: corporate finance, investment banking (corporate advisory, structured lending and capital, trading), equity investments, project finance, project finance advisory, structured commodity finance, small and medium business lending, retail banking, trade and leasing, and other forms of direct lending.
[2]**Business Operations**: The undertakings of employees and the physical human capital, assets and infrastructure (e.g. offices, branches, equipment) that a Bank engages in the course of facilitating its Business Activities. This would also include suppliers, contractors and third party service providers engaged by a Bank in the course of facilitating its Business Operations and Business Activities.
[3]**Environmental & Social Footprint**: The total effect or impact that a Bank's Business Operations have on the environment and society in which it operates (e.g. the amount of natural resources used, the amount of waste produced, or the effects on local/host communities or the Bank's human capital).

Sustainability Report

Principle 9 | Reporting
We will regularly review and report on our progress in meeting these Principles at the individual institution and sector level.

In addition to the foregoing, Guaranty Trust Bank conducts environmental and social due diligence on credit its requests against the performance standards of reputable international finance institutions (the International Finance Corporation's (IFC) performance standard is the benchmark for the bank), the IFC Exclusive list and national laws and regulations.

Guaranty Trust Bank has instituted a Sustainability Committee consisting of various Units and departments within the bank that meet quarterly to review and report the Bank's Sustainability performance, make recommendations and collate information towards the Bank's Annual Sustainability Report.

Guaranty Trust Bank strategically builds and integrates sustainability into its financing and investing activities. Its leadership position also entrust it with the responsibility of creating awareness to its customers and other stakeholders.

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

Complaints and 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 products, services and processes. The available platforms provided by the Bank include:

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

In addition to the social media platform established by the Bank, customers can also visit any of the Bank's branches to provide their feedback.

Complaints and Feedback

Resolution Structure

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

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

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.

Customers’ feedback on products

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.

This is to afford the Bank the opportunity of gaining customers’ perception about the Bank, and to intensify all efforts at ensuring that any identified gap in our service, process or product is closed.

Feedback on customers’ complaints to the Bank

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

The feedback gathered ensures that:

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

Complaints and Feedback

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 June 2013 pursuant to CBN circular dated August 16, 2011.

Period	Number of Complaints Received during the period	Number Resolved	Number not resolved but reported to CBN for Intervention	Total Disputed Amounts
1st Quarter	1021	1021	nil	nil
2nd Quarter	1212	987*	nil	nil

* Majority of outstanding complaints as at June 30, 2013 are mainly international dispense errors or international card unauthorized transactions that are yet to be resolved by international card operators. International dispense errors require a minimum of 45 days for resolution.

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 Management also

Internal control and Risk Management Systems

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 half year ended June 30, 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 half year ended June 30, 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.

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.

Following the directive issued by the CBN via the circular dated September 7, 2010, the Bank in 2011 divested its shareholding interests in 3 of its 4 non-banking subsidiaries, namely Guaranty Trust Assurance Plc, which is engaged in the provision of insurance services, GTB Asset Management Limited, an asset management and securities trading company, GTB Registrars Limited which acts as registrars to public companies. It concluded its divestment from the 4th non-banking subsidiary with the sale of GT Homes Limited, a licensed Primary Mortgage Institution which is engaged in mortgage activities in 2012. In accordance with the directives of the CBN, the Bank obtained the approval of the CBN for a Commercial Banking License with International Scope.

The Bank has seven 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 and GTB Finance B.V. Netherlands, the special purpose entity used to raise its $350 million and $500 million Eurobond Guarantee Notes.

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 9.4% and 7.0% respectively. Highlights of the Group's operating results for the period are as follows:

	Group June-13 N'000	Group June-12 N'000	Bank June-13 N'000	Bank June-12 N'000
GROSS EARNINGS	124,202,363	113,526,502	115,161,105	106,122,423
Profit before taxation	**57,364,487**	**53,636,084**	**54,438,811**	**52,847,826**
Taxation	(8,349,626)	(8,693,445)	(7,326,577)	(8,141,325)
Profit for the period from continuing operations	49,014,861	44,942,639	47,112,234	44,706,501
Profit for the period from discontinued operations	-	609,077	-	-
Profit for the period	**49,014,861**	**45,551,716**	**47,112,234**	**44,706,501**
Non-controlling interest	(195,821)	(163,199)	-	-
Profit attributable to equity holders of the Bank	**48,819,040**	**45,388,517**	**47,112,234**	**44,706,501**
Earnings per share (Naira) - Basic	1.7	1.6	1.6	1.5
Earnings per share (Naira) - Diluted	1.7	1.6	1.6	1.5

Dividends

During the period under review, the Directors paid final dividend in the sum of ₦1.30 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.

Withholding tax was deducted at the time of the payment of this dividend.

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.

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 June 13	*Indirect Holding June 13	Direct Holding June 12	*Indirect Holding June 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	363,800	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 Agusto	0	0	0	0
10	Mrs. Olutola Omotola	452,531	234,350	452,531	234,350
11	Mr. Demola Odeyemi	7,661,601	745,650	7,661,601	745,650
12	Mr. Wale Oyedeji	492,787	0	492,787	0
13	Mr. Ohis Ohiwerei	2,000,000	0	2,000,000	0
14	Mr. Oluwole Oduyemi**	764,385	607,150	1,114,385	5,370,150
15	Mrs. O. A. Demuren***				

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

** Retired from the Board on April 17, 2013

***Appointed as a Non-Executive Director on April 17, 2013

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 Fixed	Description	Timing
Basic Salary	- Part of gross salary package for Executive Directors only. - Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	- Part of gross salary package for Executive Directors only. - Reflects the banking industry competitive salary package and the extent to which the bank's objectives	Paid last month of the financial year

	have been met for 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, in compliance with the provisions of the Code of Corporate Governance of the Bank which stipulates that Non-Executive Directors shall retire from the Board upon attaining the age of seventy (70) years. Subsequent upon the retirement of the erstwhile Chairman, the Board of Directors appointed Mr. E.U. Imomoh as the Chairman of the Board, in line with the well defined succession plan of the Company.

The Board also 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.

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 Resource 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.

The appointment of Mrs. Demuren will be presented for shareholders' approval at the next Annual General Meeting of the Bank.

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004, Messrs. Adeola and Agusto disclosed to the Board their interest as directors of Comprehensive Project Management Services Limited (a project management company) and Agusto & Company Limited (a credit rating company) respectively, which provided services to the Bank in the course of the period under review.

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

Retirement by Rotation

In accordance with Article 84 of the Bank's Articles of Association, Messrs. Imomoh and Oduyemi retired by rotation at the Annual General Meeting of the Bank held on April 25, 2013. Mr. Imomoh, being eligible, offered himself for re-election and was re-elected as a Director of the Bank.

However, Mr. Oduyemi retired at the end of the Annual General Meeting, in compliance with the provisions of the Code of Corporate Governance of the Bank which stipulates that Non-Executive Directors shall retire from the Board upon attaining the age of seventy (70) years.

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at half year ended June 30, 2013, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	253,300	73.07	817,417,276	2.78
10,001	-	50,000	68,785	19.84	1,499,382,338	5.09
50,001	-	100,000	11,446	3.30	804,792,287	2.73
100,001	-	500,000	10,333	2.98	2,113,190,855	7.18
500,001	-	1,000,000	1,250	0.36	872,446,899	2.96
1,000,001	-	5,000,000	1,187	0.34	2,388,572,135	8.12
5,000,001	-	10,000,000	148	0.04	997,839,291	3.39
10,000,001	-	50,000,000	137	0.04	2,963,295,822	10.07
50,000,001	-	100,000,000	29	0.01	2,052,044,318	6.97
100,000,001	-	500,000,000	19	0.01	4,729,039,328	16.07
500,000,001	-	1,000,000,000	1	0.00	811,659,602	2.76
1,000,000,01	-	2,000,000,000	3	0.00	3,840,290,531	13.05
2,000,000,01	-	5,000,000,000	1	0.00	2,007,759,255	6.82
	Sub-Total		**346,639**	**99.9997**	**25,897,729,937**	**87.9942**
	GDR [underlying shares]		1	0.0003	3,533,449,287	12.0058
	TOTAL		346,640	100.0000	**29,431,179,224**	**100.0000**

According to the Register of members as at June 30, 2013, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

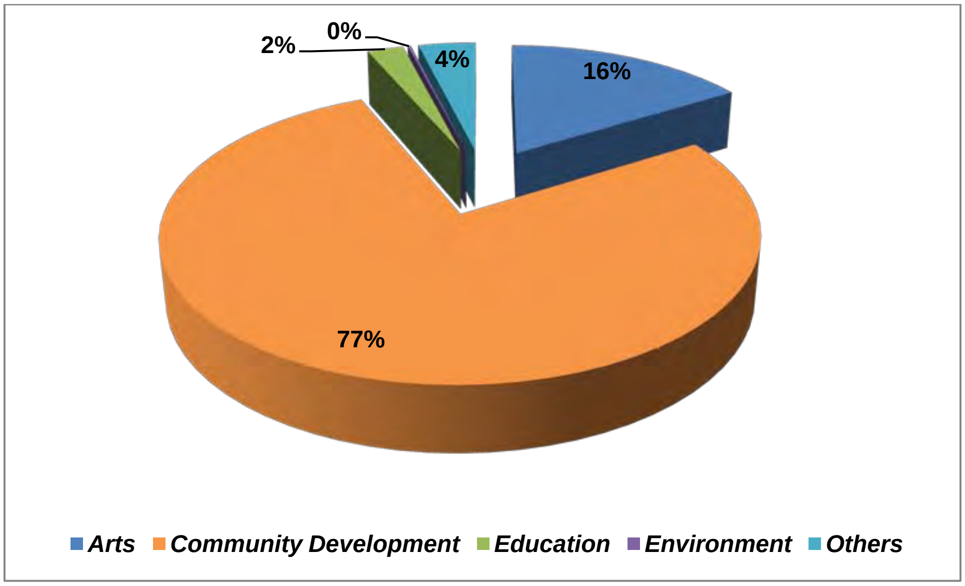
Shareholder	***No. of Shares held***	***Percentage of Shareholding***
GDR (underlying shares)*	3,533,449,287	12.01
Stanbic Nominees Nigeria Limited**	6,018,442,511	20.46

* Citibank Nigeria Limited held the 3,533,449,287 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 20.46% 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 ₦216,451,948 (Jun. 2012: ₦162,918,067) as donations and charitable contributions during the period. This represents a growth of 33% over the donations given in the same period for 2012 and it comprises contributions to Educational organizations, Art and Cultural organizations, and 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	Organisation	Total
Arts	GTBank Nollywood Study Centre	328,000.00
	House Of Tara	500,000.00
	Media Development	200,000.00
	MUSON	75,000.00
	Tate Partnership	24,481,124.65
	Terra Kulture	3,000,000.00
	Yinka Shonibare'S 2013 Art Exhibition	6,350,000.00
Community Development	African Gifted Foundation Academy	1,905,000.00
	Anwar Ul Islam	500,000.00
	Aret Adams Foundation	250,000.00
	Chike Okoli Foundation	1,200,000.00
	Children's Day	450,000.00
	Dept Of Pediatrics UNTH, Enugu	500,000.00
	Fate Foundation	1,000,000.00
	Heritage Cup	22,532,857.25
	Honey Bee Foundation	300,000.00

	Int'l Women Organisation For Charity	20,000.00
	Kids Start Right	50,000.00
	Lagos Polo Club	10,000,000.00
	Lebanese Ladies Society	130,000.00
	Lindy's Gem Foundation	500,000.00
	Nig Stock Exchange	271,267.75
	Nigeria Finance And Investment Summit	300,000.00
	Nigeria Police Force	5,250,000.00
	Nigeria Police Games	5,000,000.00
	Oil Council	3,371,550.00
	Orange Ribbon Initiative - Autism	29,316,635.50
	Pass Now Now	9,999,998.68
	Polo Tournament	10,806,750.00
	Principals Cup - Lagos, Ogun & Rivers State	43,390,042.85
	Rotary Club	2,000,000.00
	Shekere Magazine	500,000.00
	Special Olympics Nigeria	2,615,500.94
	Special Persons Association	50,000.00
	Swiss Red Cross	15,203,302.00
	Yoruba Council Of Youth	150,000.00
Education	Adopt-A-School	90,400.00
	Dowen College	20,000.00
	Durham University	269,500.00
	Gem's Preparatory School	273,800.00
	Ikoyi Nursery	250,000.00
	King'S College	68,250.00
	Methodist Boys High School	75,000.00
	Olashore Int'L School	422,000.00
	Pacelli School For The Blind	165,550.00
	St. Gregory’s College	1,755,600.00
	St. Saviour’s School	1,500,000.00
	UNAAB Int Schools	200,000.00
	Usman Dan Fodio University	150,000.00
Environment	Environment Maintenance-Daoula Round about Kano	83,160.00
	Lagos State Govt Environmental Protection Agency	250,000.00
	Roundabout	92,170.00
Others	Others	8,289,488.81
		216,451,948.43

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 30 June, 2013 and profit attributable to equity holders on that date 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	1,713	1,309	3,022	57%	43%

Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Board	10	4	14	75%	25%
Top Management (AGM - GM)	38	17	55	70%	30%
Total	**48**	**21**	**69**		

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

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	16	6	22	75%	25%
Deputy General Manager	15	4	19	79%	21%
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	7	2	8	81%	19%
Total	**49**	**20**	**69**		

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.

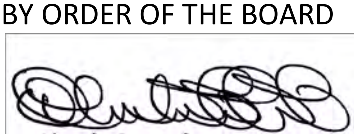
Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

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
17 July, 2013

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended June 30, 2013

The Directors accept responsibility for the preparation of the full year financial statements set out on pages 40 to 249 that give a true and fair view in accordance with IAS 34 on Interim Financial Statements and in the manner required by the Companies and Allied Matters Act 1990 of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act 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 year 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	SEGUN AGBAJE
17 July, 2013	17 July, 2013

Report of the Audit Committee

For the period ended 30 June, 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 1990, 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, 1990 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 30 June, 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 N5,764,297,435 (31 December, 2012: N6,336,282,000) was outstanding as at 30 June, 2013. The status of performance of insider related credits is as disclosed in Note 47(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. Akinsami
Chairman, Audit Committee
17 July, 2013

Members of the Audit Committee are:

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

In attendance:

Mr. Segun Fadahunsi - Secretary

pwc

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

We have audited the accompanying separate and consolidated interim 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 30 June 2013 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IAS 34 'Interim Financial Reporting' 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 interim financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 30 June 2013 and of their financial performance and cash flows for the period then ended in accordance with IAS 34 'Interim Financial Reporting' and with the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 498337

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
FRC/2013/ICAN/00000000946

2 August 2013

Financial statements

Statements of financial position

As at 30 June 2013

In thousands of Nigerian Naira	*Notes*	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Assets					
Cash and cash equivalents	4, 8, 23	232,414,899	322,989,480	180,356,202	256,433,560
Loans and advances to banks	4, 8, 24	4,143,418	4,864,824	32,498	177,985
Loans and advances to customers	4, 8, 25	894,862,976	779,050,018	848,309,592	742,436,944
Financial assets held for trading	4, 8, 26	31,066,348	271,073,896	27,358,077	267,417,182
Investment securities:					
– Available for sale	4, 8, 27	296,801,242	15,765,789	288,873,847	10,138,761
– Held to maturity	4, 8, 27	120,598,110	129,490,810	101,692,526	118,897,917
Assets pledged as collateral	4, 8, 28	27,529,108	31,203,230	27,529,108	31,203,230
Investment in subsidiaries	29	-	-	22,998,802	22,925,088
Property and equipment	30	63,737,475	60,886,728	58,069,741	55,496,808
Intangible assets	31	2,403,549	1,772,176	2,052,665	1,539,717
Deferred tax assets	32	863,887	991,791	-	-
Other assets	33	186,073,392	116,789,118	179,283,124	113,650,031
Total assets		**1,860,494,404**	**1,734,877,860**	**1,736,556,182**	**1,620,317,223**
Liabilities					
Deposits from banks	4, 8, 35	17,657,973	23,860,259	1,430,966	7,170,321
Deposits from customers	4, 8, 36	1,254,445,308	1,148,197,165	1,158,421,656	1,054,122,573
Other liabilities	8, 38	89,462,161	80,972,096	77,054,502	69,872,456
Current income tax liabilities	21	11,963,123	15,630,973	11,732,712	15,340,116
Deferred tax liabilities	32	5,817,448	3,288,196	5,670,120	3,225,418
Debt securities issued	4, 8, 37	94,007,480	86,926,227	13,228,726	13,238,291
Other borrowed funds	4, 8, 40	90,191,530	92,561,824	169,879,450	169,194,418
Total liabilities		**1,563,545,023**	**1,451,436,740**	**1,437,418,132**	**1,332,163,593**

Statements of financial position (Continued)
As at 30 June 2013

In thousands of Nigerian Naira	**Notes**	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Equity	41				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(2,046,714)	(2,046,714)	-	-
Retained earnings		34,403,282	41,380,776	41,132,507	47,558,325
Other components of equity		125,159,807	104,651,663	119,818,839	102,408,601
Total equity attributable to owners of the Parent		**295,703,079**	**282,172,429**	**299,138,050**	**288,153,630**
Non-controlling interests in equity		1,246,302	1,268,691	-	-
Total equity		**296,949,381**	**283,441,120**	**299,138,050**	**288,153,630**
Total equity and liabilities		**1,860,494,404**	**1,734,877,860**	**1,736,556,182**	**1,620,317,223**

Approved by the Board of Directors on 17 July 2013 and signed on its behalf by:

Director/Chief Financial Officer
Demola Odeyemi

Director
Cathy Echeozo

Director
Segun Agbaje

The accompanying notes are an integral part of these financial statements

Income statements

For the period ended 30 June 2013

In thousands of Nigerian Naira	*Notes*	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Interest income	9	92,000,395	83,176,926	86,280,338	79,179,733
Interest expense	10	(23,460,611)	(18,785,450)	(21,799,503)	(17,677,481)
Net interest income		**68,539,784**	**64,391,476**	**64,480,835**	**61,502,252**
Loan impairment charges	11	(1,317,532)	(2,410,863)	(1,107,877)	(1,707,356)
Net interest income after loan impairment charges		**67,222,252**	**61,980,613**	**63,372,958**	**59,794,896**
Fee and commission income	12	25,048,165	24,809,180	21,615,202	22,012,856
Fee and commission expense	13	(490,823)	(783,073)	(452,538)	(747,079)
Net fee and commission income		**24,557,342**	**24,026,107**	**21,162,664**	**21,265,777**
Net gains/(losses) on financial instruments classified as held for trading	14	3,517,125	2,981,141	2,711,183	2,069,859
Other income	15	3,636,678	2,559,255	4,554,382	2,859,975
Personnel expenses	17	(10,976,285)	(10,400,084)	(9,705,384)	(8,213,674)
General and administrative expenses	18	(11,832,237)	(11,097,511)	(10,724,159)	(10,299,338)
Operating lease expenses		(410,118)	(638,698)	(306,534)	(383,482)
Depreciation and amortization	19	(4,902,531)	(4,187,943)	(4,458,684)	(3,767,274)
Other operating expenses	20	(13,447,739)	(11,586,796)	(12,167,615)	(10,478,913)
Profit before income tax		**57,364,487**	**53,636,084**	**54,438,811**	**52,847,826**
Income tax expense	21	(8,349,626)	(8,693,445)	(7,326,577)	(8,141,325)
Profit for the period from continuing operations		**49,014,861**	**44,942,639**	**47,112,234**	**44,706,501**
Profit for the period from discontinued operations	34	-	609,077	-	-
Profit for the period		**49,014,861**	**45,551,716**	**47,112,234**	**44,706,501**

Income statements (Continued)

For the period ended 30 June 2013

In thousands of Nigerian Naira	**Notes**	**Group Jun-2013**	**Group Jun-2012**	**Parent Jun-2013**	**Parent Jun-2012**
Profit attributable to:					
Equity holders of the parent entity (total)		**48,819,040**	**45,388,517**	**47,112,234**	**44,706,501**
– Profit for the period from continuing operations		48,819,040	44,828,737	47,112,234	44,706,501
– Profit for the period from discontinued operations	34	-	559,780	-	-
Non-controlling interests (total)		**195,821**	**163,199**	**-**	**-**
– Profit for the period from continuing operations		195,821	113,902	-	-
– Profit for the period from discontinued operations	34	-	49,297	-	-
		49,014,861	**45,551,716**	**47,112,234**	**44,706,501**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	22	1.73	1.59	1.60	1.52
– Diluted	22	1.73	1.59	1.60	1.52
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the period (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 period ended 30 June 2013

In thousands of Nigerian Naira	***Notes***	**Group Jun-2013**	**Group Jun-2012**	**Parent Jun-2013**	**Parent Jun-2012**
Profit for the period		49,014,861	45,551,716	47,112,234	44,706,501
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		1,163,010	(2,133,947)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	(348,903)	-	-	-
Net change in fair value of available for sale financial assets		3,049,903	1,218,333	3,046,740	1,220,887
Income tax relating to Net change in fair value of available for sale financial assets	21	(914,971)	(366,266)	(914,022)	(306,448)
Other comprehensive income for the period, net of tax		2,949,039	(1,281,880)	2,132,718	914,439
Total comprehensive income for the period		**51,963,900**	**44,269,836**	**49,244,952**	**45,620,940**
Profit attributable to:					
Equity holders of the parent entity (total)		**51,791,182**	**44,202,850**	**49,244,952**	**45,620,940**
– Total comprehensive income for the period from continuing operations		51,791,182	43,643,070	49,244,952	45,620,940
– Total comprehensive income for the period from discontinued operations		-	559,780	-	-
Non-controlling interests (total)		**172,718**	**66,986**	**-**	**-**
– Total comprehensive income for the period from continuing operations		172,718	17,689	-	-
– Total comprehensive income for the period from discontinued operations		-	49,297	-	-
Total comprehensive income for the period		**51,963,900**	**44,269,836**	**49,244,952**	**45,620,940**

The accompanying notes are an integral part of these financial statements

Income statements

For 3 months ended 30 June 2013 (Unaudited)

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Interest income	46,730,738	42,483,074	43,951,373	40,643,191
Interest expense	(11,633,449)	(9,539,737)	(10,824,477)	(9,032,537)
Net interest income	**35,097,289**	**32,943,338**	**33,126,896**	**31,610,654**
Loan impairment charges	164,896	(2,005,181)	23,379	(1,518,635)
Net interest income after loan impairment charges	**35,262,185**	**30,938,157**	**33,150,275**	**30,092,019**
Fee and commission income	11,981,154	13,907,811	9,725,232	12,213,765
Fee and commission expense	(203,274)	(621,210)	(180,589)	(600,199)
Net fee and commission income	**11,777,880**	**13,286,601**	**9,544,643**	**11,613,566**
Net gains/(losses) on financial instruments classified as held for trading	875,369	2,723,416	534,949	2,350,267
Other income	1,042,927	1,797,607	2,355,160	1,860,595
Personnel expenses	(5,517,134)	(5,280,483)	(5,065,373)	(3,819,998)
General and administrative expenses	(8,403,438)	(8,202,417)	(7,587,777)	(7,446,732)
Operating lease expenses	(257,102)	(416,505)	(157,354)	(244,445)
Depreciation and amortization	(2,521,286)	(2,067,840)	(2,265,694)	(1,831,713)
Other operating expenses	(3,386,518)	(3,526,849)	(3,214,623)	(3,352,842)
Profit before income tax	**28,872,883**	**29,251,687**	**27,294,206**	**29,220,717**
Income tax expense	(2,414,274)	(3,621,069)	(1,897,655)	(3,415,903)
Profit for the period from continuing operations	**26,458,609**	**25,630,619**	**25,396,551**	**25,804,814**
Profit for the period from discontinued operations	-	517,238	-	-
Profit for the period	**26,458,609**	**26,147,856**	**25,396,551**	**25,804,814**

Income statements
(Continued)

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Jun-2012**	**Parent Jun-2013**	**Parent Jun-2012**
Profit attributable to:				
Equity holders of the parent entity (total)	**26,349,458**	**25,914,056**	**25,396,551**	**25,804,814**
– Profit for the period from continuing operations	26,349,458	25,464,656	25,396,551	25,804,814
– Profit for the period from discontinued operations	-	449,400	-	-
Non-controlling interests (total)	**109,151**	**233,801**	**-**	**-**
– Profit for the period from continuing operations	109,151	40,622	-	-
– Profit for the period from discontinued operations	-	193,179	-	-
	26,458,609	**26,147,856**	**25,396,551**	**25,804,814**

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):				
– Basic	0.93	0.92	0.86	0.88
– Diluted	0.93	0.92	0.86	0.88
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):				
– Basic	0.004	0.008	-	-
– Diluted	0.004	0.008	-	-

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income

For 3 months ended 30 June 2013 (Unaudited)

In thousands of Nigerian Naira	***Notes***	**Group Jun-2013**	**Group Jun-2012**	**Parent Jun-2013**	**Parent Jun-2012**
Profit for the period		26,458,609	26,147,856	25,396,551	25,804,814
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		1,572,853	(1,291,942)	1,163,010	-
Net change in fair value of available for sale financial assets		3,049,903	1,221,394	3,049,903	1,223,948
Income tax relating to component of other comprehensive income		(1,263,874)	(535,279)	(914,022)	(307,060)
Other comprehensive income for the period, net of tax		3,358,882	(605,827)	3,298,891	916,888
Total comprehensive income for the period		**29,817,491**	**25,542,029**	**28,695,442**	**26,721,701**
Profit attributable to:					
Equity holders of the parent entity (total)		**29,608,490**	**25,564,657**	**27,529,269**	**26,721,701**
– Total comprehensive income for the period from continuing operations		29,608,490	25,073,855	27,529,269	26,721,701
– Total comprehensive income for the period from discontinued operations		-	490,802	-	-
Non-controlling interests (total)		**(22,009,974)**	**73,585**	**(21,715,683)**	**-**
– Total comprehensive income for the period from continuing operations		(22,009,974)	47,150	(21,715,683)	-
– Total comprehensive income for the period from discontinued operations		-	26,435	-	-
Total comprehensive income for the period		**7,598,517**	**25,638,242**	**5,813,586**	**26,721,701**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
June 2013
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	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)**	**41,380,776**	**1,268,691**	**283,441,120**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	48,819,040	195,821	49,014,861
Other comprehensive income, net of tax										
Foreign currency translation difference	-	-	-	-	-	-	837,210	-	(23,103)	814,107
Fair value adjustment	-	-	-	-	-	2,134,932	-	-	-	2,134,932
Total other comprehensive income	-	-	-	-	-	**2,134,932**	**837,210**	-	**(23,103)**	**2,949,039**
Total comprehensive income	-	-	-	-	-	**2,134,932**	**837,210**	**48,819,040**	**172,718**	**51,963,900**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	2,418,992	15,117,010	-	-	-	(17,536,002)	-	-
Dividend to equity holders [1]	-	-	-	-	-	-	-	(38,260,532)	(195,107)	(38,455,639)
Total transactions with equity holders	**-**	**-**	**2,418,992**	**15,117,010**	**-**	-	-	**(55,796,534)**	**(195,107)**	**(38,455,639)**
Balance at 30 June 2013	**14,715,590**	**123,471,114**	**13,731,793**	**110,187,980**	**(2,046,714)**	**2,304,539**	**(1,064,505)**	**34,403,282**	**1,246,302**	**296,949,381**

[1] **See Note 42**

Consolidated Statement of Changes in Equity
Jun-2012
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	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	2,001,217	230,393,154
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	45,388,517	163,199	45,551,716
Other comprehensive income, net of tax										
Foreign currency translation difference	-	-	-	-	-	-	(2,037,734)	-	(96,213)	(2,133,947)
Fair value adjustment	-	-	-	-	-	852,067	-	-	-	852,067
Total other comprehensive income	-	-	-	-	-	**852,067**	**(2,037,734)**	-	**(96,213)**	**(1,281,880)**
Total comprehensive income	-	-	-	-	-	**852,067**	**(2,037,734)**	**45,388,517**	**66,986**	**44,269,836**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	-	13,928,013	-	-	-	(13,928,013)	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(25,016,502)	(58,680)	(25,075,182)
Non-controlling interest of subsidiaries disposed	-	-	-	-	-	-	-	-	(1,023,769)	(1,023,769)
Total transactions with equity holders	**-**	**-**	**-**	**13,928,013**	**-**	-	-	**(38,944,515)**	**(1,082,449)**	**(26,098,951)**
Balance at 30 June 2012	**14,715,590**	**123,471,114**	-	**82,016,228**	**(2,046,714)**	**(2,554)**	**(2,149,901)**	**31,574,522**	**985,754**	**248,564,039**

Statement of Changes in Equity
June 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**	**47,558,325**	**288,153,630**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	47,112,234	47,112,234
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	2,132,718	-	2,132,718
Total other comprehensive income	-	-	-	-	**2,132,718**	-	**2,132,718**
Total comprehensive income	-	-	-	-	**2,132,718**	**47,112,234**	**49,244,952**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	1,143,850	14,133,670	-	(15,277,520)	-
Dividend to equity holders [1]	-	-	-	-	-	(38,260,532)	(38,260,532)
Total transactions with equity holders	**-**	**-**	**1,143,850**	**14,133,670**	-	**(53,538,052)**	**(38,260,532)**
Balance at 30 June 2013	**14,715,590**	**123,471,114**	12,456,651	**105,059,863**	**2,302,325**	**41,132,507**	**299,138,050**

[1] **See Note 42**

Statement of Changes in Equity
Jun-2012
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2011	14,715,590	123,471,114	-	65,347,045	(914,439)	31,560,746	234,180,056
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	44,706,501	44,706,501
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	914,439	-	914,439
Total other comprehensive income	-	-	-	-	**914,439**	-	**914,439**
Total comprehensive income	-	-	-	-	**914,439**	**44,706,501**	**45,620,940**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	13,411,950	-	(13,411,950)	-
Dividend to equity holders	-	-	-	-	-	(25,016,502)	(25,016,502)
Total transactions with equity holders	**-**	**-**	**-**	**13,411,950**	-	**(38,428,452)**	**(25,016,502)**
Balance at 30 June 2011	**14,715,590**	**123,471,114**	-	**78,758,995**	**-**	**37,838,795**	**254,784,494**

Statements of cash flows

For the period ended 30 June 2013

In thousands of Nigerian Naira	*Notes*	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Cash flows from operating activities					
Profit for the period		49,014,861	45,551,716	47,112,234	44,706,501
Adjustments for:					
Depreciation of property and equipment	19, 30	4,521,128	4,035,846	4,163,486	3,572,006
Amortisation of Intangibles		381,403	152,097	295,198	195,268
Gain on disposal of property and equipment		(53,902)	(44,948)	(39,552)	(33,515)
Gain from disposal of subsidiaries		-	(411,040)	-	-
Impairment on financial assets		1,368,508	2,410,863	1,158,854	1,707,356
Net interest income		(68,539,784)	(64,391,476)	(64,480,835)	(61,502,252)
Foreign exchange gains	15	(3,568,303)	(1,601,011)	(3,562,977)	(1,493,645)
Dividend received		(168,226)	(126,356)	(1,105,606)	(644,828)
Income tax expense	21, 34	8,349,626	8,693,445	7,326,577	8,141,325
Other non-cash items		1,277,732	2,533,099	1,277,732	2,533,099
		(7,416,957)	(3,197,765)	(7,854,889)	(2,818,685)
Changes in:					
Financial assets held for trading		239,918,654	26,064,177	240,059,105	12,693,946
Assets pledged as collateral		3,674,122	8,577,547	3,674,122	8,577,547
Loans and advances to banks		567,723	(2,258,747)	145,719	(77,367)
Loans and advances to customers		(114,205,643)	(89,410,165)	(107,031,734)	(86,081,318)
Other assets		(69,586,155)	(12,658,870)	(65,998,323)	(12,835,492)
Deposits from banks		(5,310,411)	(24,038,254)	(5,739,355)	(20,484,316)
Deposits from customers		107,122,586	38,244,130	104,299,083	23,542,122
Other liabilities		8,696,069	20,555,565	7,458,023	15,888,983
		170,876,945	(34,924,617)	176,866,640	(58,775,895)
Interest received		93,059,051	77,189,202	87,338,994	73,192,009
Interest paid		(25,806,563)	(15,330,826)	(24,145,456)	(14,222,856)
		230,712,476	23,735,994	232,205,289	(2,625,427)
Income tax paid[1]		(10,318,568)	(8,414,748)	(9,403,302)	(7,899,050)
Net cash/(used in) provided by operating activities		220,393,908	15,321,246	222,801,987	(10,524,477)

Statements of cash flows

For the period ended 30 June 2013

In thousands of Nigerian Naira	***Notes***	**Group Jun-2013**	**Group Jun-2012**	**Parent Jun-2013**	**Parent Jun-2012**
Cash flows from investing activities					
Sale/(purchase) of investment securities		(269,139,381)	(6,835,428)	(258,482,955)	9,893,678
Dividends received		168,226	126,356	1,105,606	644,828
Purchase of property and equipment[1]	30	(7,249,689)	(8,553,904)	(6,439,638)	(6,626,852)
Proceeds from the sale of property and equipment		325,167	976,071	108,000	871,451
Purchase of intangible assets[1]	31	(1,009,534)	(512,597)	(808,146)	(492,574)
Investment in subsidiaries		-	-	(73,714)	(3,485,058)
Purchase of investment properties		-	(31,983)	-	-
Proceeds from disposal of investment properties		-	268,284	-	-
Cash inflow on disposal of subsidiaries	34	3,775,711	3,500,000	-	3,500,000
Cash outflow on disposal of subsidiaries	34	(3,775,711)	(3,775,711)	-	-
Net cash provided by/(used in) investing activities		(276,905,211)	(14,838,912)	(264,590,847)	4,305,473
Cash flows from financing activities					
Increase in debt securities issued		3,928,949	-	-	-
Repayment of debt securities issued		-	(57,389,414)	-	(4,589)
Repayment of long term borrowings		-	(6,928,183)	2,922,175	(63,461,876)
Increase in long term borrowings		(2,310,615)	9,061,993	(2,237,143)	9,061,993
Finance lease repayments		(275,977)	(257,803)	(275,977)	(257,803)
Dividends paid to owners	42	(38,260,532)	(25,016,502)	(38,260,532)	(25,016,502)
Dividends paid to non-controlling interest		(195,107)	(58,680)	-	-
Net cash provided by financing activities		(37,113,282)	(80,588,589)	(37,851,477)	(79,678,777)
Net (decrease) /increase in cash and cash equivalents		(93,624,585)	(80,106,255)	(79,640,337)	(85,897,781)
Cash and cash equivalents at beginning of period		322,989,479	369,105,220	256,433,560	330,294,424
Effect of exchange rate fluctuations on cash held		3,050,005	388,659	3,562,979	1,493,645
Cash and cash equivalents at end of the period		232,414,899	289,387,624	180,356,202	245,890,288

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 period ended 30 June 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 and retail banking.

2. Basis of preparation

The interim financial statements of the Parent and the Group have been prepared in accordance with IAS 34 'Interim financial reporting' and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

These financial statements were authorised for issue by the directors on **17 July, 2013**.

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

(b) Interim Financial Statements

The accompanying Statements of Financial Positions as at 30th June, 2013, the Statements of Comprehensive Income for the six months ended 30 June 2013, and 2012, the Statements of Changes in Equity for the six months ended 30th June, 2013 and 2012, the Statements of Cash Flows for the six months ended 30th June, 2013 and 2012 and the explanatory notes to the financial statements are audited and have been prepared for interim financial information. These Interim Financial Statements are complete (as described in IAS 1) and have been prepared in compliance with the International Financial Reporting Standards.

The unaudited Statements of Comprehensive income for the three months ended 30 June 2013 and 2012 have also been prepared for second quarter interim financial information.

(c) Functional and presentation currency

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

(d) Basis of measurement

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

- Derivative financial instruments 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. 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 total 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

(e) 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.

(f) Changes to accounting policies

New and amended standards and interpretations

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

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

Amendments to the following standard(s) which became effective in the reporting period did not have any material impact on the accounting policies, financial position or performance of the Group:

- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income: These introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance. The amendments also clarify the requirement for comparative information i.e. the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements. The Group does not voluntarily provide additional comparative information.

- Amendment to IAS 19: The standard became effective 1 January, 2013. The amendment introduces changes to recognition of deficit / surplus on defined benefit plans and presentation of defined benefit cost. It also introduces 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 as against the previous practice of immediate recognition in the Group's Profit or Loss. The Group does not expect this to have material impact on its Other Comprehensive Income except there are significant changes in market related assumptions. 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 other changes to termination benefits and 10% corridor do not affect the Group as it neither pays termination benefits nor apply the rule.

- Amendments to IAS 34: 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 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 (CODM) and the Group as 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 parts 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. IFRS 10 had no impact on the consolidation of investments held by the Group.

- Amendments to IFRS 7: 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. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

- 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 Standard combines and makes consistent, certain existing disclosures that were previously included in IAs 27 and IAS 28 while introducing certain new disclosure requirements including those relating to unconsolidated structured. The group has duly adopted the standard and 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. The Group has not adopted any yet ineffective standard, interpretation or amendment early.

o **Standards and interpretations issued but not yet effective**

Standard	*Content*	*Effective Year*
IFRIC Interpretation 21	Levies	1-Jan-14
IAS 27	Consolidated and Separate Financial Statement	1-Jan-14
IFRS 12	Disclosure of Interests in Other Entities	1-Jan-14
IFRS 10	Consolidated Financial Statement	1-Jan-14
IFRS 9	Financial Instrument	1-Jan-15

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 prior year.

(i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control exists if and only if the Parent:

a. Has power over the subsidiary (whether or not that power is used in practice)
b. is exposed to or has rights to variable returns from the subsidiary
c. has the ability to use its power over the subsidiary to affect the reporting entity's returns from that subsidiary

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 IFRSs. 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 it is controlled by the Parent.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

If the group:

a. Has power over the subsidiary (whether or not that power is used in practice)
b. is exposed to or has rights to variable returns from the subsidiary
c. has the ability to use its power over the subsidiary to affect the reporting entity's returns from that subsidiary

The Group established GTB Finance B.V., Netherlands as a special purpose entity to issue its $850 million Eurobond Guaranteed Notes. 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, and 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 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 that are recognized in assets are also eliminated.

(v) Non-controlling interest

The group applies IAS 27 Consolidated and Separate Financial Statements (2008) 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 are 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 translation at year-end exchange rates 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 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 realised and unrealised 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 finance balance outstanding.

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. The investment properties acquired under finance leases are measured subsequently at their fair value.

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

When assets are held subject to a finance lease, the present value of the lease payments 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 is recognised as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, 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 carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

The Group evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability, which has been adequately provided for in the financial 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 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 originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(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) <u>Loans and Receivables</u>

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 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.

a) **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 to profit or loss as a reclassification adjustment.

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

b) 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 or profit and loss except where the fair value cannot be reliably measured. See (note o (i-iv)).

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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on 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 quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, 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.

The Group derecognizes a financial liability other than financial guarantees and loan commitments as measured at amortized cost or fair value through profit and loss

(vi) Pledge of assets as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see J(iii)) are reclassified in the statement of financial position from financial assets held for trading or 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 held for trading, available for sale or held to maturity. Where the assets pledged as collateral are designated as held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as available for sale are measured 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.

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

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

(n) Property and equipment

(i) Recognition and measurement

The bank recognizes items of property, plant and equipment at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment. Its cost also includes 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 date of the Statements of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see note (s) on impairment of non-financial assets.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in 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	50years
Land	Over the remaining life of the lease
Furniture and equipment	5years
Computer hardware	3years
Motor vehicles	4years
Other transportation equipment	10years

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

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

(iv) De-recognition

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

(o) Intangible assets

(i) Goodwill

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

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

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalised. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. There was no such expenditure during the year.

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

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

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

(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, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(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. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(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 five 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 cost are allocated based on the benefits derived from such costs. Total Assets and Liabilities for the reportable segments are also disclosed

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 Bank will not take any action that will compromise its integrity. Sound performance reporting (financial and non-financial)
- The Bank 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 Bank will always comply with all government regulations and embrace global best practices.
- The Bank 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.

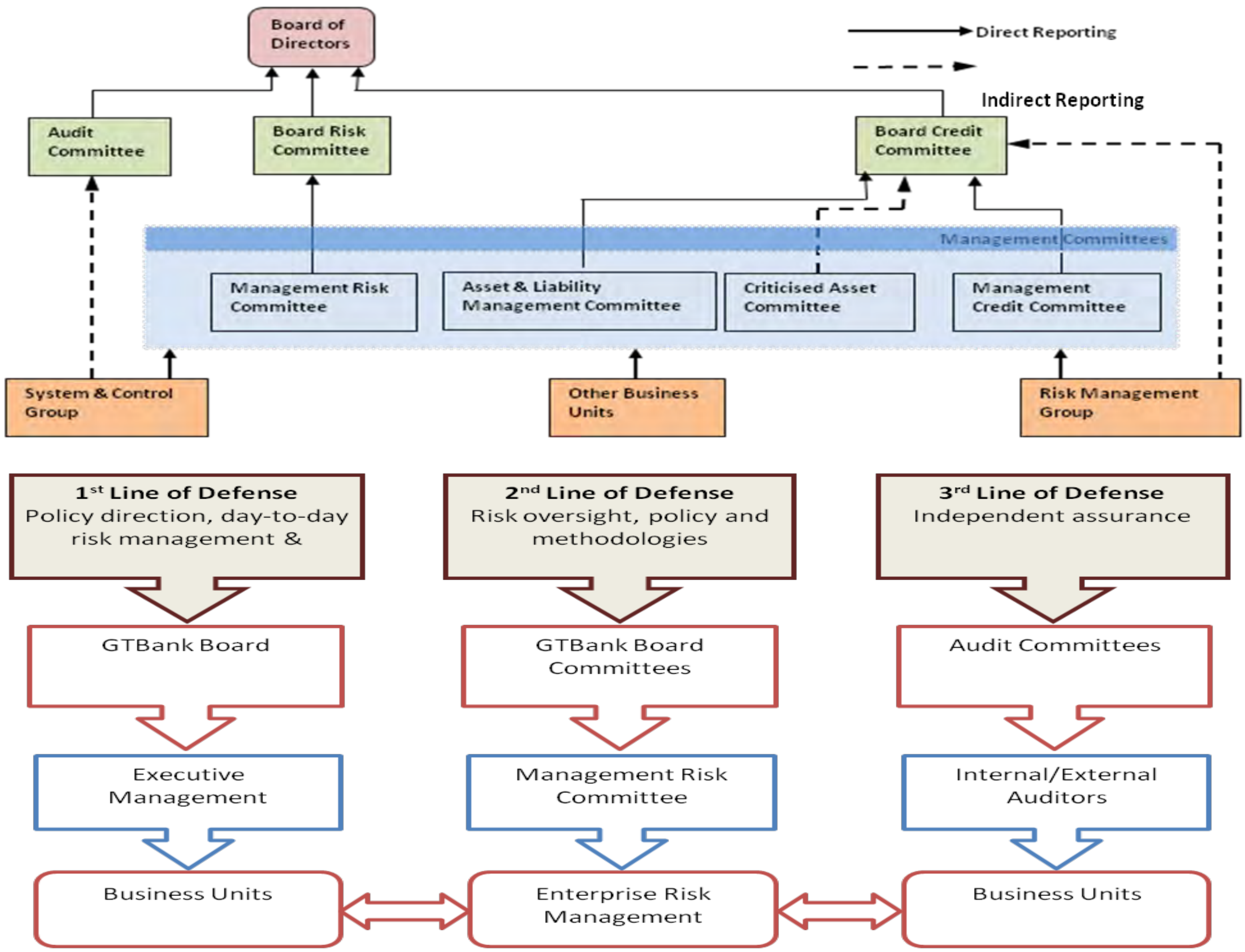
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group. These committees are:

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

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

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); and
(iii) The likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD).

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. This combines statistical analysis with credit officer judgment.

The rating template 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 expects to be owed at the time of default or 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.

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 Bank 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 Bank 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 Bank also sets internal credit approval limits for various levels of officers in the credit process. Approval decisions are guided by the Bank'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 Bank 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 with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Off-balance sheet engagements

These instruments are contingent in nature and carry the same credit risk as loans and advances. As a policy, the 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.

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:

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Jun-2013**	**Dec-2012**	**Jun-2013**	**Dec-2012**
Cash and cash equivalents:				
- Balances held with other banks	100,037,447	120,706,024	60,251,415	74,806,177
- Money market placements	101,044,238	147,427,096	101,169,892	150,528,705
Loans and advances to banks	4,143,418	4,864,824	32,498	177,985
Loans and advances to customers:				
- Loans to individuals	59,221,359	53,514,206	45,301,539	40,379,787
- Loans to non-individuals	835,641,617	725,535,812	803,008,053	702,057,157
Financial assets held for trading				
- Debt securities	31,066,348	271,073,896	27,358,077	267,417,182
Investment securities:				
- Debt securities	410,842,892	142,417,007	384,014,760	126,201,716
Assets pledged as collateral:				
- Debt securities	27,529,108	31,203,230	27,529,108	31,203,230
Other assets[2]	7,081,328	2,697,108	1,740,673	738,071
Total	**1,576,607,755**	**1,499,439,203**	**1,450,406,015**	**1,393,510,010**
Loans exposure to total exposure	57%	52%	58%	53%
Debt securities exposure to total exposure	30%	30%	30%	30%
Other exposures to total exposure	13%	18%	12%	17%

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

The table above shows a worst-case scenario of credit risk exposure to the Group as at 30 June 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, 57% (Parent: 58%) of the total maximum exposures is derived from loans and advances to banks and customers (2012: 52%; Parent: 53%); while 30% (Parent: 30%) represents exposure to investments in debt securities (2012: 30%; Parent: 30%). 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.

Notes to the financial statements

Loans and advances to customers is analysed below:

	Group		Parent	
	Jun-2013	**Dec-2012**	**Jun-2013**	**Dec-2012**
Loans to individuals:				
Overdraft	5,586,556	7,893,185	2,978,713	2,736,101
Loans	53,354,231	45,493,481	42,322,826	37,643,686
Others	280,572	127,540	-	-
	59,221,359	53,514,206	45,301,539	40,379,787
Loans to non-individuals:				
Overdraft	129,214,257	113,622,169	115,858,578	106,024,097
Loans	593,728,862	511,778,386	579,555,213	500,319,477
Others[1]	112,698,498	100,135,257	107,594,262	95,713,583
	835,641,617	725,535,812	803,008,053	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-blance sheet items are as follows:

	Maximum exposure		**Maximum exposure**	
In thousands of Nigerian naira	**Group**		**Parent**	
	Jun-2013	**Dec-2012**	**Jun-2013**	**Dec-2012**
Financial guarantees	393,884,665	363,927,051	385,272,985	355,132,185
Other contingents	247,870,980	163,526,110	222,510,440	139,838,942
Total	**641,755,645**	**527,453,161**	**607,783,425**	**494,971,127**

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

		Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira		**Jun-2013**	**Dec-2012**	**Jun-2013**	**Dec-2012**
Counterparties with external credit rating (S&P)					
	A	63,644,417	98,780,165	63,644,417	100,858,327
	AA	3,257,547	1,373,120	3,257,547	1,402,008
	BB	-	15,674,605	-	16,004,372
		66,901,964	**115,827,890**	**66,901,964**	**118,264,707**
Counterparties without external credit rating					
	Local Banks	8,413,001	-	8,413,001	-
	Local Discount Houses	25,729,273	31,599,206	18,506,336	21,359,936
	Foreign Subsidiaries	-	-	7,348,591	10,904,062
		34,142,274	**31,599,206**	**34,267,928**	**32,263,998**
		101,044,238	**147,427,096**	**101,169,892**	**150,528,705**

Investment Securities

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

		Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira		**Jun-2013**	**Dec-2012**	**Jun-2013**	**Dec-2012**
Counterparties with external credit rating (S&P):					
	B	-	-	-	3,930,048
	BB	371,380,266	106,940,196	371,380,266	106,940,196
Counterparties with external credit rating (Agusto):					
	A	12,319,966	9,845,979	12,319,966	9,845,979
	AA	314,528	-	314,528	-
	BB	-	3,212,295	-	3,212,295
	BBB	-	2,273,197	-	2,273,198
	Unrated	26,828,132	20,145,340	-	-
		410,842,892	**142,417,007**	**384,014,760**	**126,201,716**

The Bank held financial assets held for trading and assets pledged as collateral of N27,358,077,000 and N27,529,108,000 as at 30 June, 2013 respectively (2012 :N267,417,182,000 and N31,203,230,000). The financial assets are bonds and treasury bills issued by the Federal Government of Nigeria and bear 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).

(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

Jun-2013

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Balances held with other banks	9,413,318	7,952,713	82,671,416	100,037,447
- Money market placements	20,417,337	7,222,936	73,403,965	101,044,238
Loans and advances to banks	32,498	69,809	4,041,111	4,143,418
Loans and advances to customers:				
- Loans to individuals	45,301,539	6,720,370	7,199,450	59,221,359
- Loans to non-individuals	801,577,979	33,521,407	542,231	835,641,617
Financial assets held for trading				
- Debt securities	27,358,077	3,708,271	-	31,066,348
Investment securities:				
- Debt securities	384,014,760	22,670,073	4,158,059	410,842,892
Assets pledged as collateral:				
- Debt securities	27,529,108	-	-	27,529,108
Other assets[2]	1,740,673	5,115,403	225,252	7,081,328
	1,317,385,289	**86,980,982**	**172,241,484**	**1,576,607,755**

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Notes to the financial statements

Loans and advances to customers is analysed below:

Group
Jun-2013

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,978,713	2,607,597	246	5,586,556
Loans	42,322,826	3,832,201	7,199,204	53,354,231
Others	-	280,572	-	280,572
	45,301,539	6,720,370	7,199,450	59,221,359
Loans to non-individuals:				
Overdraft	114,428,506	14,243,520	542,231	129,214,257
Loans	579,555,211	14,173,651	-	593,728,862
Others[1]	107,594,262	5,104,236	-	112,698,498
	801,577,979	33,521,407	542,231	835,641,617

[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
Jun-2013

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	385,272,985	6,269,898	2,341,782	393,884,665
Other contingents	222,510,440	21,302,565	4,057,975	247,870,980
	607,783,425	**27,572,463**	**6,399,757**	**641,755,645**

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
Cash and cash equivalents:				
- Balances held with other banks	50,354	15,054,757	105,600,913	120,706,024
- 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
Loans and advances to customers:				
- 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
Hedging derivatives				
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
Other assets[2]	738,071	1,742,918	216,119	2,697,108
	1,197,701,628	**83,824,493**	**217,913,082**	**1,499,439,203**

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Loans and advances to customers is analysed below:

Group

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
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	-	127,540	-	127,540
	40,379,786	6,801,620	6,332,800	53,514,206
Loans to non-individuals:				
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	139,838,942	17,963,824	5,723,344	163,526,110
	494,971,127	**24,517,661**	**7,964,373**	**527,453,161**

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

Jun-2013

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Balances held with other banks	9,343,013	248,696	50,659,706	60,251,415
- Money market placements	20,417,337	496,103	80,256,452	101,169,892
Loans and advances to banks	32,498	-	-	32,498
Loans and advances to customers:				
- Loans to individuals	45,301,539	-	-	45,301,539
- Loans to non-individuals	803,008,053	-	-	803,008,053
Financial assets held for trading				
- Debt securities	27,358,077	-	-	27,358,077
Hedging derivatives				
Investment securities:				
- Debt securities	384,014,760	-	-	384,014,760
Assets pledged as collateral:				
- Debt securities	27,529,108	-	-	27,529,108
Other assets[2]	1,740,673	-	-	1,740,673
	1,318,745,058	**744,799**	**130,916,158**	**1,450,406,015**

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Notes to the financial statements

Loans and advances to customers is analysed below:

Parent

Jun-2013

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,978,713	-	-	2,978,713
Loans	42,322,826	-	-	42,322,826
Others[1]	-	-	-	-
	45,301,539	-	-	45,301,539
Loans to non-individuals:				
Overdraft	115,858,578	-	-	115,858,578
Loans	579,555,213	-	-	579,555,213
Others[1]	107,594,262	-	-	107,594,262
	803,008,053	-	-	803,008,053

[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:

Parent

Jun-2013

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	385,272,985	-	-	385,272,985
Other contingents	222,510,440	-	-	222,510,440
	607,783,425	**-**	**-**	**607,783,425**

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**
Cash and cash equivalents:				
- Balances held with other banks	-	971,353	73,834,824	74,806,177
- Money market placements	38,766,316	6,724,273	105,038,116	150,528,705
Loans and advances to banks	177,985	-	-	177,985
Loans and advances to customers:				
- 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
Hedging derivatives				
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
Other assets[2]	738,071	-	-	738,071
	1,203,011,396	**7,695,626**	**182,802,988**	**1,393,510,010**

[2] Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and 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
Loans to individuals:				
Overdraft	2,736,101	-	-	2,736,101
Loans	37,643,686	-	-	37,643,686
Others	-	-	-	-
	40,379,787	-	-	40,379,787
Loans to non-individuals:				
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 (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

Parent

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	355,132,185	-	-	355,132,185
Other contingents	139,838,942	-	-	139,838,942
	494,971,127	**-**	**-**	**494,971,127**

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
Jun-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
Cash and cash equivalents:												
- Balances held with other banks	-	100,037,447	-	-	-	-	-	-	-	-	-	100,037,447
- Money market placements	-	93,816,507	-	-	7,227,731	-	-	-	-	-	-	101,044,238
Loans and advances to banks	-	4,143,418	-	-	-	-	-	-	-	-	-	4,143,418
Loans and advances to customers:												
- Loans to individuals	1,458	-	9,798,299	3,535	-	556,273	-	3,642	-	45,301,539	3,556,613	59,221,359
- Loans to non-individuals	5,749,951	4,523,557	66,732,176	8,465,430	60,823,961	83,042,477	170,524,700	216,889,954	130,404,398	-	88,485,013	835,641,617
Financial assets held for trading												
- Debt securities	-	-	-	-	-	31,066,348	-	-	-	-	-	31,066,348
Investment securities												
- Debt securities	-	-	-	-	11,867,711	396,558,614	2,416,567	-	-	-	-	410,842,892
Assets pledged as collateral												
- Debt securities	-	-	-	-	-	27,529,108	-	-	-	-	-	27,529,108
Other assets	-	-	-	-	1,356,549	-	-	-	-	-	5,724,779	7,081,328
	5,751,409	**202,520,929**	**76,530,475**	**8,468,965**	**81,275,952**	**538,752,820**	**172,941,267**	**216,893,596**	**130,404,398**	**45,301,539**	**97,766,405**	**1,576,607,755**

[1] **Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.**
[2] **Logistics, Maritime and Haulage.**

Loans and advances to customers is analysed below

Group
Jun-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
Loans to individuals:												
Overdraft	1,458	-	2,469,411	-	-	-	-	3,642	-	2,978,713	133,332	5,586,556
Loans	-	-	7,328,888	3,535	-	556,273	-	-	-	42,322,826	3,142,709	53,354,231
Others	-	-	-	-	-	-	-	-	-	-	280,572	280,572
	1,458	-	9,798,299	3,535	-	556,273	-	3,642	-	45,301,539	3,556,613	59,221,359
Loans to non-individuals:												
Overdraft	2,406,071	1,516,707	19,320,245	994,613	25,679,502	2,021,876	29,984,732	21,811,544	13,794,253	-	11,684,714	129,214,257
Loans	2,278,228	3,006,850	47,320,280	7,470,817	20,398,764	80,177,733	73,598,393	177,437,171	115,967,484	-	66,073,142	593,728,862
Others	1,065,652	-	91,651	-	14,745,695	842,868	66,941,575	17,641,239	642,661	-	10,727,157	112,698,498
	5,749,951	4,523,557	66,732,176	8,465,430	60,823,961	83,042,477	170,524,700	216,889,954	130,404,398	-	88,485,013	835,641,617

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Group
Jun-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	202,288	5,739,175	275,484,242	201,166	16,267,658	6,159,448	4,432,736	1,018,845	7,552,594	-	76,826,513	393,884,665
Other contingents	382,894	64,304,790	6,265,084	102,106	202,930	-	13,674,770	29,997,391	5,132,514	21,404,062	106,404,439	247,870,980
Total	**585,182**	**70,043,965**	**281,749,326**	**303,272**	**16,470,588**	**6,159,448**	**18,107,506**	**31,016,236**	**12,685,108**	**21,404,062**	**183,230,952**	**641,755,645**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.
[2] Logistics, Maritime and Haulage.

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
Cash and cash equivalents:												
- Balances held with other banks	-	120,706,024	-	-	-	-	-	-	-	-	-	120,706,024
- Money market placements	-	147,427,096	-	-	-	-	-	-	-	-	-	147,427,096
Loans and advances to banks	-	4,864,824	-	-	-	-	-	-	-	-	-	4,864,824
Loans and advances to customers:												
- 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
Other assets	-	711,611	-	-	-	-	-	-	-	-	1,985,497	2,697,108
	3,295,351	**295,734,248**	**57,465,541**	**6,819,219**	**66,155,816**	**494,577,032**	**175,662,186**	**167,944,456**	**107,489,633**	**40,379,787**	**83,915,934**	**1,499,439,203**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.
[2] Logistics, 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
Loans to individuals:												
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
Loans to non-individuals:												
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	-	63,564,500	1,138,778	79,000	6,997,141	-	38,267,725	20,025,982	4,311,915	14,757,752	14,383,317	163,526,110
Total	**153,282**	**68,377,331**	**229,578,792**	**482,666**	**37,339,389**	**8,534,342**	**41,333,033**	**44,144,123**	**10,054,807**	**14,757,752**	**72,697,644**	**527,453,161**

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
Jun-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
Cash and cash equivalents:												
- Balances held with other banks	-	60,251,415	-	-	-	-	-	-	-	-	-	60,251,415
- Money market placements	-	101,169,892	-	-	-	-	-	-	-	-	-	101,169,892
Loans and advances to banks	-	32,498	-	-	-	-	-	-	-	-	-	32,498
Loans and advances to customers:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	45,301,539	-	45,301,539
- Loans to non-individuals	4,614,131	5,411,417	61,824,585	8,465,430	60,823,961	83,012,464	166,498,823	211,815,666	130,404,398	-	70,137,178	803,008,053
Financial assets held for trading												
- Debt securities	-	-	-	-	-	27,358,077	-	-	-	-	-	27,358,077
Investment securities												
- Debt securities	-	-	-	-	-	381,598,193	2,416,567	-	-	-	-	384,014,760
Assets pledged as collateral												
- Debt securities	-	-	-	-	-	27,529,108	-	-	-	-	-	27,529,108
Other assets	-	-	-	-	-	-	-	-	-	-	1,740,673	1,740,673
	4,614,131	**166,865,222**	**61,824,585**	**8,465,430**	**60,823,961**	**519,497,842**	**168,915,390**	**211,815,666**	**130,404,398**	**45,301,539**	**71,877,851**	**1,450,406,015**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.
[2] Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below

Parent
Jun-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
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	2,978,713	-	2,978,713
Loans	-	-	-	-	-	-	-	-	-	42,322,826	-	42,322,826
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	45,301,539	-	45,301,539
Loans to non-individuals:												
Overdraft	1,270,251	2,404,567	14,412,654	994,613	25,679,502	1,991,863	25,958,855	20,952,617	13,794,253	-	8,399,403	115,858,578
Loans	2,278,228	3,006,850	47,320,280	7,470,817	20,398,764	80,177,733	73,598,393	173,221,810	115,967,484	-	56,114,854	579,555,213
Others	1,065,652	-	91,651	-	14,745,695	842,868	66,941,575	17,641,239	642,661	-	5,622,921	107,594,262
	4,614,131	5,411,417	61,824,585	8,465,430	60,823,961	83,012,464	166,498,823	211,815,666	130,404,398	-	70,137,178	803,008,053

Credit Risk Exposure to off-balance sheet items

Parent
Jun-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	148,230	3,380,465	274,838,400	201,166	16,267,658	6,159,448	3,677,859	-	7,552,594	-	73,047,165	385,272,985
Other contingents	382,894	60,246,815	6,265,084	102,106	202,930	-	13,674,770	21,871,517	5,132,514	21,404,062	93,227,748	222,510,440
Total	**531,124**	**63,627,280**	**281,103,484**	**303,272**	**16,470,588**	**6,159,448**	**17,352,629**	**21,871,517**	**12,685,108**	**21,404,062**	**166,274,913**	**607,783,425**

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.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Balances held with other banks	-	74,806,177	-	-	-	-	-	-	-	-	-	74,806,177
- Money market placements	-	150,528,705	-	-	-	-	-	-	-	-	-	150,528,705
Loans and advances to banks	-	177,985	-	-	-	-	-	-	-	-	-	177,985
Loans and advances to customers:												
- 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
Financial assets held for trading												
- Debt securities	-	-	-	-	-	267,417,182	-	-	-	-	-	267,417,182
Investment securities												
- Debt securities	-	3,930,048	-	-	-	119,552,193	2,719,475	-	-	-	-	126,201,716
Assets pledged as collateral												
- Debt securities	-	-	-	-	-	31,203,230	-	-	-	-	-	31,203,230
Other assets	-	-	-	-	-	-	-	-	-	-	738,071	738,071
	3,174,991	**237,120,524**	**48,722,125**	**6,818,199**	**66,155,816**	**485,236,671**	**171,896,964**	**164,358,257**	**107,489,633**	**40,379,787**	**62,157,043**	**1,393,510,010**

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.[2]	Individual	Others [1]	Total
Loans and advances to customers												
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	2,736,101	-	2,736,101
Loans	-	-	-	-	-	-	-	-	-	37,643,686	-	37,643,686
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	40,379,787	-	40,379,787
Loans to non-individuals:												
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.[2]	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	-	57,841,156	1,138,778	79,000	6,997,141	-	38,267,725	8,528,520	4,311,915	14,757,752	7,916,955	139,838,942
Total	**148,230**	**60,412,958**	**229,298,184**	**482,666**	**37,339,389**	**8,534,342**	**40,384,387**	**29,579,132**	**10,054,807**	**14,757,752**	**63,979,280**	**494,971,127**

Impairment and provisioning policies

Impaired loans and securities

Impaired loans and securities are loans and securities 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.

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. These loans and advances belong to the investment grade (i.e. rating grades 1 – 3).

- **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.

- **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 and are graded 8 to 10 in the Group's internal credit risk grading system.

- **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. These loans are graded 4 to 7 in the Group's internal credit grading system.

Notes to the financial statements

Loans and advances

Loans and advances are summarised as follows:

Group

In thousands of Nigerian naira

	Jun-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	14,319,292	550,876,073	4,110,920	569,306,285	30,937,829	495,765,771	4,723,234	531,426,834
Past due but not impaired	44,478	819,551	-	864,029	53,152	688,469	-	741,621
Individually impaired	580,964	29,946,033	-	30,526,997	1,074,391	25,754,634	3	26,829,028
Collectively Impaired	45,473,358	273,082,652	32,507	318,588,517	22,501,865	221,536,192	141,828	244,179,885
Gross	**60,418,092**	**854,724,309**	**4,143,427**	**919,285,828**	**54,567,237**	**743,745,066**	**4,865,065**	**803,177,368**
Less allowances for impairment:								
Individually impaired	290,305	13,929,967	-	14,220,272	901,973	14,911,699	3	15,813,675
Portfolio allowance	906,428	5,152,725	9	6,059,162	151,058	3,297,555	238	3,448,851
Total allowance	**1,196,733**	**19,082,692**	**9**	**20,279,434**	**1,053,031**	**18,209,254**	**241**	**19,262,526**
Net Loans and Advances	**59,221,359**	**835,641,617**	**4,143,418**	**899,006,394**	**53,514,206**	**725,535,812**	**4,864,824**	**783,914,842**

The total impairment for loans and advances is N20,279,434,000 (2012: N19,262,526,000) of which N14,220,272,000 (2012: N15,813,675,000) represents the impairment on individually impaired loans and the remaining amount of N6,059,162,000 (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

Parent

In thousands of Nigerian naira

	Jun-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	5,156,732	526,298,796	-	531,455,528	19,922,981	491,296,008	36,395	511,255,384
Past due but not impaired	-	444,650	-	444,650	6,498	388,537	-	395,035
Individually impaired	-	24,605,148	-	24,605,148	759,351	20,705,518	3	21,464,872
Collectively Impaired	40,869,564	268,498,045	32,507	309,400,116	20,413,906	205,764,244	141,828	226,319,978
Gross	**46,026,296**	**819,846,639**	**32,507**	**865,905,442**	**41,102,736**	**718,154,307**	**178,226**	**759,435,269**
Less allowances for impairment:								
Individually impaired	-	11,957,934	-	11,957,934	594,416	12,976,805	3	13,571,224
Portfolio allowance	724,757	4,880,652	9	5,605,418	128,533	3,120,345	238	3,249,116
Total allowance	**724,757**	**16,838,586**	**9**	**17,563,352**	**722,949**	**16,097,150**	**241**	**16,820,340**
Net Loans and Advances	**45,301,539**	**803,008,053**	**32,498**	**848,342,090**	**40,379,787**	**702,057,157**	**177,985**	**742,614,929**

The total impairment for loans and advances is N17,563,352,000 (2012: N16,820,340,000) of which N11,957,934,000 (2012: N13,571,224,000) represents the impairment on individually impaired loans and the remaining amount of N5,605,418,000 (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 24 and 25.

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
Jun-2013
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks	
	Individuals			Non-individuals			Bank	
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Total**
Exceptional capacity	741,060	663,447	-	20,770,742	55,641,506	-	4,041,007	81,857,762
Very strong capacity	127,128	108,256	-	21,753,285	147,819,855	38,744,188	-	208,552,712
Strong repayment capacity	313,098	12,366,303	-	25,942,481	208,921,041	31,282,975	69,913	278,895,811
Total	**1,181,286**	**13,138,006**	**-**	**68,466,508**	**412,382,402**	**70,027,163**	**4,110,920**	**569,306,285**

Group
Dec-2012
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks	
	Individuals			Non-individuals			Bank	
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Total**
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
Jun-2013
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks	
	Individuals			Non-individuals			Bank	
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Total**
Exceptional capacity	-	-	-	11,471,045	55,641,506	-	-	67,112,551
Very strong capacity	36,283	30,577	-	7,874,432	147,819,855	38,744,188	-	194,505,335
Strong repayment capacity	229,731	4,860,141	-	24,859,192	208,605,603	31,282,975	-	269,837,642
Total	**266,014**	**4,890,718**	**-**	**44,204,669**	**412,066,964**	**70,027,163**	**-**	**531,455,528**

Parent
Dec-2012
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks	
	Individuals			Non-individuals			Bank	
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Total**
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
Jun-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	9,366	48,686	58,052
91 - 180 days	10,206	457,864	468,070
181 - 365 days	24,906	313,001	337,907
	44,478	**819,551**	**864,029**
FV of collateral	1,038,786	560,000	1,598,786
Amount of undercollateralisation	-	259,551	-

Group
Dec-2012
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	34,635	24,210	58,845
91 - 180 days	6,497	200,566	207,063
181 - 365 days	12,020	463,693	475,713
	53,152	**688,469**	**741,621**
FV of collateral	426,342	9,106,941	9,533,283
Amount of undercollateralisation	-	-	-

Notes to the financial statements

Parent
Jun-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	-	-
91 - 180 days	-	444,650	444,650
181 - 365 days	-	-	-
	-	**444,650**	**444,650**
FV of collateral	-	560,000	560,000
Amount of undercollateralisation	-	-	-

Parent
Dec-2012
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	1	7,609	7,610
91 - 180 days	6,497	169,160	175,657
181 - 365 days	-	211,768	211,768
	6,498	**388,537**	**395,035**
FV of collateral	83,351	6,901,889	6,985,240
Amount of undercollateralisation	-	-	-

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

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

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

Group
Jun-2013
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross amount	580,964	29,946,033	-	30,526,997
Impairment	290,305	13,929,967	-	14,220,272
Net Amount	290,659	16,016,066	-	16,306,725
FV of collateral	66,840	15,672,870	-	15,739,710
Amount of undercollateralisation	**223,819**	**343,196**	**-**	**567,015**

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 amount	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	541,203	17,388,830	-	17,930,033
Amount of undercollateralisation	-	-	-	-

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

Parent
Jun-2013
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross amount	-	24,605,148	-	24,605,148
Impairment	-	11,957,934	-	11,957,934
Net Amount	-	12,647,214	-	12,647,214
FV of collateral	-	14,597,345	-	14,597,345
Amount of undercollateralisation	-	-	-	-

Parent
Dec-2012
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
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	477,068	16,915,353	-	17,392,421
Amount of undercollateralisation	-	-	-	-

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

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Past due and impaired:				
Gross loans	13,718,063	-	13,552,720	-
Collateral	8,603,482	-	8,499,785	-
Undercollaterisation	(5,114,581)	-	(5,052,935)	-
Collectively impaired				
Gross loans	66,141,833	46,632,920	65,344,629	46,171,208
Collateral	48,553,936	25,733,516	48,447,352	25,478,729
Undercollaterisation	(17,587,897)	(20,899,404)	(16,897,277)	(20,692,479)

(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 30 June, 2013.

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
Jun-2013

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	30,526,997	15,739,710	-	-
Against collectively impaired	318,556,010	681,012,434	32,507	156,000
Against past due but not impaired	864,029	1,598,786	-	-
Against neither past due nor impaired	565,195,365	782,551,344	4,110,920	4,041,007
Total	915,142,401	1,480,902,274	4,143,427	4,197,007

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

Group
Dec-2012

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	26,829,025	17,930,033	3	-
Against collectively impaired	244,038,057	525,166,360	141,828	247,001
Against past due but not impaired	741,621	9,533,283	-	-
Against neither past due nor impaired	526,703,600	945,040,470	4,723,234	5,344,039
Total	798,312,303	1,497,670,146	4,865,065	5,591,040

Parent
Jun-2013

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	24,605,148	14,597,345	-	-
Against collectively impaired	309,367,609	626,255,114	32,507	156,000
Against past due but not impaired	444,650	560,000	-	-
Against neither past due nor impaired	531,455,528	760,722,397	-	-
Total	865,872,935	1,402,134,856	32,507	156,000

Parent
Dec-2012

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	21,464,869	17,392,421	3	-
Against collectively impaired	226,178,150	489,568,900	141,828	247,001
Against past due but not impaired	395,035	6,985,240	-	-
Against neither past due nor impaired	511,218,989	926,971,258	36,395	98,445
Total	759,257,043	1,440,917,819	178,226	345,446

Notes to the financial statements

Group

In thousands of Nigerian Naira	Loans and advances to customers Jun-2013	Loans and advances to customers Dec-2012	Loans and advances to banks Jun-2013	Loans and advances to banks Dec-2012
Against individually impaired:				
Property	4,125,786	6,584,543	-	-
Debt securities	6,120,000	6,023,300	-	-
Equities	3,914,105	13,579	-	-
Treasury bills	-	-	-	-
Cash	-	22,500	-	-
Guarantees	-	218,959	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	922,689	1,948,165	-	-
Others	657,130	3,118,987	-	-
Total	**15,739,710**	**17,930,033**	**-**	**-**
Against collectively impaired:				
Property	433,374,312	337,650,945	156,000	156,000
Debt securities	90,482,100	87,020,089	-	-
Equities	6,114,960	8,709,817	-	90,212
Treasury bills	17,242	19,743	-	-
Cash	7,505,947	6,218,878	-	-
Guarantees	10,299,197	6,732,930	-	-
Negative pledge	3,294,684	17,621,244	-	-
ATC*, stock hypothecation and ISPO*	20,408,919	5,555,589	-	-
Others	109,515,073	55,637,125	-	789
Total	**681,012,434**	**525,166,360**	**156,000**	**247,001**
Against past due but not impaired:				
Property	1,598,786	8,434,443	-	-
Debt securities	-	185,500	-	-
Equities	-	874,550	-	-
Treasury bills	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	485	-	-
Cash	-	38,000	-	-
Others	-	305	-	-
Total	**1,598,786**	**9,533,283**	**-**	**-**
Against neither past due nor impaired:				
Property	289,788,058	454,179,690	-	5,335,594
Debt securities	196,925,827	275,190,650	-	-
Equities	1,430,878	1,847,247	-	-
Treasury bills	100,500	-	-	-
Cash	149,886,204	19,710,365	4,041,007	-
Guarantees	7,406,245	17,381,884	-	-
Negative pledge	3,892,615	37,996,826	-	-
ATC*, stock hypothecation and ISPO*	35,286,075	43,229,250	-	-
Others	97,834,942	95,504,558	-	8,445
Total	**782,551,344**	**945,040,470**	**4,041,007**	**5,344,039**
Grand total	**1,480,902,274**	**1,497,670,146**	**4,197,007**	**5,591,040**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

Notes to the financial statements

Parent

In thousands of Nigerian Naira	**Loans and advances to customers** Jun-2013	**Loans and advances to customers** Dec-2012	**Loans and advances to banks** Jun-2013	**Loans and advances to banks** Dec-2012
Against individually impaired:				
Property	3,640,551	6,221,289	-	-
Debt securities	6,120,000	6,023,300	-	-
Equities	3,914,105	13,579	-	-
Treasury bills	-	-	-	-
Cash	-	22,500	-	-
Guarantees	-	218,959	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	922,689	1,948,165	-	-
Others	-	2,944,629	-	-
Total	14,597,345	17,392,421	-	-
Against collectively impaired:				
Property	409,600,873	321,258,327	156,000	156,000
Debt securities	90,482,100	87,020,089	-	-
Equities	6,114,960	8,709,817	-	90,212
Treasury bills	17,242	19,743	-	-
Cash	6,113,851	4,798,278	-	-
Guarantees	9,138,546	5,560,884	-	-
Negative pledge	3,294,684	17,621,244	-	-
ATC*, stock hypothecation and ISPO*	20,408,919	5,555,589	-	-
Others	81,083,939	39,024,929	-	789
Total	626,255,114	489,568,900	156,000	247,001
Against past due but not impaired:				
Property	560,000	5,886,400	-	-
Debt securities	-	185,500	-	-
Equities	-	874,550	-	-
Treasury bills	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	485	-	-
Cash	-	38,000	-	-
Guarantees	-	-	-	-
Others	-	305	-	-
Total	560,000	6,985,240	-	-
Against neither past due nor impaired:				
Property	272,298,724	439,232,941	-	90,000
Debt securities	197,813,667	276,403,342	-	-
Equities	1,430,878	1,847,247	-	-
Treasury bills	100,500	-	-	-
Cash	149,433,213	15,375,210	-	-
Guarantees	7,406,245	17,381,884	-	-
Negative pledge	3,892,615	37,996,826	-	-
ATC*, stock hypothecation and ISPO*	35,286,075	43,229,250	-	-
Others	93,060,480	95,504,558	-	8,445
Total	760,722,397	926,971,258	-	98,445
Grand total	1,402,134,856	1,440,917,819	156,000	345,446

*ISPO: Irrevocable standing payment order
*ATC: Authority to collect

(b) Credit risk (continued)

Debt securities

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

Group
Jun-2013

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	15,697,244	7,473,645	-	23,170,889
State government bonds	-	5,116,925	-	5,116,925
Corporate bonds	-	2,416,567	-	2,416,567
AMCON bonds[1]	-	65,928,491	-	65,928,491
Treasury bills	15,369,104	329,907,264	27,529,108	372,805,476
	31,066,348	410,842,892	27,529,108	469,438,348

[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

In thousands of Nigerian Naira	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
Jun-2013

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	15,697,244	5,101,002	-	20,798,246
State government bonds	-	5,116,925	-	5,116,925
Corporate bonds	-	2,416,567	-	2,416,567
AMCON bonds[1]	-	65,928,491	-	65,928,491
Treasury bills	11,660,833	305,451,775	27,529,108	344,641,716
	27,358,077	384,014,760	27,529,108	438,901,945

[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

In thousands of Nigerian Naira	**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).

	Jun-2013	Dec-2012
At end of period	48.80%	53.32%
Average for the period	52.51%	47.62%
Maximum for the period	55.44%	54.47%
Minimum for the period	48.80%	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
Jun-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	232,414,899	242,729,454	227,870,387	7,828,802	5,585,628	405,513	1,039,124
Loans and advances to banks	24	4,143,418	4,146,193	3,297,557	836,573	5,295	6,768	-
Loans and advances to customers	25	894,862,976	1,070,671,182	425,528,458	83,829,065	117,585,314	411,016,084	32,712,261
Financial assets held for trading	26	31,066,348	32,079,883	8,166,301	5,972,613	8,808,812	5,848,730	3,283,427
Investment securities:								
– Available for sale	27	296,801,242	312,730,047	45,049,331	144,319,715	110,534,610	5,686,763	7,139,628
– Held to maturity	27	120,598,110	131,510,258	34,555,834	4,311,238	38,605,275	54,037,911	-
Assets pledged as collateral	28	27,529,108	28,400,000	23,100,000	5,300,000	-	-	-
Other assets[2]	33	162,176,436	168,255,867	126,838,691	6,944,834	5,287,615	23,891,926	5,292,801
		1,769,592,537	1,990,522,884	894,406,559	259,342,840	286,412,549	500,893,695	49,467,241
Financial liabilities								
Deposits from banks	35	17,657,973	17,658,077	14,839,118	2,818,844	115	-	-
Deposits from customers	36	1,254,445,308	1,238,946,702	1,206,472,098	16,659,180	11,149,137	4,660,139	6,148
Debt securities issued	37	94,007,480	96,609,648	-	888,638	888,638	94,832,372	-
Other borrowed funds	40	90,191,530	117,706,203	1,912,474	9,262,768	11,118,362	60,468,571	34,944,028
Other liabilities	38	89,462,161	98,577,878	35,225,664	50,347,359	2,644,106	10,204,413	156,336
		1,545,764,452	1,569,498,508	1,258,449,354	79,976,789	25,800,358	170,165,495	35,106,512
Gap (asset - liabilities)				(364,042,795)	179,366,051	260,612,191	330,728,200	14,360,729
Cumulative liquidity gap				(364,042,795)	(184,676,744)	75,935,447	406,663,647	421,024,376

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2012

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	322,989,480	322,990,405	283,452,298	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
Investment securities:								
– Available for sale	27	15,765,789	18,741,803	1,488,930	839,124	2,512,476	6,925,643	6,975,630
– Held to maturity	27	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	28	31,203,230	32,900,000	14,750,000	18,150,000	-	-	-
Other Assets[2]	33	102,889,644	104,799,521	97,773,028	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
Financial liabilities								
Deposits from banks	35	23,860,259	23,860,206	21,456,454	2,402,991	761	-	-
Deposits from customers	36	1,148,197,165	1,150,294,744	1,120,289,146	15,776,220	9,885,074	4,344,304	-
Debt securities issued	37	86,926,227	90,407,506	-	888,638	-	89,518,868	-
Other borrowed funds	40	92,561,824	126,341,252	4,481,128	4,541,239	7,824,827	89,888,195	19,605,863
Other liabilities	38	80,972,096	80,971,959	29,592,812	13,272,310	2,107,237	35,999,600	-
		1,432,517,571	1,471,875,667	1,175,819,540	36,881,398	19,817,899	219,750,967	19,605,863
Gap (asset - liabilities)				(141,207,088)	104,339,281	91,885,128	248,846,560	171,359,264
Cumulative liquidity gap				(141,207,088)	(36,867,807)	55,017,321	303,863,881	475,223,145

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Jun-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	180,356,202	190,670,725	181,448,235	4,987,283	4,235,207	-	-
Loans and advances to banks	24	32,498	35,381	14,471	8,847	5,295	6,768	-
Loans and advances to customers	25	848,309,592	1,024,117,840	416,842,379	81,768,462	108,757,929	387,857,728	28,891,342
Financial assets held for trading	26	27,358,077	28,371,610	4,458,028	5,972,613	8,808,812	5,848,730	3,283,427
Investment securities:								
– Available for sale	27	288,873,847	304,802,651	42,150,000	140,008,131	110,000,000	5,509,740	7,134,780
– Held to maturity	27	101,692,526	112,604,674	28,750,000	-	32,683,032	51,171,642	-
Assets pledged as collateral	28	27,529,108	28,400,000	23,100,000	5,300,000	-	-	-
Other assets[2]	33	160,742,908	160,742,908	123,012,548	5,848,403	3,913,949	23,295,380	4,672,628
		1,634,894,758	1,849,745,789	819,775,661	243,893,739	268,404,224	473,689,988	43,982,177
Financial liabilities								
Deposits from banks	35	1,430,966	1,430,966	1,430,966	-	-	-	-
Deposits from customers	36	1,158,421,656	1,142,923,127	1,138,804,870	3,983,370	134,887	-	-
Debt securities issued	37	13,228,726	15,830,914	-	888,638	888,638	14,053,638	-
Other borrowed funds	40	169,879,450	197,394,123	1,709,889	9,063,617	10,649,262	142,502,775	33,468,580
Other liabilities	38	77,054,502	86,170,187	33,532,036	49,191,913	218,090	3,071,812	156,336
		1,420,015,300	1,443,749,317	1,175,477,761	63,127,538	11,890,877	159,628,225	33,624,916
Gap (asset - liabilities)				(355,702,100)	180,766,201	256,513,347	314,061,763	10,357,261
Cumulative liquidity gap				(355,702,100)	(174,935,899)	81,577,448	395,639,211	405,996,472

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

Notes to the financial statements

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2012

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	256,433,560	256,434,537	220,309,836	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
Investment securities:		-						
– Available for sale	27	10,138,761	13,114,716	-	-	-	6,143,716	6,971,000
– Held to maturity	27	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	28	31,203,230	32,900,000	14,750,000	18,150,000	-	-	-
Other assets[2]	33	101,660,574	101,660,574	96,327,737	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
Financial liabilities								
Deposits from banks	35	7,170,321	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	1,056,220,108	1,048,780,778	7,200,940	129,497	108,893	-
Debt securities issued	37	13,238,291	16,719,551	-	888,638	-	15,830,913	-
Other borrowed funds	40	169,194,418	202,973,849	4,481,128	4,345,169	7,035,510	169,031,726	18,080,316
Other Liabilities	38	69,872,456	69,872,456	26,892,163	12,859,531	1,615,825	28,504,937	-
		1,313,598,059	1,352,956,285	1,087,324,390	25,294,278	8,780,832	213,476,469	18,080,316
Gap (asset - liabilities)				(137,519,171)	104,994,285	90,176,176	236,886,650	168,733,299
Cumulative liquidity gap				(137,519,171)	(32,524,886)	57,651,290	294,537,940	463,271,239

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

(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.

Financial risk management (continued)

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

The following table shows the contractual maturities at period 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
Jun-2013

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	232,414,899	219,078,750	6,794,401	4,515,709	1,240,174	785,865
Loans and advances to banks	24	4,143,418	3,296,943	835,851	4,374	6,250	-
Loans and advances to customers	25	894,862,976	383,217,116	69,877,507	88,411,236	324,229,772	29,127,345
Financial assets held for trading	26	31,066,348	4,406,281	6,348,527	11,650,245	5,543,668	3,117,627
Investment securities:							
– Available for sale	27	296,801,242	44,491,038	137,370,612	103,089,183	4,979,420	6,870,989
– Held to maturity	27	120,598,110	34,052,299	4,311,238	36,892,294	45,342,279	-
Assets pledged as collateral	28	27,529,108	22,553,853	4,975,255	-	-	-
Other assets[2]	33	162,176,436	120,759,121	6,944,973	5,287,615	23,891,926	5,292,801
		1,769,592,537	831,855,401	237,458,364	249,850,656	405,233,489	45,194,627
Financial liabilities							
Deposits from banks	35	17,657,973	14,839,014	2,818,844	115	-	-
Deposits from customers	36	1,254,445,308	1,221,678,480	16,855,866	11,216,533	4,688,281	6,148
Debt securities issued	37	94,007,480	-	63,726	-	93,943,754	-
Other borrowed funds	40	90,191,530	1,851,914	4,527,539	6,893,325	43,217,484	33,701,268
Other liabilities	38	89,462,161	26,109,947	50,347,359	2,644,106	10,204,413	156,336
		1,545,764,452	1,264,479,355	74,613,334	20,754,079	152,053,932	33,863,752
Gap (asset - liabilities)			(432,623,954)	162,845,030	229,096,577	253,179,557	11,330,875
Cumulative liquidity gap			(432,623,954)	(269,778,924)	(40,682,347)	212,497,210	223,828,085

[1] Includes balances with no specific contractual maturities

[2] Excludes prepayments

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
Jun-2013

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	393,884,665	35,334,316	38,003,032	35,005,190	60,462,109	225,080,018
Guaranteed facilities	45	95,314,857	56,778,023	29,677,334	8,859,500	-	-
Short term foreign currency related transactions	45	60,246,815	60,246,815	-	-	-	-
Clean line facilities and letters of credit	45	91,347,731	51,915,394	38,863,309	569,028	-	-
Other commitments	45	961,577	533,997	311,201	116,379	-	-
		641,755,645	204,808,545	106,854,876	44,550,097	60,462,109	225,080,018

[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

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Cash and cash equivalents	23	322,989,480	283,455,465	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	27	15,765,789	1,488,871	839,124	2,512,476	6,054,824	4,870,494
– Held to maturity	27	129,490,810	32,390,770	18,890,217	37,068,393	37,294,140	3,847,290
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets[2]	33	102,889,644	95,862,856	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	35	23,860,259	21,456,507	2,402,991	761	-	-
Deposits from customers	36	1,148,197,165	1,118,117,912	15,746,774	9,956,212	4,376,267	-
Debt securities issued	37	86,926,227	-	73,291	-	86,852,936	-
Other borrowed funds	40	92,561,824	2,785,805	4,246,795	4,802,503	35,743,710	44,983,011
Other liabilities	38	80,972,096	29,592,949	13,272,310	2,107,237	35,999,600	-
		1,432,517,571	1,171,953,173	35,742,161	16,866,713	162,972,513	44,983,011
Gap (asset - liabilities)			(172,523,315)	92,385,123	74,372,100	159,104,848	71,471,364
Cumulative liquidity gap			(172,523,315)	(80,138,192)	(5,766,092)	153,338,756	224,810,120

[1] Includes balances with no specific contractual maturities
[2] Excludes prepayments

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

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
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
Guaranteed facilities	45	64,123,627	41,821,782	14,100,017	8,201,828	-	-
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	-	-	-	-
		527,453,161	154,342,045	74,249,063	52,404,687	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 period 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
Jun-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	180,356,202	172,888,469	4,210,186	3,257,547	-	-
Loans and advances to banks	24	32,498	13,749	8,125	4,374	6,250	-
Loans and advances to customers	25	848,309,592	374,256,890	66,991,025	78,838,152	302,917,099	25,306,426
Financial assets held for trading	26	27,358,077	4,406,284	5,730,827	8,559,671	5,543,668	3,117,627
Investment securities:							
– Available for sale	27	288,873,847	41,591,707	133,059,028	102,554,573	4,802,398	6,866,141
– Held to maturity	27	101,692,526	28,246,465	-	30,970,051	42,476,010	-
Assets pledged as collateral	28	27,529,108	22,553,853	4,975,255	-	-	-
Other assets[2]	33	160,742,908	123,012,548	5,848,403	3,913,949	23,295,380	4,672,628
		1,634,894,758	766,969,965	220,822,849	228,098,317	379,040,805	39,962,822
Financial liabilities							
Deposits from banks	35	1,430,966	1,430,966	-	-	-	-
Deposits from customers	36	1,158,421,656	1,154,423,267	3,872,646	125,743	-	-
Debt securities issued	37	13,228,726	-	63,726	-	13,165,000	-
Other borrowed funds	40	169,879,450	1,649,330	4,328,388	6,424,225	125,251,688	32,225,819
Other liabilities	38	77,054,502	24,416,351	49,191,913	218,090	3,071,812	156,336
		1,420,015,300	1,181,919,914	57,456,673	6,768,058	141,488,500	32,382,155
Gap (asset - liabilities)			(414,949,949)	163,366,176	221,330,259	237,552,305	7,580,667
Cumulative liquidity gap			(414,949,949)	(251,583,773)	(30,253,514)	207,298,791	214,879,458

[1] Includes balances with no specific contractual maturities

[2] Excludes prepayments

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
Jun-2013

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	385,272,985	28,923,708	36,313,412	34,564,458	60,462,109	225,009,298
Guaranteed facilities	45	95,314,857	56,778,023	29,677,334	8,859,500	-	-
Short term foreign currency related transactions	45	60,246,815	60,246,815	-	-	-	-
Clean line facilities and letters of credit	45	66,948,768	32,127,887	34,251,853	569,028	-	-
		607,783,425	178,076,433	100,242,599	43,992,986	60,462,109	225,009,298

[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

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Cash and cash equivalents	23	256,433,560	220,312,951	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	27	10,138,761	-	-	-	5,272,897	4,865,864
– Held to maturity	27	118,897,917	25,610,968	14,370,282	37,068,393	38,635,978	3,212,296
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets[2]	33	101,660,574	96,327,738	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	35	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	1,046,995,431	6,901,816	124,384	100,942	-
Debt securities issued	37	13,238,291	-	73,291	-	13,165,000	-
Other borrowed funds	40	169,194,418	2,785,802	4,050,725	4,013,186	114,887,241	43,457,464
Other liabilities	38	69,872,456	26,892,163	12,859,531	1,615,825	28,504,937	-
		1,313,598,059	1,083,843,717	23,885,363	5,753,395	156,658,120	43,457,464
Gap (asset - liabilities)			(163,833,485)	92,356,754	68,744,341	148,655,085	68,845,399
Cumulative liquidity gap			(163,833,485)	(71,476,731)	(2,732,390)	145,922,695	214,768,094

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

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

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	355,132,185	47,067,008	20,995,488	42,620,692	49,367,709	195,081,288
Guaranteed facilities	45	64,055,852	42,185,750	13,822,049	8,048,053	-	-
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	-	-
		494,971,127	132,274,441	67,282,076	50,965,613	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
Jun-2013

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Cash and cash equivalents	23	232,414,899	218,628,712	6,794,401	5,350,477	855,444	785,865
Loans and advances to banks	24	4,143,418	4,143,418	-	-	-	-
Loans and advances to customers	25	894,862,976	827,283,692	2,734,706	8,279,204	25,673,858	30,891,516
Financial assets held for trading	26	31,066,348	4,406,282	6,411,256	11,587,515	8,661,295	-
Investment securities:							
– Available for sale	27	296,801,242	44,491,038	137,370,612	103,089,183	4,979,420	6,870,989
– Held to maturity	27	120,598,110	34,052,299	4,311,238	36,892,294	45,342,279	-
Assets pledged as collateral	28	27,529,108	22,553,853	4,975,255	-	-	-
Other assets[1]	33	162,176,436	120,907,649	6,944,973	5,287,615	23,743,398	5,292,801
		1,769,592,537	**1,276,466,943**	**169,542,441**	**170,486,288**	**109,255,694**	**43,841,171**
Deposits from banks	35	17,657,973	15,651,494	2,006,364	115	-	-
Deposits from customers	36	1,254,445,308	1,221,678,481	16,855,866	11,216,533	4,694,428	-
Debt securities issued	37	94,007,480	-	63,726	-	93,943,754	-
Other borrowed funds	40	90,191,530	3,327,362	4,527,539	6,893,325	43,217,485	32,225,819
Other liabilities	38	89,462,161	26,161,834	50,346,867	2,592,711	10,204,413	156,336
		1,545,764,452	**1,266,819,171**	**73,800,362**	**20,702,684**	**152,060,080**	**32,382,155**
		223,828,085	**9,647,772**	**95,742,079**	**149,783,604**	**(42,804,386)**	**11,459,016**

[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

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Cash and cash equivalents	23	322,989,480	283,455,465	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	27	15,765,789	3,425,808	481,129	933,534	6,054,824	4,870,494
– Held to maturity	27	129,490,810	32,390,770	18,890,217	37,068,393	37,294,140	3,847,290
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets[1]	33	102,889,644	96,010,579	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	35	23,860,259	21,456,507	2,402,991	761	-	-
Deposits from customers	36	1,148,197,165	1,118,117,913	15,746,774	9,956,212	4,376,266	-
Debt securities issued	37	86,926,227	-	73,291	-	86,852,936	-
Other borrowed funds	40	92,561,824	4,311,351	4,246,795	4,802,503	35,743,711	43,457,464
Other liabilities	38	80,972,096	29,671,261	13,272,310	2,028,925	35,999,600	-
		1,432,517,571	**1,173,557,032**	**35,742,161**	**16,788,401**	**162,972,513**	**43,457,464**
		224,810,120	**177,196,320**	**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
Jun-2013

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Cash and cash equivalents	23	180,356,202	172,888,469	4,210,186	3,257,547	-	-
Loans and advances to banks	24	32,498	32,498	-	-	-	-
Loans and advances to customers	25	848,309,592	811,249,208	-	-	6,168,868	30,891,516
Financial assets held for trading	26	27,358,077	4,406,284	5,730,827	8,559,671	8,661,295	-
Investment securities:							
– Available for sale	27	288,873,847	41,591,707	133,059,028	102,554,573	4,802,398	6,866,141
– Held to maturity	27	101,692,526	28,246,465	-	30,970,051	42,476,010	-
Assets pledged as collateral	28	27,529,108	22,553,853	4,975,255	-	-	-
Other assets[1]	33	160,742,908	123,012,548	5,848,403	3,913,949	23,295,380	4,672,628
		1,634,894,758	**1,203,981,032**	**153,823,699**	**149,255,791**	**85,403,951**	**42,430,285**
Deposits from banks	35	1,430,966	1,430,966	-	-	-	-
Deposits from customers	36	1,158,421,656	1,154,423,268	3,872,646	125,742	-	-
Debt securities issued	37	13,228,726	-	63,726	-	13,165,000	-
Other borrowed funds	40	169,879,450	1,649,329	4,328,388	6,424,225	125,251,689	32,225,819
Other liabilities	38	77,054,502	24,416,351	49,191,913	218,090	3,071,812	156,336
		1,420,015,300	**1,181,919,914**	**57,456,673**	**6,768,058**	**141,488,500**	**32,382,155**
		214,879,458	**22,061,118**	**96,367,026**	**142,487,733**	**(56,084,549)**	**10,048,130**

[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

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Cash and cash equivalents	23	256,433,560	220,312,951	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	27	10,138,761	-	-	-	5,272,897	4,865,864
– Held to maturity	27	118,897,917	25,610,968	14,370,282	37,068,393	38,635,978	3,212,296
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets[1]	33	101,660,574	96,327,738	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	35	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	1,046,995,432	6,901,816	124,384	100,941	-
Debt securities issued	37	13,238,291	-	73,291	-	13,165,000	-
Other borrowed funds	40	169,194,418	2,785,801	4,050,725	4,013,186	114,887,242	43,457,464
Other liabilities	38	69,872,456	26,892,163	12,859,531	1,615,825	28,504,937	-
		1,313,598,059	**1,083,843,717**	**23,885,363**	**5,753,395**	**156,658,120**	**43,457,464**
		214,768,094	**178,194,597**	**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 by 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 affect reported equity in the following ways:

- 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.

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non- trading activities.

At 30 June, 2013, if interest rates on:

- floating rate assets and liabilities held at amortised cost; and Assets and liabilities accounted at fair value through profit or loss had increased or decreased by 100 basis points (December 2012 – 100 basis points) with all other variables held constant, the impact on profit or loss would have been as set out in the table on page 140:

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 ranged between 16.57% and 16.66% over the period, a change of about 100 basis points.
- The discount rate on various maturities of treasury bills ranged between 9.9% and 11.17% over the financial period as published by Central Bank of Nigeria (CBN). This 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.

Interest Rate sensitivity

Group

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(3,641,597)	(3,111,548)	(3,662,871)	(3,069,185)
Increase	3,641,597	3,111,548	3,662,871	3,069,185

Parent

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(1,862,884)	(1,612,170)	(3,380,368)	(2,859,615)
Increase	1,862,884	1,612,170	3,380,368	2,859,615

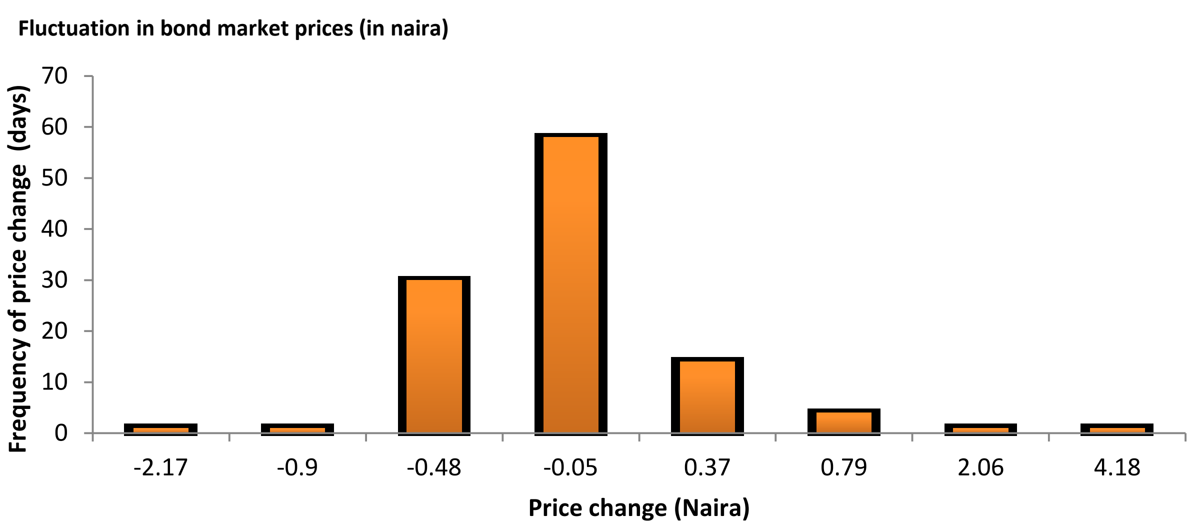
Bond price sensitivity

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 in 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.



As at 30 June 2013, if price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, the impact on mark-to-market profit or loss would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**	**Jun-2012 Pre-tax**	**Jun-2012 Post-tax**
Decrease	(6,837)	(5,845)	(19,860)	(16,801)
Increase	6,837	5,845	19,860	16,801

Parent

In thousands of Nigerian Naira	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**	**Jun-2012 Pre-tax**	**Jun-2012 Post-tax**
Decrease	(6,837)	(5,917)	(19,860)	(16,801)
Increase	6,837	5,917	19,860	16,801

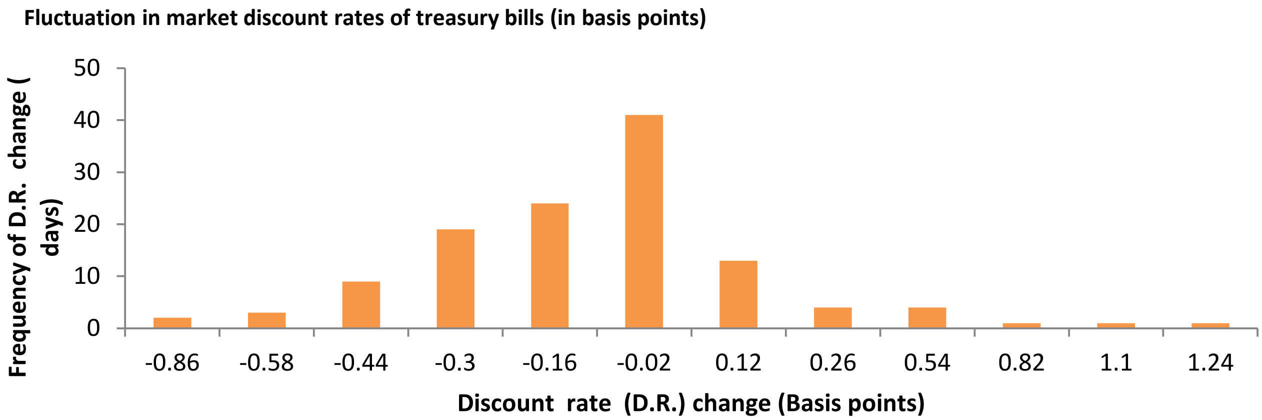
Treasury bills discount rate sensitivity

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 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 bills



At 30 June 2013, if discount rates on treasury bills increased or reduced by 50 basis points with all other variables held constant, the impact on mark-to-market profit or loss would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**	**Jun-2012 Pre-tax**	**Jun-2012 Post-tax**
Decrease	21,230	18,151	481,075	406,965
Increase	(21,230)	(18,151)	(481,075)	(406,965)

Parent

In thousands of Nigerian Naira	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**	**Jun-2012 Pre-tax**	**Jun-2012 Post-tax**
Decrease	21,230	18,373	481,075	406,965
Increase	(21,230)	(18,373)	(481,075)	(406,965)

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

The Group recognised fair value changes for AFS Bonds, Bills and Equities as at June 30, 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:

- 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 .

At 30 June 2013, if price of available for sale bond (AFS) increased or decreased by one naira with all other variables held constant, the impact on Other Comprehensive Income would have been as set out in the table below:

Group

In thousands of Nigerian Naira	**Jun - 2013 Pre-tax**	**Jun - 2013 Post-tax**	**Jun - 2012 Pre-tax**	**Jun - 2012 Post-tax**
Decrease	(50,500)	(43,175)	-	-
Increase	50,500	43,175	-	-

Parent

In thousands of Nigerian Naira	**Jun - 2013 Pre-tax**	**Jun - 2013 Post-tax**	**Jun - 2012 Pre-tax**	**Jun - 2012 Post-tax**
Decrease	(50,500)	(43,704)	-	-
Increase	50,500	43,704	-	-

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.

At 30 June 2013, if discount rates on treasury bills increased or reduced by 50 basis points with all other variables held constant, the impact on mark-to-market profit or loss would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	578,836	494,873	-	-
Increase	(578,836)	(494,873)	-	-

Parent

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	578,836	500,934	-	-
Increase	(578,836)	(500,934)	-	-

Equity Instruments with readily determinable fair value

At June 30 2013, if the parameters used in determining the fair value of equity instruments were increased or decreased by 100 basis point, with all other variables held constant, the impact on the Other Comprehensive Income would have been as set out in the table below:

Group

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(538,082)	(459,762)	-	-
Increase	813,979	695,502	-	-

Parent

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(538,082)	(465,665)	-	-
Increase	813,979	704,431	-	-

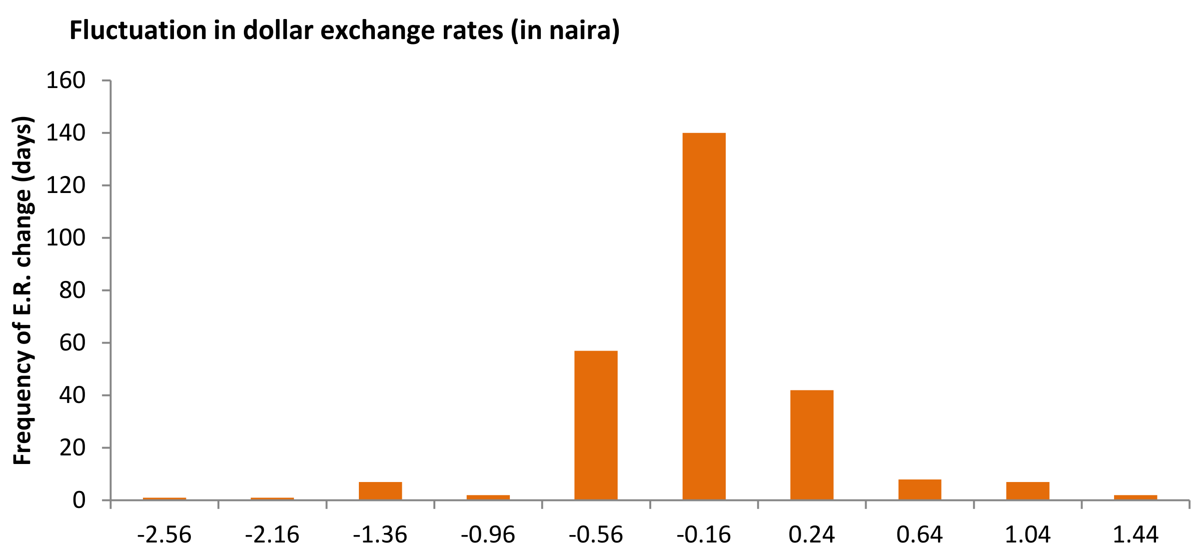
Exposure to foreign currency risk

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 30 June 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

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(410,657)	(350,884)	(331,368)	(280,334)
Increase	410,657	350,884	331,368	280,334

Parent

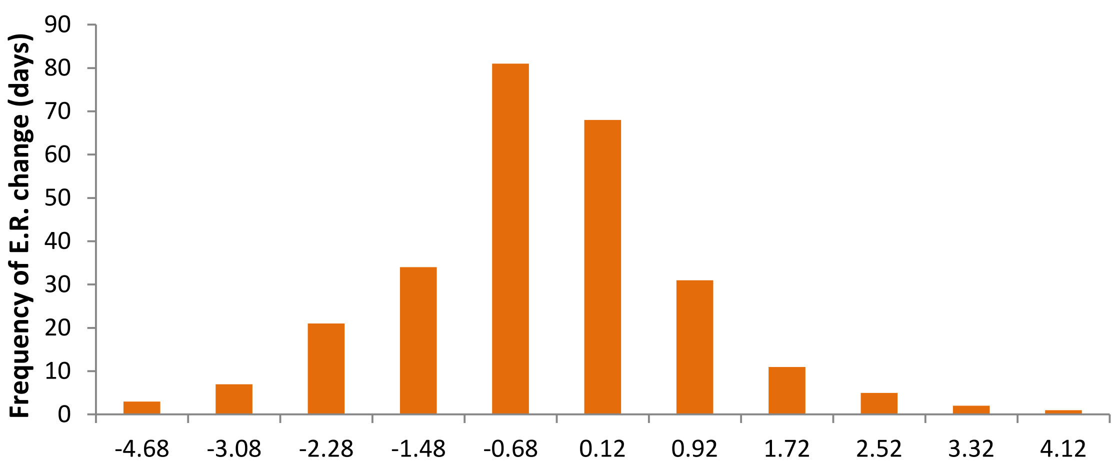
In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(400,921)	(346,963)	(331,385)	(280,334)
Increase	400,921	346,963	331,385	280,334

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.

Fluctuation in Pounds exchange rates (in naira)



At 30 June 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	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**	**Jun-2012 Pre-tax**	**Jun-2012 Post-tax**
Decrease	(15,771)	(13,476)	(12,680)	(10,658)
Increase	15,771	13,476	12,680	10,658

Parent

In thousands of Nigerian Naira	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**	**Jun-2012 Pre-tax**	**Jun-2012 Post-tax**
Decrease	(16,052)	(13,891)	(12,599)	(10,658)
Increase	16,052	13,891	12,599	10,658

Foreign exchange profit or loss (Euros)

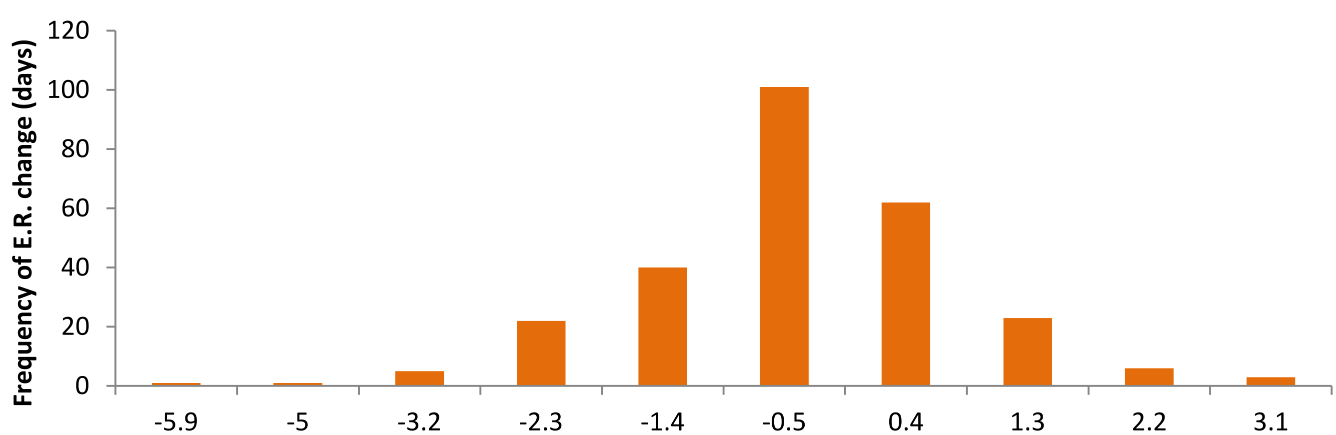
The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of pounds:

• 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.

Fluctuation in Euro exchange rates (in naira)



At 30 June 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

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(21,296)	(18,196)	(9,793)	(8,250)
Increase	21,296	18,196	9,793	8,250

Parent

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(21,250)	(18,390)	(9,752)	(8,250)
Increase	21,250	18,390	9,752	8,250

Foreign exchange profit or loss (Other currencies)

At 30 June 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	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(70,228)	(60,006)	(364,889)	(308,677)
Increase	70,228	60,006	364,889	308,677

Parent

In thousands of Nigerian Naira	Jun-2013 Pre-tax	Jun-2013 Post-tax	Jun-2012 Pre-tax	Jun-2012 Post-tax
Decrease	(70,228)	(60,776)	(364,889)	(308,677)
Increase	70,228	60,776	364,889	308,677

Notes to the financial statements

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

Group
Jun-2013
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	232,414,899	42,015,840	145,749,705	20,787,714	10,762,173	13,099,467
Loans and advances to banks	24	4,143,418	32,498	3,954,308	-	86,806	69,806
Loans and advances to customers	25	894,862,976	556,972,230	302,800,161	9,969,336	523,497	24,597,752
Financial assets held for trading	26	31,066,348	27,358,077	-	-	-	3,708,271
Investment securities:							
– Available for sale	27	296,801,242	288,873,847	2,350,143	1,597,173	210,743	3,769,336
– Held to maturity	27	120,598,110	101,692,526	6,446,736	2,654,528	48,561	9,755,759
Assets pledged as collateral	28	27,529,108	27,529,108	-	-	-	-
Other assets[2]	33	162,176,436	120,601,564	29,233,487	361,913	6,154,264	5,825,208
		1,769,592,537	**1,165,075,690**	**490,534,540**	**35,370,664**	**17,786,044**	**60,825,599**
Deposits from banks	35	17,657,973	1,430,966	11,153,741	519,112	1,471,268	3,082,886
Deposits from customers	36	1,254,445,308	941,202,160	234,570,669	22,535,238	11,781,839	44,355,402
Debt securities issued	37	94,007,480	13,228,726	80,778,754	-	-	-
Other borrowed funds	40	90,191,530	40,324,236	48,072,027	1,475,448	-	319,819
Other liabilities	38	89,462,161	31,826,223	45,737,974	493,443	6,203,604	5,200,917
		1,545,764,452	**1,028,012,311**	**420,313,165**	**25,023,241**	**19,456,711**	**52,959,024**

[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	322,989,480	71,962,799	204,514,307	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	27	15,765,789	13,442,895	943,238	1,271,289	103,737	4,630
– Held to maturity	27	129,490,810	114,967,869	515,125	46,530	48,362	13,912,924
Assets pledged as collateral	28	31,203,230	31,203,230	-	-	-	-
Other assets[2]	33	102,889,644	101,185,052	1,021,056	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	35	23,860,259	7,171,082	11,841,924	664,630	740,399	3,442,224
Deposits from customers	36	1,148,197,165	880,943,486	214,960,540	18,847,031	6,983,475	26,462,633
Debt securities issued	37	86,926,227	13,238,291	73,687,936	-	-	-
Other borrowed funds	40	92,561,824	42,741,765	48,294,512	1,525,547	-	-
Other liabilities	38	80,972,096	24,739,720	47,948,035	489,535	7,063,403	731,403
		1,432,517,571	**968,834,344**	**396,732,947**	**21,526,743**	**14,787,277**	**30,636,260**

[2] Excludes prepayments

Notes to the financial statements

Parent
Jun-2013
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	180,356,202	41,945,535	117,199,478	12,935,206	8,078,246	197,737
Loans and advances to banks	24	32,498	32,498	-	-	-	-
Loans and advances to customers	25	848,309,592	556,972,230	291,329,825	6,296	1,191	50
Financial assets held for trading	26	27,358,077	27,358,077	-	-	-	-
Investment securities:							
– Available for sale	27	288,873,847	288,873,847	-	-	-	-
– Held to maturity	27	101,692,526	101,692,526	-	-	-	-
Assets pledged as collateral	28	27,529,108	27,529,108	-	-	-	-
Other assets[2]	33	160,742,908	120,986,520	31,712,755	87,972	6,153,100	1,802,561
		1,634,894,758	**1,165,390,341**	**440,242,058**	**13,029,474**	**14,232,537**	**2,000,348**
Deposits from banks	35	1,430,966	1,430,966	-	-	-	-
Deposits from customers	36	1,158,421,656	941,202,160	200,437,482	10,953,631	5,827,208	1,175
Debt securities issued	37	13,228,726	13,228,726	-	-	-	-
Other borrowed funds	40	169,879,450	38,916,905	130,962,545	-	-	-
Other liabilities	38	77,054,502	25,085,080	43,855,859	106,337	6,203,604	1,803,622
		1,420,015,300	**1,019,863,837**	**375,255,886**	**11,059,968**	**12,030,812**	**1,804,797**

[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	256,433,560	69,864,992	164,496,786	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	27	10,138,761	10,138,761	-	-	-	-
– Held to maturity	27	118,897,917	114,967,869	3,930,048	-	-	-
Assets pledged as collateral	28	31,203,230	31,203,230	-	-	-	-
Other assets[2]	33	101,660,574	100,763,352	897,222	-	-	-
		1,528,366,153	**1,109,364,894**	**396,922,200**	**8,967,020**	**12,909,021**	**203,018**
Deposits from banks	35	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	867,981,044	171,466,468	9,233,031	5,439,312	2,718
Debt securities issued	37	13,238,291	13,238,291	-	-	-	-
Other borrowed funds	40	169,194,418	41,154,048	128,040,370	-	-	-
Other liabilities	38	69,872,456	16,575,731	45,953,159	286,796	7,056,770	-
		1,313,598,059	**946,119,435**	**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.

Operational risk

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as "the direct/indirect risk of loss resulting from inadequate and/or failed internal process, 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 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** – An in-house developed web-based Loss Incident Reporting System is deployed via the Bank's intranet for logging of operational risk incidents bank-wide. All staff members are encouraged to report operational risk incidents that occurred within their work spaces whether it crystallized to actual losses or not. As a result, Guaranty Trust Bank Plc has collated OpRisk loss data for four years. Information gathered is used to identify risk concentrations and for appropriate operational risk capital calculation.

- **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 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 / 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, 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 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) which 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. This plan 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 recognised Business Continuity standards organizations.

- **Information Risk Management Awareness and Monitoring** – Strategies for ensuring the Confidentiality, Availability and Integrity of all the Bank's information assets (hardware, software, documents, backup media, etc.) are continuously reviewed and key risks identified reported to key stakeholders. Where applicable, implementation of controls by relevant stakeholders is also tracked and reported on.

- **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. 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. Strategies for migrating to the Advanced Measurement Approach once the required gestation period and data collation requirement are in place is on-going. Whilst it is not a regulatory requirement to have capital set aside for operational risk, these estimations are determined to guide Financial Control in its Capital Planning, and Management in its decision making process.

- **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.

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.

- In addition to this, the Bank's Business Continuity Plan outlines the Bank's requirements for contingency and business continuity plans 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 has been developed for tracking key activities designed or defined by the Bank to achieve 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.

Capital adequacy ratio

Group

In thousands of Nigerian Naira	***Note***	**Jun-2013**	**Dec-2012**
Tier 1 capital			
Ordinary share capital	41	14,715,590	14,715,590
Share premium	41	123,471,114	123,471,114
Retained earnings	41	34,403,282	41,380,776
Treasury shares	41	(2,046,714)	(2,046,714)
Other reserves	41	125,159,807	104,651,663
Non-controlling interests	41	1,246,302	1,268,691
Shareholders' funds		**296,949,381**	**283,441,120**
Add/(Less):			
Fair value reserve for available-for- sale securities	41	(2,304,539)	(169,607)
Intangible assets	31	(2,403,549)	(1,772,176)
Shareholders' funds		**292,241,293**	**281,499,337**
Tier 2 capital			
Fair value reserve for available-for-sale securities		2,304,539	169,607
Collective allowances for impairment	24, 25	6,059,162	3,448,851
Total		**8,363,701**	**3,618,458**
Total regulatory capital		**300,604,994**	**285,117,795**
Risk-weighted assets		**1,396,006,811**	**1,176,805,668**
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		21.5%	24.2%
Total tier 1 capital expressed as a percentage of risk-weighted assets		20.9%	23.9%

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)(i).
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 (o)(iii).
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(o)(i).

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)(vii)

The Group measures fair values using the following hierarchy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

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

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market date (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

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

Group
Jun-2013

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	31,066,348	-	-	31,066,348
Available-for-sale financial assets:					
-Investment securities-debt	27	285,127,857	5,116,925	-	290,244,782
-Investment securities-equity	27	-	-	4,386,799	4,386,799
Assets pledged as collateral	28	27,529,108	-	-	27,529,108
		343,723,313	5,116,925	**4,386,799**	**353,227,037**

Group
Dec-2012

In thousands of Nigerian Naira	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-equity	27	-	12,926,197	-	12,926,197
Assets pledged as collateral	28	16,461,583	-	-	16,461,583
		287,535,479	12,926,197	-	**300,461,676**

Parent
Jun-2013

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	27,358,077	-	-	27,358,077
Available-for-sale financial assets:					
-Investment securities-debt	27	277,205,309	5,116,925		282,322,234
-Investment securities-equity	27	-	-	4,386,799	4,386,799
Assets pledged as collateral	28	27,529,108	-	-	27,529,108
		332,092,494	5,116,925	**4,386,799**	**341,596,218**

Parent
Dec-2012

In thousands of Nigerian Naira	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-equity	27	-	7,303,799	-	7,303,799
Assets pledged as collateral	28	16,461,583	-	-	16,461,583
		283,878,765	7,303,799	**-**	**291,182,564**

Disclosure Requirements For Equity Securities

Valuation Technique:
The Group has estimated the fair value of its investments in Kakawa Discount House Limited (KDHL) and African Finance Corporation (AFC) at the end of June 2013. The valuation technique adopted in valuing each of these equity investments have been carefully chosen by taking into cognizance the suitability of the valuation model to each equity investment and the financial information available about them.
The Dividend Discount Model (DDM) was used in valuing KDHL while the average of an aggregate of multiples (based on the Indicative Valuation Report of AFC by KMPG, an independent professional services firm) was used in valuing AFC. These 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 history of dividend payments – a critical component/input in the DDM while for AFC, the price to book value multiple (P/BV) as contained in an April 12, 2013 independent valuation report prepared by KPMG was used. The December 2012 audited financial statements of each of the entities have been used as the basis for the valuation.
In valuing this company, we adopted the Dividend Discount Model using the 2012 Financial Statements.

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

1. Dividend growth rate:

This was arrived at by multiplying the Return on Equity (ROE) by the Retention ratio (b). The retention ratio was calculated as follows:

= (1 – DPR)

where DPR is defined as Dividend Payout Ratio. It is current year Dividend Per Share (DPS) divided by Earnings Per Share (EPS)

2. Cost of Equity:

This was derived using the Capital Asset Pricing Model (CAPM). The key variables herein include:

- Risk free rate of 11.8% on FGN Treasury Bill
- Beta (measure of Risk) was assumed as 0.8
- Market return of 12% was assumed. This is the prevailing Monetary Policy Rate (MPR) of the Central Bank of Nigeria.
- The estimated dividend growth rate (g) of 7.16% was applied in computing the forward dividend (d1).

B. African Finance Corporation

The fair value of AFC was arrived at by using the average of all the indicative values in the independent valuation report of AFC as prepared by KPMG. The multiples include Price-to-Book Value, Discounted Cashflow Value and Excess Return.

	Carrying amount as at 31 Dec 2012	Fair Value as at 30 June 2013	Unrealized Fair Value Gain recognized in Equity (OCI)
	₦	₦	₦
Kakawa Discount House Limited	34,100,000	3,044,777,225	3,010,677,225
African Finance Corporation	636,048,000	1,342,021,665	705,973,665
Total	**670,148,000**	**4,386,798,890**	**3,716,650,890**

The movement in Equity Securities during the period is as follows:				
	Group	**Group**	**Parent**	**Parent**
	Jun-13	Dec-12	Jun-13	Dec-12
	₦'000	₦'000	₦'000	₦'000
Balance at the beginning of the period	-	-	-	-
Reclassification from Other unquoted equity investment	670,148	-	670,148	-
Unrealized Fair Value Gain/(Loss)	3,716,651	-	3,716,651	-
Balance at end of the period	**4,386,799**	**-**	**4,386,799**	**-**

The movement in Other unquoted equity investments during the period is as follows:				
	Group	**Group**	**Parent**	**Parent**
	Jun-13	Dec-12	Jun-13	Dec-12
	₦'000	₦'000	₦'000	₦'000
Balance at the beginning of the period	1,090,810	1,090,810	1,086,180	1,086,180
Reclassification to Equity Securities	(670,148)	-	(670,148)	-
*Exchange difference – gain/(loss)	217	-	-	-
Balance at end of the period	**420,879**	**1,090,810**	**416,032**	**1,086,180**

*Exchange gain is attributable to the translation of the investment in GIM UEMOA to Naira- the group's reporting currency. GTB 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 30 June 2013 is ₦4,847,000. This resulted in an exchange gain of ₦217,000 (i.e. ₦4,847,000 - ₦4,630,000).

Level 2 inputs have been determined using prices of similar assets in active markets.

Reconciliation of IFRS and CBN Recommended Provisions as at 30 June 2013			
	N'000	N'000	Reference In The Accounts
Recommended provisions as per CBN			
Specific Provision as at 31 December 2012	20,842,727		
1% General Provision as at 31 December 2012	7,290,414		
Additional General Provision as at 30 June 2013	1,062,164	**29,195,305**	
Impairment Allowance Under IFRS			
Impairment Allowance (Specific & Collective) as at 31 December 2012		**-16,820,339**	
Additions to Impairment Allowance (Specific & Collective) as at 30 June 2013		**-743,013**	**Note 25**
Impairment Allowance (Specific & Collective) as at 30 June 2013		**(17,563,352)**	
Regulatory Risk Reserve			
Opening as at 1 Jan 2013		**-11,312,801**	
Transfers for the period		**-1,143,850**	**SOCIE[1] - Page 50**
Balance as at 30 June 2013		**-12,456,651**	**SOCIE[1] - Page 50**
Total Loan Loss Provisions as at 30 June 2013		**-30,020,003**	
Excess of Loan Loss reserves over CBN requirement		**824,699**	
Provisions for Other Known Losses			
Provision for Other Known Losses - CBN as at 31 December 2012		4,445,780	
Less: Write offs during the period		-676,061	**Note 25**
		3,769,719	
Provision for Other Known Losses - IFRS			
Specific Impairment For Equities	3,464,163		**Note 27**
Impairment On Other Assets	305,556	3,769,719	**Note 33**
		-	

[1] Statement of Changes in Equity

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

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.

Operating segments (Continued)

Information about operating segments

Group
Jun-2013

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	57,730,827	23,618,214	25,404,740	5,867,817	7,997,096	120,618,694	-	120,618,694
Derived from other business segments	(6,359,088)	4,896,095	(334,427)	1,092,918	704,502	-	-	-
Total revenue	**51,371,739**	**28,514,309**	**25,070,313**	**6,960,735**	**8,701,598**	**120,618,694**	**-**	**120,618,694**
Interest expenses	(11,894,215)	(3,976,510)	(4,579,351)	(1,000,503)	(2,010,032)	(23,460,611)	-	(23,460,611)
Fee and commission expenses	(274,083)	(94,393)	(89,421)	(23,510)	(9,416)	(490,823)	-	(490,823)
Net operating income	**39,203,441**	**24,443,406**	**20,401,541**	**5,936,722**	**6,682,150**	**96,667,260**	**-**	**96,667,260**
Expense:								
Operating expenses	(7,377,965)	(14,827,740)	(8,793,624)	(3,469,250)	(2,650,633)	(37,119,212)	-	(37,119,212)
Net impairment loss on financial assets	(194,153)	(370,281)	(516,864)	(53,444)	(182,790)	(1,317,532)	-	(1,317,532)
Depreciation and amortization	(1,460,175)	(1,817,697)	(994,027)	(374,196)	(256,436)	(4,902,531)	-	(4,902,531)
Total cost	**(9,032,293)**	**(17,015,718)**	**(10,304,515)**	**(3,896,890)**	**(3,089,859)**	**(43,339,275)**	**-**	**(43,339,275)**
Profit before income tax from reportable segments	**30,171,147**	**7,427,688**	**10,097,026**	**2,039,832**	**3,592,291**	**53,327,984**	**-**	**53,327,984**
Tax	**(4,723,933)**	**(1,162,962)**	**(1,580,903)**	**(319,379)**	**(562,449)**	**(8,349,626)**	**-**	**(8,349,626)**
Profit after income tax from reportable segments	**25,447,214**	**6,264,726**	**8,516,123**	**1,720,453**	**3,029,842**	**44,978,358**	**-**	**44,978,358**
Assets and liabilities:								
Total assets	1,061,493,943	210,529,799	399,105,265	53,914,826	136,857,902	1,861,901,735	-	1,861,901,735
Total liabilities	(529,458,029)	(502,507,258)	(260,481,599)	(119,116,042)	(144,855,996)	(1,556,418,924)	-	(1,556,418,924)
Net assets/ (liabilities)	**532,035,914**	**(291,977,459)**	**138,623,666**	**(65,201,216)**	**(7,998,094)**	**305,482,811**	**-**	**305,482,811**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**4,708,688**	**1,720,376**	**983,908**	**239,161**	**607,089**	**8,259,222**	**-**	**8,259,222**
Assets:								
Loans and advances to banks	18,538	1,721,588	59,536	2,341,122	2,634	4,143,418	-	4,143,418
Loans and advances to customers	525,101,434	69,982,878	213,247,084	17,673,869	68,857,711	894,862,976	-	894,862,976
Others	536,373,971	138,825,333	185,798,645	33,899,835	67,997,557	962,895,341	-	962,895,341
	1,061,493,943	210,529,799	399,105,265	53,914,826	136,857,902	1,861,901,735	-	1,861,901,735
Liabilities:								
Deposits from banks	17,657,973	-	-	-	-	17,657,973	-	17,657,973
Deposits from customers	287,328,861	485,504,128	234,910,260	111,710,084	134,991,975	1,254,445,308	-	1,254,445,308
Others	224,471,195	17,003,130	25,571,339	7,405,958	9,864,021	284,315,643	-	284,315,643
	529,458,029	502,507,258	260,481,599	119,116,042	144,855,996	1,556,418,924	-	1,556,418,924

Group
Jun-2012

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	58,491,374	18,617,955	19,557,544	4,823,690	7,936,600	109,427,163	653,126	110,080,289
Derived from other business segments	(11,111,614)	9,638,113	(1,615,785)	1,167,823	1,921,463	-	-	-
Total revenue	**47,379,760**	**28,256,068**	**17,941,759**	**5,991,513**	**9,858,063**	**109,427,163**	**653,126**	**110,080,289**
Interest expenses	(13,137,117)	(1,528,053)	(2,891,588)	(448,323)	(780,369)	(18,785,450)	(288,992)	(19,074,442)
Fee and commission expenses	(304,952)	(149,169)	(226,951)	(38,878)	(63,123)	(783,073)	(2,006)	(785,079)
Net operating income	**33,937,691**	**26,578,846**	**14,823,220**	**5,504,312**	**9,014,571**	**89,858,640**	**362,128**	**90,220,768**
Expense:								
Operating expenses	(7,540,357)	(13,667,665)	(7,059,627)	(2,719,713)	(2,030,375)	(33,017,737)	(155,568)	(33,173,305)
Net impairment loss on financial assets	(2,092,242)	(77,563)	(105,421)	(11,082)	(124,555)	(2,410,863)	-	(2,410,863)
Depreciation and amortization	(732,573)	(1,821,688)	(1,011,280)	(356,363)	(266,039)	(4,187,943)	(8,523)	(4,196,466)
Total cost	**(10,365,172)**	**(15,566,916)**	**(8,176,328)**	**(3,087,158)**	**(2,420,969)**	**(39,616,543)**	**(164,091)**	**(39,780,634)**
Profit before income tax from reportable segments	**23,572,519**	**11,011,930**	**6,646,892**	**2,417,154**	**6,593,602**	**50,242,097**	**198,037**	**50,440,134**
Tax	**(4,032,837)**	**(1,973,207)**	**(1,161,569)**	**(409,308)**	**(1,116,524)**	**(8,693,445)**	**-**	**(8,693,445)**
Profit after income tax from reportable segments	**19,539,682**	**9,038,723**	**5,485,323**	**2,007,846**	**5,477,078**	**41,548,652**	**198,037**	**41,746,689**
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	(510,355,436)	(444,330,704)	(245,648,116)	(114,617,092)	(129,145,333)	(1,444,096,681)	-	(1,444,096,681)
Net assets/ (liabilities)	**483,737,515**	**(256,589,586)**	**126,089,449**	**(61,573,446)**	**704,964**	**292,368,896**	**-**	**292,368,896**
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	243,150,423	910,039	17,402,602	4,253,968	6,322,225	272,039,257	-	272,039,257
	510,355,436	**444,330,704**	**245,648,116**	**114,617,092**	**129,145,333**	**1,444,096,681**	**-**	**1,444,096,681**

Operating segments (Continued)

Information about operating segments

Parent
Jun-2013

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	52,821,430	21,604,532	23,267,701	5,867,817	7,997,096	111,558,576	-	111,558,576
Derived from other business segments	(6,359,088)	4,896,095	(334,427)	1,092,918	704,502	-	-	-
Total revenue	**46,462,342**	**26,500,627**	**22,933,274**	**6,960,735**	**8,701,598**	**111,558,576**	**-**	**111,558,576**
Interest expenses	(10,957,653)	(3,537,447)	(4,293,868)	(1,000,503)	(2,010,032)	(21,799,503)	-	(21,799,503)
Fee and commission expenses	(257,732)	(85,254)	(76,626)	(23,510)	(9,416)	(452,538)	-	(452,538)
Net operating income	**35,246,957**	**22,877,926**	**18,562,780**	**5,936,722**	**6,682,150**	**89,306,535**	**-**	**89,306,535**
Expense:								
Operating expenses	(5,093,274)	(13,689,768)	(8,000,767)	(3,469,250)	(2,650,633)	(32,903,692)	-	(32,903,692)
Net impairment loss on financial assets	(14,850)	(357,523)	(499,270)	(53,444)	(182,790)	(1,107,877)	-	(1,107,877)
Depreciation and amortization	(1,202,820)	(1,713,555)	(911,677)	(374,196)	(256,436)	(4,458,684)	-	(4,458,684)
Total cost	**(6,310,944)**	**(15,760,846)**	**(9,411,714)**	**(3,896,890)**	**(3,089,859)**	**(38,470,253)**	**-**	**(38,470,253)**
Profit before income tax from reportable segments	**28,936,013**	**7,117,080**	**9,151,066**	**2,039,832**	**3,592,291**	**50,836,282**	**-**	**50,836,282**
Tax	**(4,170,287)**	**(1,025,721)**	**(1,318,861)**	**(293,983)**	**(517,725)**	**(7,326,577)**	**-**	**(7,326,577)**
Profit after income tax from reportable segments	**24,765,726**	**6,091,359**	**7,832,205**	**1,745,849**	**3,074,566**	**43,509,705**	**-**	**43,509,705**
Assets and liabilities:								
Total assets	939,829,327	207,692,089	398,262,038	53,914,826	136,857,902	1,736,556,182	-	1,736,556,182
Total liabilities	(406,334,962)	(511,124,496)	(255,986,636)	(119,116,042)	(144,855,996)	(1,437,418,132)	-	(1,437,418,132)
Net assets/ (liabilities)	**533,494,365**	**(303,432,407)**	**142,275,402**	**(65,201,216)**	**(7,998,094)**	**299,138,050**	**-**	**299,138,050**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**3,922,522**	**1,662,208**	**866,835**	**225,022**	**571,197**	**7,247,784**	**-**	**7,247,784**
Assets:								
Loans and advances to banks	18,982	7,711	2,592	724	2,489	32,498	-	32,498
Loans and advances to customers	495,507,387	67,655,786	201,282,944	18,886,305	64,977,170	848,309,592	-	848,309,592
Others	444,302,958	140,028,592	196,976,502	35,027,797	71,878,243	888,214,092	-	888,214,092
	939,829,327	**207,692,089**	**398,262,038**	**53,914,826**	**136,857,902**	**1,736,556,182**	**-**	**1,736,556,182**
Liabilities:								
Deposits from banks	1,430,966	-	-	-	-	1,430,966	-	1,430,966
Deposits from customers	265,334,784	448,340,388	216,928,654	103,159,045	124,658,785	1,158,421,656	-	1,158,421,656
Others	139,569,212	62,784,108	39,057,982	15,956,997	20,197,211	277,565,510	-	277,565,510
	406,334,962	**511,124,496**	**255,986,636**	**119,116,042**	**144,855,996**	**1,437,418,132**	**-**	**1,437,418,132**

Notes to the financial statements

Parent
Jun-2012

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	55,300,127	16,633,348	18,320,571	4,823,690	7,936,600	103,014,336	-	103,014,336
Derived from other business segments	(6,212,813)	4,026,958	(903,431)	1,167,823	1,921,463	-	-	-
Total revenue	**49,087,314**	**20,660,306**	**17,417,140**	**5,991,513**	**9,858,063**	**103,014,336**	**-**	**103,014,336**
Interest expenses	(12,362,289)	(1,365,459)	(2,721,041)	(448,323)	(780,369)	(17,677,481)	-	(17,677,481)
Fee and commission expenses	(290,935)	(137,624)	(216,519)	(38,878)	(63,123)	(747,079)	-	(747,079)
Net operating income	**36,434,090**	**19,157,223**	**14,479,580**	**5,504,312**	**9,014,571**	**84,589,776**	**-**	**84,589,776**
Expense:								
Operating expenses	(6,137,846)	(12,029,221)	(6,458,252)	(2,719,713)	(2,030,375)	(29,375,407)	-	(29,375,407)
Net impairment loss on financial assets	(1,472,523)	(21,498)	(77,698)	(11,082)	(124,555)	(1,707,356)	-	(1,707,356)
Depreciation and amortization	(658,988)	(1,576,185)	(909,699)	(356,363)	(266,039)	(3,767,274)	-	(3,767,274)
Total cost	**(8,269,357)**	**(13,626,904)**	**(7,445,649)**	**(3,087,158)**	**(2,420,969)**	**(34,850,037)**	**-**	**(34,850,037)**
Profit before income tax from reportable segments	**28,164,733**	**5,530,319**	**7,033,931**	**2,417,154**	**6,593,602**	**49,739,739**	**-**	**49,739,739**
Tax	**(4,482,209)**	**(936,474)**	**(1,196,810)**	**(409,308)**	**(1,116,524)**	**(8,141,325)**	**-**	**(8,141,325)**
Profit after income tax from reportable segments	**23,682,524**	**4,593,845**	**5,837,121**	**2,007,846**	**5,477,078**	**41,598,414**	**-**	**41,598,414**
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	(390,973,780)	(455,630,280)	(241,797,108)	(114,617,092)	(129,145,333)	(1,332,163,593)	-	(1,332,163,593)
Net assets/ (liabilities)	**484,548,816**	**(268,758,793)**	**133,232,089**	**(61,573,446)**	**704,964**	**288,153,630**	**-**	**288,153,630**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**939,829,327**	**207,692,089**	**398,262,038**	**53,914,826**	**136,857,902**	**1,736,556,182**	**-**	**1,736,556,182**
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	160,396,533	48,540,151	32,252,305	13,296,288	16,385,422	270,870,699	-	270,870,699
	390,973,780	**455,630,280**	**241,797,108**	**114,617,092**	**129,145,333**	**1,332,163,593**	**-**	**1,332,163,593**

7 Operating segments (Continued)

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

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Bonds	8,619,584	26,350,477	7,992,125	24,631,927
Placements	24,665,940	2,581,848	22,870,393	2,413,463
Treasury Bills	5,299,218	1,212,254	4,913,464	1,133,192
Loans	84,047,830	81,637,992	77,929,605	76,313,647
Contingents	1,569,791	1,743,931	1,455,518	1,630,194
	124,202,363	113,526,502	115,161,105	106,122,423

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Continuing Operations:				
Total revenue from reportable segments	120,618,694	109,427,163	111,558,576	103,014,336
Consolidation and adjustments:				
- Interest income	(41,093)	(38,829)	-	-
- Other operating income	2,558	-	-	-
Revenue from continuing operations	120,580,158	109,388,334	111,558,576	103,014,336
Discontinued Operations:				
Total revenue from reportable segments (See note 34)	-	653,126	-	-
Revenue from discontinued operations	-	653,126	-	-

Notes to the financial statements

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

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Interest income	92,000,395	83,176,926	86,280,338	79,179,733
Fee and commission income	25,048,165	24,809,180	21,615,202	22,012,856
Net gains/(losses) on financial instruments classified as held for trading	3,517,125	2,981,141	2,711,183	2,069,859
Other operating income	3,636,678	2,559,255	4,554,382	2,859,975
Revenue and gains from continuing operations	124,202,363	113,526,502	115,161,105	106,122,423
Less gains:				
- Foreign exchange gain/(loss)	(3,568,303)	(1,601,011)	(3,562,977)	(1,493,645)
- Gain on disposal of fixed assets	(53,902)	(44,948)	(39,552)	(33,515)
- Net gains/(losses) on financial instruments classified as held for trading	-	(2,981,141)	-	(2,069,859)
- Profit on part-disposal of subsidiaries	-	-	-	-
- Net portfolio (loss)/gain on SMEEIS investments	-	488,932	-	488,932
Revenue from continuing operations	120,580,158	109,388,334	111,558,576	103,014,336

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Continuing Operations:				
Total operating expense from reportable segments	37,119,212	33,017,737	32,903,692	29,375,407
Gains:				
Consolidation and adjustments:				
- Personnel expenses[1]	(452,833)	705,352	-	-
Operating expense from continuing operations	36,666,379	33,723,089	32,903,692	29,375,407
Discontinued Operations:				
Total Expense from reportable segments	-	155,568	-	-
Interest expense	-	288,992		
Fee and commission expense	-	2,006		
Net impairment loss on financial assets	-	-		
Depreciation expense	-	8,523	-	-
Expense from discontinued operations (See Note34)	-	455,089	-	-

[1] relates to share based payments during the period

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

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Personnel expenses (See Note17)	10,976,285	10,400,084	9,705,384	8,213,674
General and administrative expenses (See Note18)	11,832,237	11,097,511	10,724,159	10,299,338
Operating lease expenses	410,118	638,698	306,534	383,482
Other operating expenses (See Note20)	13,447,739	11,586,796	12,167,615	10,478,913
	36,666,379	33,723,089	32,903,692	29,375,407

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Continuing Operations:				
Total profit or loss for reportable segments	53,327,984	50,242,097	50,836,282	49,739,739
Consolidation and adjustments:				
- Interest income	(41,093)	(38,829)	-	-
- Personnel expenses	452,833	(705,352)	-	-
- Other operating income	2,558	-		
Gains:				
- Foreign exchange gain/(loss)	3,568,303	1,601,011	3,562,977	1,493,645
- Gain on disposal of fixed assets	53,902	44,948	39,552	33,515
- Net gains/(losses) on financial instruments classified as held for trading	-	2,981,141	-	2,069,859
- Profit on part-disposal of subsidiaries	-	-	-	-
- Net portfolio (loss)/gain on SMEEIS investments	-	(488,932)	-	(488,932)
Profit before income tax from continuing operations	57,364,487	53,636,084	54,438,811	52,847,826

Reconciliation of profit or loss (Continued)

Discontinued Operations:

	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Total profit or loss for reportable segments (See note 34)	-	198,037	-	-
Gains on disposal of disposal group (See note 34)	-	411,040	-	-
Tax (See note 34)	-	-	-	-
Profit for the period from discontinued operations	-	609,077	-	-

Notes to the financial statements

Reconciliation of assets

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Continuing Operations:				
Total assets for reportable segments	1,861,901,735	1,736,465,577	1,736,556,182	1,620,317,223
Consolidation and adjustments	(1,407,331)	(1,587,717)	-	-
Total assets	1,860,494,404	1,734,877,860	1,736,556,182	1,620,317,223
Discontinued Operations:				
Total assets for reportable segments (See note 34)	-	-	-	-
Consolidation and adjustments	-	-	-	-
Total assets	-	-	-	-

Reconciliation of liabilities

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Continuing Operations:				
Total liabilities for reportable segments	1,556,418,924	1,444,096,681	1,437,418,132	1,332,163,593
Consolidation and adjustments	7,126,099	7,340,059	-	-
Total liabilities	1,563,545,023	1,451,436,740	1,437,418,132	1,332,163,593
Discontinued Operations:				
Total liabilities for reportable segments (See note 34)	-	-	-	-
Consolidation and adjustments	-	-	-	-
Total liabilities	-	-	-	-

Geographical segments

The Group operates in three geographic regions, being:

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

Jun-2013

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations Nigeria**	**Total**
Derived from external customers	110,550,045	8,975,713	1,054,400	120,580,158	-	120,580,158
Derived from other segments	-	-	-	-	-	-
Total Revenue	110,550,045	8,975,713	1,054,400	120,580,158	-	120,580,158
Interest expense	(21,799,505)	(1,602,563)	(58,543)	(23,460,611)	-	(23,460,611)
Fee and commission expenses	(452,534)	(38,289)	-	(490,823)	-	(490,823)
Net interest margin	88,298,006	7,334,861	995,857	96,628,724	-	96,628,724
Profit before income tax	53,885,672	3,442,759	36,056	57,364,487	-	57,364,487
Assets and liabilities:						
Total assets	1,698,482,535	105,219,177	56,792,692	1,860,494,404	-	1,860,494,404
Total liabilities	(1,363,760,680)	(82,472,250)	(117,312,093)	(1,563,545,023)	-	(1,563,545,023)
Net assets/(liabilities)	334,721,855	22,746,927	(60,519,401)	296,949,381	-	296,949,381

Notes to the financial statements

Jun-2012

In thousands of Nigerian Naira	Nigeria	Rest of West Africa	Europe	Total Continuing Operations	Discontinued Operations Nigeria	Total
Derived from external customers	102,594,817	5,934,465	859,052	109,388,334	653,126	110,041,460
Derived from other segments	-	-	-	-	-	-
Total Revenue	102,594,817	5,934,465	859,052	109,388,334	653,126	110,041,460
Interest expense	(17,677,481)	(1,033,751)	(74,218)	(18,785,450)	(288,992)	(19,074,442)
Fee and commission expenses	(747,079)	(35,994)	-	(783,073)	(2,006)	(785,079)
Net interest margin	84,170,257	4,864,720	784,834	89,819,811	362,128	90,181,939
Profit before income tax	52,847,826	781,904	6,354	53,636,084	198,037	53,834,121

Dec-2012

Assets and liabilities:

	Nigeria	Rest of West Africa	Europe	Total Continuing Operations	Discontinued Operations Nigeria	Total
Total assets	1,646,656,189	28,343,442	59,878,229	1,734,877,860	-	1,734,877,860
Total liabilities	(1,356,994,614)	(37,564,804)	(56,877,322)	(1,451,436,740)	-	(1,451,436,740)
Net assets/(liabilities)	289,661,575	(9,221,362)	3,000,907	283,441,120	-	283,441,120

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

Jun-2013

In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	23	-	-	-	232,414,899	-	-	232,414,899	242,690,412
Loans and advances to banks	24	-	-	-	4,143,418	-	-	4,143,418	4,073,521
Loans and advances to customers	25	-	-	-	894,862,976	-	-	894,862,976	904,942,045
Financial assets held for trading	26	31,066,348	-	-	-	-	-	31,066,348	31,066,348
Assets pledged as collateral	28	-	-	27,529,108	-	-	-	27,529,108	27,529,108
Investment securities	27	-	-	120,598,110	-	296,801,242	-	417,399,352	417,399,352
Other assets	33	-	-	-	162,176,436	-	-	162,176,436	162,176,436
		31,066,348	**-**	**148,127,218**	**1,293,597,729**	**296,801,242**	**-**	**1,769,592,537**	**1,789,877,222**
Deposits from banks	35	-	-	-	-	-	17,657,973	17,657,973	18,158,086
Deposits from customers	36	-	-	-	-	-	1,254,445,308	1,254,445,308	1,230,326,615
Debt securities issued	37	-	-	-	-	-	94,007,480	94,007,480	95,040,562
Other borrowed funds	40	-	-	-	-	-	90,191,530	90,191,530	90,698,340
Other liabilities	38	-	-	-	-	-	89,462,161	89,462,161	89,462,161
		-	**-**	**-**	**-**	**-**	**1,545,764,452**	**1,545,764,452**	**1,523,685,764**

Notes to the financial statements

Group
Dec-2012

In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	23	-	-	-	322,989,480	-	-	322,989,480	322,989,428
Loans and advances to banks	24	-	-	-	4,864,824	-	-	4,864,824	5,072,973
Loans and advances to customers	25	-	-	-	779,050,018	-	-	779,050,018	799,108,444
Financial assets held for trading	26	271,073,896	-	-	-	-	-	271,073,896	271,073,896
Assets pledged as collateral	28	16,461,583	-	14,741,647	-	-	-	31,203,230	31,203,230
Investment securities	27	-	-	129,490,810	-	15,765,789	-	145,256,599	125,310,630
Other assets	33	-	-	-	102,889,644	-	-	102,889,644	102,889,644
		287,535,479	**-**	**144,232,457**	**1,209,793,966**	**15,765,789**	**-**	**1,657,327,691**	**1,657,648,245**
Deposits from banks	35	-	-	-	-	-	23,860,259	23,860,259	24,360,329
Deposits from customers	36	-	-	-	-	-	1,148,197,165	1,148,197,165	1,148,432,653
Debt securities issued	37	-	-	-	-	-	86,926,227	86,926,227	86,037,028
Other borrowed funds	40	-	-	-	-	-	92,561,824	92,561,824	90,784,791
Other liabilities	38	-	-	-	-	-	80,972,096	80,972,096	80,972,096
		-	**-**	**-**	**-**	**-**	**1,432,517,571**	**1,432,517,571**	**1,430,586,897**

Notes to the financial statements

Parent
Jun-2013

In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	23	-	-	-	180,356,202	-	-	180,356,202	190,631,715
Loans and advances to banks	24	-	-	-	32,498	-	-	32,498	32,514
Loans and advances to customers	25	-	-	-	848,309,592	-	-	848,309,592	868,554,067
Financial assets held for trading	26	27,358,077	-	-	-	-	-	27,358,077	27,358,077
Assets pledged as collateral	28	-	-	27,529,108	-	-	-	27,529,108	27,529,108
Investment securities	27	-	-	101,692,526	-	288,873,847	-	390,566,373	390,566,373
Other assets	33	-	-	-	160,742,908	-	-	160,742,908	160,742,908
		27,358,077	**-**	**129,221,634**	**1,189,441,200**	**288,873,847**	**-**	**1,634,894,758**	**1,665,414,762**
Deposits from banks	35	-	-	-	-	-	1,430,966	1,430,966	1,931,090
Deposits from customers	36	-	-	-	-	-	1,158,421,656	1,158,421,656	1,158,657,100
Debt securities issued	37	-	-	-	-	-	13,228,726	13,228,726	13,228,726
Other borrowed funds	40	-	-	-	-	-	169,879,450	169,879,450	171,419,341
Other liabilities	38	-	-	-	-	-	77,054,502	77,054,502	77,054,502
		-	**-**	**-**	**-**	**-**	**1,420,015,300**	**1,420,015,300**	**1,422,290,759**

Notes to the financial statements

Parent
Dec-2012

In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	23	-	-	-	256,433,560	-	-	256,433,560	256,433,560
Loans and advances to banks	24	-	-	-	177,985	-	-	177,985	178,001
Loans and advances to customers	25	-	-	-	742,436,944	-	-	742,436,944	762,681,419
Financial assets held for trading	26	267,417,182	-	-	-	-	-	267,417,182	267,417,182
Assets pledged as collateral	28	16,461,583	-	14,741,647	-	-	-	31,203,230	31,203,230
Investment securities	27	-	-	118,897,917	-	10,138,761	-	129,036,678	113,036,678
Other assets	33	-	-	-	101,660,574	-	-	101,660,574	101,660,574
		283,878,765	**-**	**133,639,564**	**1,100,709,063**	**10,138,761**	**-**	**1,528,366,153**	**1,532,610,644**
Deposits from banks	35	-	-	-	-	-	7,170,321	7,170,321	7,670,445
Deposits from customers	36	-	-	-	-	-	1,054,122,573	1,054,122,573	1,054,358,017
Debt securities issued	37	-	-	-	-	-	13,238,291	13,238,291	12,349,074
Other borrowed funds	40	-	-	-	-	-	169,194,418	169,194,418	169,005,105
Other liabilities	38	-	-	-	-	-	69,872,456	69,872,456	69,872,456
		-	**-**	**-**	**-**	**-**	**1,313,598,059**	**1,313,598,059**	**1,313,255,097**

Accounting classification measurement basis

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

9 Interest income

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Loans and advances to banks	156,732	134,153	2,113	13,678
Loans and advances to customers	56,510,285	55,546,568	53,115,597	53,140,150
	56,667,017	55,680,721	53,117,710	53,153,828
Cash and cash equivalents	2,057,250	2,776,575	1,451,161	2,257,567
Financial assets held for trading	2,090,922	292,590	2,090,918	286,083
Investment securities:				
– Available for sale - Bonds	415,378	-	415,378	-
– Available for sale - Treasury Bills	20,429,036	14,967,920	20,429,036	14,967,920
– Held to maturity	9,360,226	8,328,349	7,795,569	7,383,564
Assets pledged as collateral	980,566	1,130,771	980,566	1,130,771
	92,000,395	83,176,926	86,280,338	79,179,733

Geographical location

Interest income earned in Nigeria	84,876,337	76,319,021	84,917,431	76,357,850
Interest income earned outside Nigeria	7,124,058	6,857,905	1,362,907	2,821,883
	92,000,395	83,176,926	86,280,338	79,179,733

Interest income for the period ended 30 June 2013 includes N1,655,839,000 (June 2012:N2,002,032,000) accrued on impaired financial assets.

10 Interest expense

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Deposit from banks	475,535	661,408	306,814	326,850
Deposit from customers	17,607,084	12,270,077	16,143,194	11,565,277
	18,082,619	12,931,485	16,450,008	11,892,127
Other borrowed funds	1,532,012	1,564,156	4,468,175	4,901,133
Debt securities	3,845,980	4,289,809	881,320	884,221
Total interest expense	23,460,611	18,785,450	21,799,503	17,677,481

Geographical location

Interest expense paid in Nigeria	17,668,775	13,014,157	17,657,736	13,028,253
Interest expense paid outside Nigeria	5,791,836	5,771,293	4,141,767	4,649,228
	23,460,611	18,785,450	21,799,503	17,677,481

11 Loan impairment charges

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Loans and advances to banks (Note 24)	**(232)**	**(38,408)**	**(232)**	**(38,408)**
Increase in collective impairment	-	954	-	954
Increase in specific impairment	-	3	-	3
Reversal of collective impairment	(229)	-	(229)	-
Reversal of specific impairment	(3)	(39,365)	(3)	(39,365)
Loans and advances to customers (Note 25)	**1,317,764**	**2,449,271**	**1,108,109**	**1,745,764**
Increase in collective impairment	2,451,002	158,157	2,356,531	81,588
Increase in specific impairment[1]	1,123,196	7,664,783	939,794	6,694,321
Reversal of collective impairment	-	(3,254,571)	-	(3,243,389)
Reversal of specific impairment	(2,206,701)	(2,126,302)	(2,138,482)	(1,789,171)
Amounts written off during the period as uncollectible	1,243	7,204	1,243	2,415
Income received on claims previously written off	(50,976)	-	(50,977)	-
	1,317,532	**2,410,863**	**1,107,877**	**1,707,356**

12 **Fee and commission income**

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Credit related fees and commissions	7,207,641	5,545,721	6,079,011	4,839,955
Commission on turnover	7,115,710	7,848,518	6,802,106	7,586,044
Corporate finance fees	1,513,297	846,155	1,051,225	232,635
Commission on foreign exchange deals	2,098,686	2,442,089	2,098,686	2,442,089
Income from financial guarantee contracts issued	2,826,116	4,041,318	2,683,380	3,922,385
Other fees and commissions[1]	4,286,715	4,085,379	2,900,794	2,989,748
	25,048,165	24,809,180	21,615,202	22,012,856

[1] Other fees and commissions include card related income and other e-channel income.

13 **Fee and commission expense**

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Bank charges	400,067	34,404	399,833	34,404
Other fees and commission expense[1]	90,756	748,669	52,705	712,675
	490,823	783,073	452,538	747,079

[1] Largely comprises of loan recovery expenses

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

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Bonds trading	768,031	656,328	768,031	656,328
Treasury bills trading	853,921	130,019	853,921	130,019
Foreign exchange	1,895,173	2,194,794	1,089,231	1,283,512
Net trading income	3,517,125	2,981,141	2,711,183	2,069,859

15 **Other income**

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Mark to market gains on trading investments	(153,753)	1,176,919	(153,753)	1,176,919
Foreign exchange gain/(loss)	3,568,303	1,601,011	3,562,977	1,493,645
Gain on disposal of fixed assets	53,902	44,948	39,552	33,515
Net portfolio (loss)/gain on SMEEIS investments	-	(488,932)	-	(488,932)
Dividends income	168,226	126,356	1,105,606	644,828
Other income	-	98,953	-	-
	3,636,678	2,559,255	4,554,382	2,859,975

16 Net impairment loss on other financial assets

There is no impairment loss on other financial assets during the period (June 2012: nil)

17 **Personnel expenses**

(a) *In thousands of Nigerian Naira*	Note	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Wages and salaries		10,763,466	9,181,700	9,235,354	7,761,594
Contributions to defined contribution plans		394,286	426,013	338,981	373,667
Cash-settled share-based payments (see 17(b) below)		(452,833)	705,352	-	-
Other staff cost		271,366	87,019	131,049	78,413
		10,976,285	10,400,084	9,705,384	8,213,674

Staff loans

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

Cash- settled share-based payments

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

In thousands	Number of shares
SARs granted to senior management employees at 30 June 2013	411,056
SARs granted to senior management employees at 31 December 2012	436,673

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Jun-2013	Group Jun-2012
Effect of changes in the fair value of SARs		(1,563,728)	(223,510)
Expense from rights exercised during the period		403,370	438,980
Dividend payment to members of the scheme		707,525	489,882
Total expense recognized as personnel expenses		(452,833)	705,352

In thousands of Nigerian Naira	Note	Group Jun-2013	Group Dec-2012
Total carrying amount of liabilities for cash-settled arrangements	38	7,126,099	7,340,059

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

In thousands of Nigerian Naira	Note	Group Jun-2013	Group Dec-2012
Balance, beginning of period		7,340,059	4,985,189
Effect of changes in fair value of SAR at period end		(1,563,728)	897,258
Options exercised during the period		(77,276)	(122,926)
Share rights granted during the period		1,427,044	1,580,538
Balance, end of period	38	7,126,099	7,340,059

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

	Group Jun-2013 Number	Group Jun-2012 Number	Parent Jun-2013 Number	Parent Jun-2012 Number
Executive directors	6	6	6	6
Management	141	156	56	92
Non-management	3,613	3,506	2,757	2,689
	3,760	3,668	2,819	2,787

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

	Group Jun-2013 Number	Group Jun-2012 Number	Parent Jun-2013 Number	Parent Jun-2012 Number
Abuja Commercial Banking Division	32	33	32	33
Abuja Public Sector Division	44	44	44	44
Communication and External Affairs	77	70	20	20
International Banking Group And Group Coordination & Planning	61	39	45	26
Corporate Services Division	149	141	100	86
E-Business Division	108	105	64	61
Enterprise Risk Management Division	98	99	80	83
Human Resources	26	26	26	26
Institutional Banking Division	173	183	163	169
Lagos Island Division	69	69	69	69
Lagos Island Retail Division	85	86	85	86
Lagos Mainland Division	120	120	120	120
Lagos Mainland Retail Division	75	78	75	78
North East Division	45	48	45	48
North West Division	53	54	53	54
Operations Division	222	242	222	242
Public Sector South West & Agric Division	22	21	22	21
Retail Abuja Division	49	52	49	52
Retail South East Division	72	75	72	75
Retail South West Division	82	83	82	83
SME Abuja Division	21	18	21	18
SME Lagos Island	23	21	23	21
SME Lagos Mainland	22	18	22	18
SME South East Division	18	18	18	18
South East Division	40	40	40	40
South South Division	56	54	56	54
Systems and Control Division	109	100	88	79
Technology Division	120	111	87	80
Transaction Services	1,226	1,202	963	949
Wholesale Banking Division	33	34	33	34
Commercial Banking Subsidiaries	48	32	-	-
Retail Subsidiaries	127	90	-	-
Public Sector Subsidiaries	7	10	-	-
Others	248	252	-	-
	3,760	3,668	2,819	2,787

(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 Jun-2013 Number	Group Jun-2012 Number	Parent Jun-2013 Number	Parent Jun-2012 Number
N720,001 - ₦1,400,000	715	714	-	-
N1,400,001 - ₦2,050,000	77	50	13	13
N2,190,001 - ₦2,330,000	41	25	2	2
N2,330,001 - ₦2,840,000	12	5	-	-
N2,840,001 - ₦3,000,000	13	6	-	-
N3,030,001 - ₦3,830,000	827	867	810	847
N3,830,001 - ₦4,530,000	6	10	-	-
N4,530,001 - ₦5,930,000	544	7	540	-
N6,300,001 - ₦6,800,000	519	554	501	538
N6,800,001 - ₦7,300,000	19	485	-	478
N7,300,001 - ₦7,800,000	414	372	406	369
N7,800,001 - ₦8,600,000	6	275	-	270
N8,600,001 - ₦11,800,000	273	108	266	95
Above ₦11,800,000	288	184	275	169
	3,754	3,662	2,813	2,781

18 General and administrative expenses

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Stationery and postage	1,277,545	1,187,051	1,177,677	1,107,949
Business travel expenses	466,310	510,439	432,464	462,217
Advert, promotion and corporate gifts	2,603,064	2,461,699	2,441,621	2,330,032
Repairs and maintenance	2,037,884	1,790,889	1,878,221	1,664,641
Occupancy costs	1,807,949	1,858,064	1,508,345	1,689,021
Directors' emoluments	183,932	198,529	123,589	135,937
Contract services	3,455,553	3,090,840	3,162,242	2,909,541
	11,832,237	11,097,511	10,724,159	10,299,338

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Amortisation of intangible assets (see note 31)	381,403	152,097	295,198	195,268
Depreciation of property, plant and equipment (see note 30)	4,521,128	4,035,846	4,163,486	3,572,006
	4,902,531	4,187,943	4,458,684	3,767,274

20 Other operating expenses

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Finance costs	111,296	130,225	111,191	130,225
Deposit insurance premium	2,623,472	2,212,835	2,614,098	2,208,591
Other insurance premium	789,851	817,638	780,905	817,638
Auditors' remuneration[1]	193,745	146,933	153,594	119,447
Professional fees and other consulting costs	641,627	457,060	520,040	390,673
AMCON expenses	4,039,300	2,067,999	4,039,300	2,067,999
Others[2]	5,048,448	5,754,106	3,948,487	4,744,340
	13,447,739	11,586,796	12,167,615	10,478,913

1 Auditor's remuneration represents fees for half year audit of the Group and Bank for the period ended 30 June 2013

[2] Included in others are communication expenditures, training, transportation and allowances paid to NYSC Corpers and Interns.

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Current tax expense:				
Company income tax	5,721,394	6,224,192	4,788,179	5,672,072
Education Tax	453,331	473,098	453,331	473,098
NITDA Levy	554,388	528,478	554,388	528,478
	6,729,113	7,225,768	5,795,898	6,673,648

Deferred tax expense:

Origination of temporary differences	1,620,513	1,467,677	1,530,679	1,467,677
	8,349,626	8,693,445	7,326,577	8,141,325

Reconciliation of effective tax rate
Group

In thousands of Nigerian Naira	**Jun-2013**	**Jun-2013**	**Jun-2012**	**Jun-2012**
Profit before income tax	57,364,487		53,636,084	
Income tax using the domestic corporation tax rate	17,209,346	30.0%	16,218,646	30.0%
Effect of tax rates in foreign jurisdictions	445,345	0.8%	-	0.0%
Tax reliefs/WHT Credits	(248,633)	-0.4%	-	0.0%
Net capital allowance	(1,763,147)	-3.1%	(1,282,092)	-2.4%
Non-deductible expenses	1,432,051	2.5%	1,825,451	3.4%
Education tax levy	453,331	0.8%	473,098	0.9%
NITDEF tax levy	554,388	1.0%	528,478	1.0%
Tax exempt income	(11,097,419)	-19.3%	(10,379,270)	-19.4%
Current period deferred tax	1,530,679	2.7%	1,467,677	2.7%
Deductible expenses	(166,316)	-0.3%	(158,543)	-0.3%
Total income tax expense in comprehensive income	8,349,625	14.6%	8,693,445	16.0%

Reconciliation of effective tax rate
Parent

In thousands of Nigerian Naira	**Jun-2013**	**Jun-2013**	**Jun-2012**	**Jun-2012**
Profit before income tax	54,438,811		52,847,826	
Income tax using the domestic corporation tax rate	16,631,643	30.0%	15,854,348	30.0%
Tax reliefs/WHT Credits	(248,633)	-0.4%	-	0.0%
Net capital allowance	(1,763,147)	-3.1%	(1,282,092)	-2.4%
Non-deductible expenses	1,432,051	2.5%	1,825,451	3.4%
Education tax levy	453,331	0.8%	473,098	0.9%
NITDEF tax levy	554,388	1.0%	528,478	1.0%
Tax exempt income	(11,097,419)	-19.3%	(10,567,092)	-19.7%
Deductible expenses	(166,316)	-0.3%	(158,543)	-0.3%
Current period deferred tax	1,530,679	2.7%	1,467,677	2.7%
Total income tax expense in comprehensive income	7,326,577	13.8%	8,141,325	15.6%

Notes to the financial statements

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Jun-2012**	**Parent Jun-2013**	**Parent Jun-2012**
Income tax relating to Foreign currency translation differences for foreign operations	348,903	-	-	-
Income tax relating to Net change in fair value of available for sale financial assets	914,971	366,266	914,022	306,448
	1,263,874	366,266	914,022	306,448

(b) *Current income tax payable*

The movement on the current income tax payable account during the period was as follows:

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Balance, beginning of the period	15,630,973	14,062,596	15,340,116	13,760,343
Exchange difference on translation	(78,395)	(174,364)	-	-
Charge for the period	6,729,113	15,498,904	5,795,898	13,883,947
Payments during the period	(10,318,568)	(15,212,334)	(9,403,302)	(13,760,345)
Prior year under-provision	-	1,456,171	-	1,456,171
Liabilities classified as held for sale	-	-	-	-
Liabilities of subsidiaries disposed	-	-	-	-
Balance, end of the period	11,963,123	15,630,973	11,732,712	15,340,116

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 period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N48,819,040,000 and a weighted average number of ordinary shares outstanding of 28,260,504,993 and it calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Jun-2012**
Net profit attributable to equity holders of the Company	48,819,040	44,828,737
Net profit used to determine diluted earnings per share	48,819,040	44,828,737

Number of ordinary shares

In thousands of shares	**Group Jun-2013**	**Group Jun-2012**
Weighted average number of ordinary shares in issue	28,260,505	28,260,505
Basic earnings per share (expressed in naira per share)	1.73	1.59

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)	1.73	1.59

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
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
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:

In millions of shares	**Group Jun-2013**	**Group Jun-2012**
Equity holders of the parent entity (total)	48,819,040	45,388,517
– Profit for the period from continuing operations	48,819,040	44,828,737
– Profit for the period from discontinued operations	-	559,780

23 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Cash in hand	23,331,156	40,740,209	18,934,895	23,406,726
Balances held with other banks	100,037,447	120,706,024	60,251,415	74,806,177
Unrestricted balances with central banks	8,002,058	14,116,151	-	7,691,952
Money market placements	101,044,238	147,427,096	101,169,892	150,528,705
	232,414,899	322,989,480	180,356,202	256,433,560

(b) Cash and cash equivalents in statement of cash flows includes:

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Cash and cash equivalents of continuing operations	232,414,899	322,989,480	180,356,202	256,433,560
	232,414,899	322,989,480	180,356,202	256,433,560

24 Loans and advances to banks

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Loans and advances to banks	4,143,427	4,865,065	32,507	178,226
Less specific allowances for impairment	-	(3)	-	(3)
Less collective allowances for impairment	(9)	(238)	(9)	(238)
	4,143,418	4,864,824	32,498	177,985
Current	4,137,168	4,864,824	26,248	177,985
Non-current	6,250	-	6,250	-

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

Group

In thousands of Nigerian Naira	Jun-2013 Specific allowance for impairment	Jun-2013 Collective allowance for impairment	Jun-2013 Total allowance for impairment	Dec-2012 Specific allowance for impairment	Dec-2012 Collective allowance for impairment	Dec-2012 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)	(229)	(232)	-	-	-
Reclassifications	-	-	-	(39,363)	70	(39,293)
Write offs	-	-	-	-	-	-
	-	9	9	3	238	241

Parent

In thousands of Nigerian Naira	Jun-2013 Specific allowance for impairment	Jun-2013 Collective allowance for impairment	Jun-2013 Total allowance for impairment	Dec-2012 Specific allowance for impairment	Dec-2012 Collective allowance for impairment	Dec-2012 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)	(229)	(232)	-	-	-
Reclassifications	-	-	-	(39,363)	70	(39,293)
	-	9	9	3	238	241

25 Loans and advances to customers

Group

Jun-2013

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	60,418,092	(290,305)	(906,428)	(1,196,733)	59,221,359
Loans to Non-individuals	854,724,309	(13,929,967)	(5,152,725)	(19,082,692)	835,641,617
	915,142,401	(14,220,272)	(6,059,153)	(20,279,425)	894,862,976

Group

Dec-2012

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	54,567,237	(901,973)	(151,058)	(1,053,031)	53,514,206
Loans to Non-individuals	743,745,066	(14,911,699)	(3,297,555)	(18,209,254)	725,535,812
	798,312,303	(15,813,672)	(3,448,613)	(19,262,285)	779,050,018

Notes to financial statements

Parent
Jun-2013

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	46,026,296	-	(724,757)	(724,757)	45,301,539
Loans to Non-individuals	819,846,639	(11,957,934)	(4,880,652)	(16,838,586)	803,008,053
	865,872,935	(11,957,934)	(5,605,409)	(17,563,343)	848,309,592

Parent
Dec-2012

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	41,102,736	(594,416)	(128,533)	(722,949)	40,379,787
Loans to Non-individuals[1]	718,154,307	(12,976,805)	(3,120,345)	(16,097,150)	702,057,157
	759,257,043	(13,571,221)	(3,248,878)	(16,820,099)	742,436,944

[1] Includes loans to corporate entities and other organisations

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Current	541,505,859	424,018,577	520,086,067	407,313,799
Non-current	353,357,117	355,031,441	328,223,525	335,123,145

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

Group

	Jun-2013			Dec-2012		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	901,973	151,058	1,053,031	556,597	59,788	616,385
Foreign currency translation and other adjustments	570	102,729	103,299	(10,780)	(764)	(11,544)
Increase in impairment allowances	57,854	652,641	710,495	530,387	42,445	572,832
Reversal of impairment	(594,382)	-	(594,382)	(145,621)	(14,015)	(159,636)
Reclassifications	-	-	-	128,175	63,604	191,779
Write offs	(75,710)	-	(75,710)	(156,785)	-	(156,785)
Balance, end of period	290,305	906,428	1,196,733	901,973	151,058	1,053,031

Notes to financial statements

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

Parent

In thousands of Nigerian Naira	Jun-2013 Specific allowance for impairment	Jun-2013 Collective allowance for impairment	Jun-2013 Total allowance for impairment	Dec-2012 Specific allowance for impairment	Dec-2012 Collective allowance for impairment	Dec-2012 Total allowance for impairment
Balance at 1 January	594,416	128,533	722,949	556,597	59,788	616,385
Increase in impairment allowances	-	596,224	596,224	142,500	5,141	147,641
Reversal of impairment	(594,416)	-	(594,416)	(139,312)	-	(139,312)
Reclassifications	-	-	-	128,175	63,604	191,779
Write offs	-	-	-	(93,544)	-	(93,544)
Balance, end of period	-	724,757	724,757	594,416	128,533	722,949

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

Group

In thousands of Nigerian Naira	Jun-2013 Specific allowance for impairment	Jun-2013 Collective allowance for impairment	Jun-2013 Total allowance for impairment	Dec-2012 Specific allowance for impairment	Dec-2012 Collective allowance for impairment	Dec-2012 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	(1,612,319)	-	(1,612,319)	(978,405)	(3,210,935)	(4,189,340)
Foreign currency translation and other adjustments	(2,535)	56,809	54,274	(213,475)	(12,465)	(225,940)
Increase in impairment allowances	1,065,342	1,798,361	2,863,703	3,907,564	1,092,703	5,000,267
Reclassifications	(414,599)	-	(414,599)	(3,646,412)	(1,179,840)	(4,826,252)
Write offs	(17,621)	-	(17,621)	(348,693)	(2,443,951)	(2,792,644)
Balance, end of period	13,929,967	5,152,725	19,082,692	14,911,699	3,297,555	18,209,254

Parent

In thousands of Nigerian Naira	Jun-2013 Specific allowance for impairment	Jun-2013 Collective allowance for impairment	Jun-2013 Total allowance for impairment	Dec-2012 Specific allowance for impairment	Dec-2012 Collective allowance for impairment	Dec-2012 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
Increase in impairment allowances	939,794	1,760,307	2,700,101	2,510,258	961,484	3,471,742
Reversal of impairment	(1,544,066)	-	(1,544,066)	(701,956)	(3,176,657)	(3,878,613)
Reclassifications	(414,599)	-	(414,599)	(3,646,412)	(1,179,840)	(4,826,252)
Write offs	-	-	-	(1,376,205)	-	(1,376,205)
Balance, end of period	11,957,934	4,880,652	16,838,586	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.

26 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Trading bonds (see note 26(b) below)	15,697,244	4,550,387	15,697,244	4,550,387
Trading treasury bills (see note 26(c) below)	15,369,104	266,523,509	11,660,833	262,866,795
	31,066,348	271,073,896	27,358,077	267,417,182
Current	22,405,053	271,019,064	18,696,782	267,362,350
Non-current	8,661,295	54,832	8,661,295	54,832

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
3rd FGN Bond Series 14 (12.74%)	1,000,000	1,064,137	1,000,000	1,064,137
4th FGN Bond Series 9 (9.35%)	7,168	7,486	7,168	7,486
5th FGN Bond Series 1 (9.45%)	-	55,675	-	55,675
5th FGN Bond Series 2 (10.70%)	271,076	-	271,076	-
5th FGN Bond Series 4 (10.5%)	35,950	29,623	35,950	29,623
6th FGN Bond Series 3 (12.49%)	44,082	47,345	44,082	47,345
6th FGN Bond Series 4 (7%)	73,543	-	73,543	-
7th FGN Bond Series 1 (5.5%)	-	460	-	460
7th FGN Bond Series 3 (10%)	-	-	-	-
7th FGN Bond Series 2 (4.00%)	5,085,316	4	5,085,316	4
8th FGN Bond Series 1 (10.50%)	6,000,000	-	6,000,000	-
9th FGN Bond Series 1 (16.39%)	3,000,000	-	3,000,000	-
9th FGN Bond Series 2 (15.10%)	110,863	-	110,863	-
AMCON Bond	-	3,345,657	-	3,345,657
Local Contractor Bond	69,246	-	69,246	-
	15,697,244	4,550,387	15,697,244	4,550,387

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Nigerian treasury bills' maturities:				
17-January-2013	-	16,380,175	-	16,380,175
03-January-2013	-	28,727,232	-	28,727,232
31-January-2013	-	26,446,153	-	26,446,153
19-December-2013	1,086,779	1,107,229	1,086,779	1,107,229
14-February-2013	-	6,146,761	-	6,146,761
18-April-2013	-	2,642,295	-	2,642,295
24-January-2013	-	21,256,695	-	21,256,695
28-March-2013	-	16,559,313	-	16,559,313
04-April-2013	-	14,976,205	-	14,976,205
21-February-2013	-	10,585,415	-	10,585,415
06-June-2013	-	262,737	-	262,737
25-April-2013	-	15,525,887	-	15,525,887
08-August-2013	-	232,248	-	232,248
05-December-2013	450,231	200,597	450,231	200,597
10-January-2013	-	5,164,365	-	5,164,365
07-February-2013	-	6,311,208	-	6,311,208
07-March-2013	-	828,021	-	828,021
14-March-2013	-	24,440,891	-	24,440,891
28-February-2013	-	4,929,327	-	4,929,327
27-June-2013	-	31,071	-	31,071
21-March-2013	-	34,517,833	-	34,517,833
11-April-2013	-	25,591,236	-	25,591,236
09-May-2013	-	3,676	-	3,676
23-May-2013	-	225	-	225
04-July-2013	401,373	-	401,373	-
11-July-2013	1,637,966	-	1,637,966	-
18-July-2013	252,359	-	252,359	-
25-July-2013	359,514	-	359,514	-
15-August-2013	14,876	-	14,876	-
29-August-2013	237,843	-	237,843	-
05-September-2013	758,659	-	758,659	-
12-September-2013	243,760	-	243,760	-
19-September-2013	489,033	-	489,033	-
26-September-2013	10,903	-	10,903	-
10-October-2013	1,141,606	-	1,141,606	-
17-October-2013	407,090	-	407,090	-
24-October-2013	67,242	-	67,242	-
31-October-2013	239,212	-	239,212	-

07-November-2013	221,394	-	221,394	-
14-November-2013	107,476	-	107,476	-
21-November-2013	219,527	-	219,527	-
28-November-2013	43,363	-	43,363	-
12-December-2013	710,956	-	710,956	-
27-December-2013	382,846	-	382,846	-
23-January-2014	465,121	-	465,121	-
06-February-2014	357,221	-	357,221	-
06-March-2014	227,952	-	227,952	-
10-April-2014	259,479	-	259,479	-
24-April-2014	224,674	-	224,674	-
08-May-2014	416,441	-	416,441	-
22-May-2014	225,937	-	225,937	-
Non-Nigerian treasury bills	3,708,271	3,656,714	-	-
	15,369,104	266,523,509	11,660,833	262,866,795

27 Investment securities

(a) In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
(i) **Available for sale investment securities**				
Treasury bills	285,127,857	5,622,398	277,205,309	-
Bonds	5,116,925	7,303,799	5,116,925	7,303,799
Equity securities (See note 27(a)(ii) below	4,386,799	-	4,386,799	-
Unquoted equity securities at cost (see note 27(c) below)	5,633,824	6,303,755	5,628,977	6,299,125
	300,265,405	19,229,952	292,338,010	13,602,924
Specific impairment for equities (see note 27(b) below)	(3,464,163)	(3,464,163)	(3,464,163)	(3,464,163)
Total available for sale investment securities	**296,801,242**	**15,765,789**	**288,873,847**	**10,138,761**
Held to maturity investment securities				
Bonds	7,473,645	7,896,407	5,101,002	5,308,197
Treasury bills	44,779,407	50,347,387	28,246,466	38,412,656
AMCON bond (see note 27(e) below)	65,928,491	68,527,540	65,928,491	68,527,540
Corporate bond (See note 27(a)(iii) below	2,416,567	2,719,476	2,416,567	6,649,524
Total held to maturity investment securities	**120,598,110**	**129,490,810**	**101,692,526**	**118,897,917**
Total investment securities	**417,399,352**	**145,256,599**	**390,566,373**	**129,036,678**
Current	360,206,664	93,189,851	336,421,824	77,049,643
Non-current	57,192,688	52,066,748	54,144,549	51,987,035

Notes to the financial statements

(ii) Equity securities represents fair value of the Parent's investments in Kakawa and African Finance Corporation.

(iii) The amount represents the total value of investment in corporate bonds. Of this amount, the sum of N2,400,000,000 (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**

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Balance at 1 January	3,464,163	2,694,626	3,464,163	2,694,626
- Charge for the period	-	769,537	-	769,537
Balance, end of the period	3,464,163	3,464,163	3,464,163	3,464,163
			-	

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

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Sokoa Chair Centre	61,288	61,288	61,288	61,288
- TerraKulture ltd	469,999	469,999	469,999	469,999
- Tinapa Business Resort	500,000	500,000	500,000	500,000
- Iscare Nigeria Ltd	40,000	40,000	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	10,500	10,500
- Patrick Speech & Language Centre Ltd	30,000	30,000	30,000	30,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- 3 Peat Investment Ltd	1,016,032	1,016,032	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	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	5,212,945	5,212,945	5,212,945	5,212,945
Less specific impairment for equities	(3,199,962)	(3,199,962)	(3,199,962)	(3,199,962)
Carrying value of SMIEES investment	**2,012,983**	**2,012,983**	**2,012,983**	**2,012,983**

Other unquoted equity investment:				
- Kakawa Discount House Limited[1]	-	34,100	-	34,100
- Unified Payment Services Limited[2]	90,153	90,153	90,153	90,153
- Nigeria Automated Clearing Systems	47,547	47,547	47,547	47,547
- Afrexim	14,131	14,131	14,131	14,131
- ICHL Nigeria Limited	264,201	264,201	264,201	264,201
- GIM UEMOA	4,847	4,630	-	-
- Africa Finance Corporation[1]	-	636,048	-	636,048
Cost of other unquoted equity investment	**420,879**	**1,090,810**	**416,032**	**1,086,180**
Less specific impairment for equities	(264,201)	(264,201)	(264,201)	(264,201)
Carrying value of other unquoted equity investment	**156,678**	**826,609**	**151,831**	**821,979**
Total cost of unquoted equity investment	**5,633,824**	**6,303,755**	**5,628,977**	**6,299,125**
Total impairment of unquoted equity investment	(3,464,163)	(3,464,163)	(3,464,163)	(3,464,163)
Total carrying value of unquoted equity investment	**2,169,661**	**2,839,592**	**2,164,814**	**2,834,962**

[1] Kakawa Discount House Limited and Africa Finance Corporation recognised as unquoted investments as unquoted equity securities in prior year have been recognised as equity securities at fair value in current period.

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

Fair value information for SMEEIS and Other long term investments has not been disclosed because their fair values cannot be measured reliably. They have been disclosed at cost less impairment. The carrying amount thus disclosed is the expected recoverable amounts on these investments

There are no active market for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Group to fair value these investments. The Group investments in these entities are borne out of regulatory requirement in force as at the time of investment, this regulatory requirement however has been abolished. The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals; in the meantime, the Group would continue to carry these investments at Cost less impairment value.

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.
- 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.
- Owing to the nature of the entities business, the Group does not participate in their policy making processes.

(e) (i) The AMCON bonds comprise:

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Jun-2013**	**Dec-2012**	**Jun-2013**	**Dec-2012**
Face value	73,563,580	81,484,586	73,563,580	81,484,586
Unearned interest	(7,635,089)	(12,957,046)	(7,635,089)	(12,957,046)
	65,928,491	68,527,540	65,928,491	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.

28 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Financial assets held for trading (See note 28(c) below):	**-**	**16,461,583**	**-**	**16,461,583**
- Treasury bills	-	12,668,211	-	12,668,211
- Bonds	-	3,793,372	-	3,793,372
Investment Securities - available for sale (See note (d) below):	**11,622,957**	**-**	**11,622,957**	**-**
- Treasury bills	11,622,957	-	11,622,957	-
Investment Securities - held to maturity (See note 28(e) below):	**15,906,151**	**14,741,647**	**15,906,151**	**14,741,647**
- Treasury bills	15,906,151	14,741,647	15,906,151	14,741,647
	27,529,108	31,203,230	27,529,108	31,203,230
Current	27,529,108	31,203,230	27,529,108	31,203,230

(b) Included in Assets pledged as collateral for comparative period are bonds held on Repurchase agreements (REPO) basis N3,793,372,000.

(c) Bonds and Treasury Bills pledged as collateral of 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 N11,622,957,000 (December 2012: nil) have been reclassified from investment securities - available for sale at fair value.

(e) Treasury Bills pledged as collateral of N15,906,151,000 (December 2012: N14,741,647,000) have been reclassified from investment securities at amortised cost.

29 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

In thousands of Nigerian Naira	Parent Jun-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
	22,998,802	22,925,088
Non-current	22,998,802	22,925,088

Notes to the financial statements

(a) (i) The movement in investment in subsidiaries during the period is as follows:

In thousands of Nigerian Naira	**Parent Jun-2013**	**Parent Dec-2012**
Balance, beginning of the period	22,925,088	16,233,581
Additions during the period	73,714	6,691,507
Balance, end of the period	22,998,802	22,925,088

Notes to the financial statements

Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at 30 June 2013, are as follows:

Condensed profit and loss
Jun-2013

In thousands of Nigerian Naira	***Group balance***	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***
Operating income	100,250,929	(937,379)	92,909,064	(38,536)	-	4,537,791	1,310,145	606,590	980,415	815,694	67,145
Operating expenses	(41,568,910)	(4)	(37,362,376)	452,833	-	(1,951,766)	(692,936)	(404,349)	(959,801)	(425,107)	(225,404)
Loan impairment charges	(1,317,532)	2	(1,107,877)	-	-	(62,875)	(75,422)	(25,927)	-	(45,432)	(1)
Profit before tax from continuing operations	57,364,487	(937,381)	54,438,811	414,297	-	2,523,150	541,787	176,314	20,614	345,155	(158,260)
Taxation	(8,349,626)	2	(7,326,577)	-	-	(726,149)	(162,536)	(20,464)	-	(113,901)	(1)
Profit after tax from continuing operations	49,014,861	(937,379)	47,112,234	414,297	-	1,797,001	379,251	155,850	20,614	231,254	(158,261)
Profit after tax from discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Profit after tax	49,014,861	(937,379)	47,112,234	414,297	-	1,797,001	379,251	155,850	20,614	231,254	(158,261)

Notes to the financial statements

Condensed financial position
Jun-2013

In thousands of Nigerian Naira	***Group balance***	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***
Assets											
Cash and cash equivalents	232,414,899	(13,926,300)	180,356,202	70,305	-	13,240,839	5,388,225	3,847,303	38,679,095	3,570,870	1,188,360
Loans and advances to banks	4,143,418	-	32,498	-	-	-	-	-	4,041,114	-	69,806
Loans and advances to customers	894,862,976	(82,186,085)	848,309,592	-	81,298,245	26,543,974	4,897,024	3,532,394	7,199,494	4,952,835	315,503
Financial assets held for trading	31,066,348	-	27,358,077	-	-	-	-	-	-	3,708,271	-
Investment securities:	-		-								
– Available for sale	296,801,242	(2,046,714)	288,873,847	2,046,714	-	-	3,764,489	-	4,158,059	-	4,847
– Held to maturity	120,598,110	-	101,692,526	-	-	17,101,964	-	124,245	-	-	1,679,375
Investment in subsidiaries	-	(22,998,802)	22,998,802	-	-	-	-	-	-	-	-
Assets pledged as collateral	27,529,108	-	27,529,108	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	63,737,475	3	58,069,741	-	-	2,095,745	1,004,597	689,095	479,029	779,092	620,173
Intangible assets	2,403,549	50,923	2,052,665	-	-	140,207	402	19,033	37,870	-	102,449
Deferred tax assets	863,887	568,638	-	-	-	64,095	-	-	231,154	-	-
Other assets	186,073,392	(384,955)	179,283,124	-	1,222,168	2,423,177	879,774	1,808,684	225,218	466,437	149,765
Total assets	1,860,494,404	(120,923,292)	1,736,556,182	2,117,019	82,520,413	61,610,001	15,934,511	10,020,754	55,051,033	13,477,505	4,130,278
Financed by:											
Deposits from banks	17,657,973	(11,949,954)	1,430,966	-	-	2,951,457	115	-	25,225,389	-	-
Deposits from customers	1,254,445,308	(500,898)	1,158,421,656	-	-	42,412,363	13,105,310	6,849,331	22,009,590	11,248,745	899,211
Debt securities issued	94,007,480	-	13,228,726	-	80,778,754	-	-	-	-	-	-
Current income tax liabilities	11,963,123	-	11,732,712	-	-	(40,713)	197,482	7,977	-	65,665	-
Deferred tax liabilities	5,817,448	-	5,670,120	-	-	120,096	1,412	-	25,820	-	-
Other liabilities	89,462,161	(384,958)	77,054,502	7,126,099	794,857	2,328,742	373,763	843,783	397,122	601,421	326,830
Other borrowed funds	90,191,530	(83,661,533)	169,879,450	1,407,331	-	1,090,834	-	-	1,475,448	-	-
Total liabilities	1,563,545,023	(96,497,343)	1,437,418,132	8,533,430	81,573,611	48,862,779	13,678,082	7,701,091	49,133,369	11,915,831	1,226,041
Equity and reserve	296,949,381	(24,425,949)	299,138,050	(6,416,411)	946,802	12,747,222	2,256,429	2,319,663	5,917,664	1,561,674	2,904,237
	1,860,494,404	(120,923,292)	1,736,556,182	2,117,019	82,520,413	61,610,001	15,934,511	10,020,754	55,051,033	13,477,505	4,130,278

Condensed cash flow

Jun-2013

In thousands of Nigerian Naira	Group balance	Elimination Entries	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***
Net cash flow:											
- from operating activities	220,393,908	3,135,962	222,801,987	197,779	(382)	(1,804,996)	336,391	709,369	(6,990,850)	1,854,672	153,976
- from investing activities	(276,905,211)	(4,829,265)	(264,590,847)	-	-	(3,706,243)	(487,454)	(175,667)	(1,974,019)	(126,696)	(1,015,019)
- from financing activities	(37,113,282)	1,656,985	(37,851,477)	(180,386)	(1,099)	(737,305)	-	-	(0)	-	-
Increase in cash and cash equivalents	(93,624,585)	(36,317)	(79,640,337)	17,393	(1,481)	(6,248,544)	(151,062)	533,701	(8,964,870)	1,727,975	(861,044)
Cash balance, beginning of period	322,989,479	(14,814,518)	256,433,560	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	3,050,005	924,535	3,562,979	2,558	58	(171,316)	185,420	105,223	(1,598,685)	(20,981)	60,215
Cash balance, end of period	232,414,899	(13,926,300)	180,356,202	70,305	0	13,240,839	5,388,225	3,847,303	38,679,095	3,570,870	1,188,360

(b Condensed results of the consolidated entities as at 30 June 2012, are as follows:

Jun-2012

In thousands of Nigerian Naira	**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	93,957,979	(497,306)	87,697,863	(37,816)	-	-	3,701,608	1,024,286	506,606	784,834	684,475	93,429
Operating expenses	(37,911,032)	(3)	(33,142,681)	(705,352)	-	-	(1,841,398)	(579,661)	(363,069)	(778,480)	(411,038)	(89,350)
Loan impairment charges	(2,410,863)	2	(1,707,356)	-	-	-	(513,450)	(150,901)	(27,109)	-	(12,048)	(1)
Profit before tax from continuing operations	53,636,084	(497,307)	52,847,826	(743,168)	-	-	1,346,760	293,724	116,428	6,354	261,389	4,078
Taxation	(8,693,445)	1	(8,141,325)	-	-	-	(364,298)	(88,113)	(13,455)	-	(86,254)	(1)
Profit after tax from continuing operations	44,942,639	(497,306)	44,706,501	(743,168)	-	-	982,462	205,611	102,973	6,354	175,135	4,077
Profit after tax from discontinued operations	609,077	609,077	-	-	-	-	-	-	-	-	-	-
Profit after tax	45,551,716	111,771	44,706,501	(743,168)	-	-	982,462	205,611	102,973	6,354	175,135	4,077

Condensed results of the consolidated entities as at 31 December 2012, are as follows:

Dec-2012

In thousands of Nigerian Naira	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	322,989,480	(14,814,517)	256,433,560	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	-	-	-	-	-	-	-	-	-	-	-	-
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	2	55,496,808	-	-	-	1,969,697	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	-	-
Other assets	116,789,118	(93,250)	113,650,031	-	-	388	662,278	338,470	1,607,905	216,168	302,218	104,910
	1,734,877,860	(122,152,363)	1,620,317,223	2,097,068	-	77,994,796	56,350,758	13,683,589	8,820,927	63,522,530	10,646,141	3,597,191
Assets classified as held for sale and discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,734,877,860	(122,152,363)	1,620,317,223	2,097,068	-	77,994,796	56,350,758	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
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	3,288,196	(1)	3,225,418	-	-	-	30,502	5,350	-	26,927	-	-
Other liabilities	80,972,096	(93,247)	69,872,456	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	-	-
	1,451,436,740	(98,043,517)	1,332,163,593	8,927,776	-	77,692,973	44,902,998	11,896,862	6,671,274	57,486,896	9,034,540	703,345
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	1,451,436,740	(98,043,517)	1,332,163,593	8,927,776	-	77,692,973	44,902,998	11,896,862	6,671,274	57,486,896	9,034,540	703,345
Equity and reserve	283,441,120	(24,108,846)	288,153,630	(6,830,708)	-	301,823	11,447,760	1,786,727	2,149,653	6,035,634	1,611,601	2,893,846
	1,734,877,860	(122,152,363)	1,620,317,223	2,097,068	-	77,994,796	56,350,758	13,683,589	8,820,927	63,522,530	10,646,141	3,597,191

Jun-2012

In thousands of Nigerian Naira	**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	15,321,246	(52,332,928)	(10,524,477)	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	(14,838,912)	(10,323,857)	4,305,473	-	2,886,708	-	(8,908,783)	781,842	668,947	(4,542,871)	293,629	(107,557)
- from financing activities	(80,588,589)	53,856,578	(79,678,777)	(55,008)	-	(56,844,320)	(772,838)	(159,254)	-	3,065,030	-	-
Increase in cash and cash equivalents	(80,106,255)	(8,800,206)	(85,897,781)	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 period	369,105,220	(16,753,731)	330,294,424	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	388,659	(1,040,485)	1,493,645	-	-	13	(1,164,679)	101,603	22,205	886,589	89,767	-
Cash balance, end of period	289,387,624	(26,594,422)	245,890,288	49,019	-	1,483	14,435,552	4,665,418	3,395,518	45,628,140	1,916,628	2,772,557

30 Property and equipment

(a) Group

In thousands of Nigerian Naira	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	32,611	(13,006)	8,348	5,815	-	5,674	39,442
Additions	1,043,883	159,441	1,804,391	856,674	-	3,385,300	7,249,689
Disposals	(40)	(107,374)	(165,140)	(481,880)	-	(76,803)	(831,237)
Transfers	425,143	60,900	393,957	-	-	(880,000)	-
Reclassifications from other assets	-	-	6,060	-	-	359,169	365,229
Balance at 30 June 2013	32,445,780	8,141,071	38,271,078	7,172,040	4,113,773	11,088,818	101,232,560
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 progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land[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	3,876	(888)	1,181	7,051	-	-	11,220
Charge for the period	766,502	47,259	2,912,487	550,838	244,042	-	4,521,128
Disposal	-	(107,374)	(38,699)	(413,899)	-	-	(559,972)
Balance at 30 June 2013	4,793,109	477,066	25,814,686	4,533,505	1,876,719	-	37,495,085
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 period	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 30 June 2013	27,652,671	7,664,005	12,456,392	2,638,535	2,237,054	11,088,818	63,737,475
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

In thousands of Nigerian Naira	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
Additions	907,214	160,000	1,564,130	650,981	-	3,157,313	6,439,638
Disposals	(40)	(107,374)	(20,644)	(436,248)	-	-	(564,306)
Transfers	425,143	60,900	393,957	-	-	(880,000)	-
Reclassifications from other assets	-	-	6,060	-	-	359,169	365,229
Balance at 30 June 2013	28,929,850	7,383,540	35,088,625	6,178,323	4,113,773	10,556,482	92,250,593
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

Notes to the financial statements

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**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
Charge for the period	667,082	48,176	2,648,043	556,143	244,042	-	4,163,486
Disposal	-	(107,374)	(19,985)	(368,499)	-	-	(495,858)
Balance at 30 June 2013	4,171,076	392,719	23,678,154	4,062,184	1,876,719	-	34,180,852
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 period	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 30 June 2013	24,758,774	6,990,821	11,410,471	2,116,139	2,237,054	10,556,482	58,069,741
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 N1,017,750,000 (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)

31 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2013	50,923	5,608,778	5,659,701
Exchange translation differences	-	7,126	7,126
Additions	-	1,009,534	1,009,534
Balance at 30 June 2013	50,923	6,625,438	6,676,361
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	-	3,884	3,884
Amortization for the period	-	381,403	381,403
Balance at 30 June 2013	-	4,272,812	4,272,812
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 30 June 2013	50,923	2,352,626	2,403,549
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 June 2013 (2012: nil).

(b) Parent

In thousands of Nigerian Naira	Purchased Software
Cost	
Balance at 1 January 2013	5,277,464
Additions	808,146
Balance at 30 June 2013	6,085,610
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	295,198
Balance at 30 June 2013	4,032,945
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 30 June 2013	2,052,665
Balance at 31 December 2012	1,539,717

Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

In thousands of Nigerian Naira

Operating segment	**Jun 2013**	**Dec 2012**
Corporate banking	40,738	40,738
Retail banking	10,185	10,185
	50,923	**50,923**

No impairment loss on goodwill was recognised during the period ended 30 June 2013 (2012: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial budgets approved by senior management covering a five-year period.

The calculation of the value in use was based on the following key assumptions:

- 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 9 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.

- Pre-tax discount rates of 18% and 16% (2012: 18% and 16%) respectively were applied in determining the recoverable amounts for Corporate banking and Retail banking. These discount rates were estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

- Interest margins were based on actual interest margins of 41% and 74% (2012: 40% and 75%) respectively for Corporate banking and Retail banking.

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.

32 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira		**Jun-2013**			**Dec-2012**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	231,154	-	231,154	179,759	-	179,759
Allowances for loan losses	64,095	-	64,095	-	-	-
Other assets	-	-	-	812,032	-	812,032
Foreign currency translation difference	568,638	-	568,638	-	-	-
Net deferred tax assets/(liabilities)	863,887	-	863,887	991,791	-	991,791

In thousands of Nigerian Naira	**Jun-2013**	**Dec-2012**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	632,733	812,032
-Deferred tax assets to be recovered after more than 12 months	231,154	179,759
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	-	-

Notes to the financial statements

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**Jun-2013**			**Dec-2012**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	5,872,321	5,872,321	-	5,056,628	5,056,628
Fair value reserves	1,174,601	-	(1,174,601)	-	72,689	72,689
Allowances for loan losses	-	658,163	658,163	2,832,792	-	(2,832,792)
Mark to market loss on valuation of securities	-	46,126	46,126	108,779	-	(108,779)
Defined benefit obligation	-	1,392,665	1,392,665	-	1,393,022	1,393,022
Other assets	1,068,893	91,667	(977,226)	292,572	-	(292,572)
Foreign currency translation difference	-	-	-	-	-	-
Net deferred tax assets/(liabilities)	2,243,494	8,060,942	5,817,448	3,234,143	6,522,339	3,288,196

In thousands of Nigerian Naira	**Jun-2013**	**Dec-2012**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,243,494	3,234,143
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	2,188,621	1,465,711
-Deferred tax liabilities to be recovered after more than 12 months	5,872,321	5,056,628

Notes to the financial statements

Parent

Deferred Tax Liabilities

In thousands of Nigerian Naira		**Jun-2013**			**Dec-2012**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	5,700,571	5,700,571	-	4,974,376	4,974,376
Fair value reserves	1,174,601	-	(1,174,601)	-	72,689	72,689
Allowances for loan losses	-	673,462	673,462	2,822,084	-	(2,822,084)
Mark to market loss on valuation of securities	-	46,126	46,126	108,779	-	(108,779)
Defined benefit obligation	-	1,401,788	1,401,788	-	1,401,788	1,401,788
Other assets	1,068,893	91,667	(977,226)	292,572	-	(292,572)
Net deferred tax assets/(liabilities)	2,243,494	7,913,614	5,670,120	3,223,435	6,448,853	3,225,418

In thousands of Nigerian Naira	**Jun-2013**	**Dec-2012**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,243,494	3,223,435
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	2,213,043	1,474,477
-Deferred tax liabilities to be recovered after more than 12 months	5,700,571	4,974,376

Notes to the financial statements

Deferred tax assets and liabilities
Movements in temporary differences during the period

Group
Jun-2013

In thousands of Nigerian Naira	Balance at Jan-2013	Exchange Difference	Recognised in Profit or loss	Recognised in Other comprehensive income	Asset classified as as held for sale	Balance at Jun-2013
Property and equipment, and software	4,973,419	(76,763)	783,399	-	-	5,680,055
Fair value reserves	72,689	64,132	(2,161,312)	914,971	-	(1,109,520)
Allowances for loan losses	(2,929,342)	(56,529)	3,528,175	-	-	542,304
Mark to market loss on valuation of securities	(108,779)	(128,071)	154,905	-	-	(81,945)
Defined benefit obligation	1,393,022	-	-	-	-	1,393,022
Other assets	(352,390)	(30,000)	(684,654)	-	-	(1,067,044)
Foreign currency translation difference	(752,214)	-	-	348,903	-	(403,311)
	2,296,405	(227,231)	1,620,513	1,263,874	-	4,953,561

Group
Dec-2012

In thousands of Nigerian Naira	Balance at Jan-2012	Exchange Difference	Recognised in Profit or loss	Recognised in Other comprehensive income	Balance at Dec-2012
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	-	1,393,022
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)	(373,077)	2,296,405

Notes to the financial statements

Parent
Jun-2013

In thousands of Nigerian Naira	Balance at Jan-2013	Recognised in Profit or loss	Recognised in Other comprehensive income	Balance at Jun-2013
Property and equipment, and software	4,974,376	726,195	-	5,700,571
Fair value reserves	72,689	(2,161,312)	914,022	(1,174,601)
Allowances for loan losses	(2,822,084)	3,495,546	-	673,462
Mark to market loss on valuation of securities	(108,779)	154,905	-	46,126
Defined benefit obligation	1,401,788	-	-	1,401,788
Other assets	(292,572)	(684,654)	-	(977,226)
	3,225,418	1,530,680	914,022	5,670,120

Parent
Dec-2012

In thousands of Nigerian Naira	Balance at Jan-2012	Recognised in Profit or loss	Recognised in Other comprehensive income	Balance at Dec-2012
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	-	1,401,788
Other assets	(286,934)	(5,638)	-	(292,572)
	3,308,557	(462,276)	379,137	3,225,418

33 Other assets

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Prepayments	23,896,956	13,899,474	18,540,216	11,989,457
Foreign Banks - Cash Collateral	44,037,936	-	43,992,950	-
Restricted deposits with central banks	113,771,428	99,198,633	112,382,886	97,969,563
Recognised assets for defined benefit obligations (See note 39)	4,672,628	4,672,628	4,672,628	4,672,628
	186,378,948	**117,770,735**	**179,588,680**	**114,631,648**
Impairment on other assets	(305,556)	(981,617)	(305,556)	(981,617)
	186,073,392	116,789,118	179,283,124	113,650,031
Current	132,991,709	98,170,212	132,774,900	97,012,091
Non-current	53,081,683	18,618,906	46,508,224	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 N112,382,886,000 with the Central Bank of Nigeria (CBN) as at 30th June 2013 (December 2012: N97,969,563,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 12% (December 2012: 12%) of local deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. GTB Liberia and Cote d'ivoire had restricted balances of N1,356,549,000 and N31,993,000 respectively with the Central Bank of Liberia and the BCEAO as at June 2013 (December 2012: N1,198,511,000 and N30,558,000). The Cash Reserve Ratio in Liberia and Cote divoire represents a mandatory 22% and 5% (December 2012: 22% and 5%) of local deposit which should be held with the Central Bank of Liberia and the BCEAO as a regulatory requirement.

Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Opening Balance	981,617	960,671	981,617	960,671
Charge for the period	-	20,946	-	20,946
Write off	(676,061)	-	(676,061)	-
Closing Balance	305,556	981,617	305,556	981,617

34 Assets classified as held for sale and discontinued operations

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Net cash flow from operating activities	-	2,249,804	-	-
Net cash flow from investing activities	-	244,473	-	-
	-	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 N31,983,00 disposal and purchase of investment properties respectively.

(a) Profit from discontinued operations

In thousands of Nigerian Naira		Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-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	34(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**	**-**	**-**

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.

Notes to the financial statements

In thousands of Nigerian Naira	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
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)

35 **Deposits from banks**

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Money market deposits	2,951,749	7,009,720	293	3,687,535
Other deposits from banks	14,706,224	16,850,539	1,430,673	3,482,786
	17,657,973	23,860,259	1,430,966	7,170,321
Current	17,657,973	23,860,259	1,430,966	7,170,321

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 28). These transactions have been conducted under terms that are usual and customary to standard lending and repurchase activities.

36 **Deposits from customers**

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Retail customers:				
Term deposits	182,611,764	172,773,521	180,486,286	170,674,252
Current deposits	337,191,490	270,059,731	312,001,277	255,484,673
Savings	202,601,991	187,845,990	182,012,003	160,880,989
Corporate customers:				
Term deposits	145,614,131	156,401,620	129,568,637	136,191,195
Current deposits	386,425,932	361,116,303	354,353,453	330,891,464
	1,254,445,308	1,148,197,165	1,158,421,656	1,054,122,573
Current	1,249,750,879	1,143,820,898	1,158,421,656	1,054,021,631
Non-current	4,694,429	4,376,267	-	100,942

37 Debt securities issued

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Debt securities at amortized cost:				
Eurobond debt security	80,778,754	73,687,936	-	-
Corporate bonds	13,228,726	13,238,291	13,228,726	13,238,291
	94,007,480	86,926,227	13,228,726	13,238,291
Current	63,726	73,291	63,726	73,291
Non-current	93,943,754	86,852,936	13,165,000	13,165,000

Debt securities of N80,778,754,000 (USD 496,947,000) 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.

The amount of N13,228,756,000 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.

38 Other liabilities

In thousands of Nigerian Naira	Note	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Cash settled share based payment liability		7,126,099	7,340,059	-	-
Liability for defined contribution obligations	Note 38(a)	110,738	7,314	103,053	-
Deferred income on financial guarantee contracts		334,198	304,746	193,664	214,752
Certified cheques		9,313,362	8,882,330	8,066,220	8,464,554
Lease obligation (b)		3,098,226	3,242,131	3,098,226	3,242,131
Customers' deposit for foreign trade (c)		43,992,887	46,133,172	43,992,887	46,133,211
Other current liabilities		24,560,085	15,041,995	21,589,292	11,803,521
Deposit for shares		926,566	20,349	11,160	14,287
Liabilities to customers under investment contracts		-	-	-	-
		89,462,161	80,972,096	77,054,502	69,872,456
Current		79,101,412	44,972,496	73,826,354	41,367,519
Non-current		10,360,749	35,999,600	3,228,148	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 N103,053,000 (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 N2,237,054,000 (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 (June 2012:Nil)

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

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Not more than one year	780,154	624,681	780,154	624,681
Over one year but less than five years	2,860,565	2,998,470	2,860,565	2,998,470
Over five years	-	249,873	-	249,873
Less future finance charges	(542,493)	(630,893)	(542,493)	(630,893)
	3,098,226	3,242,131	3,098,226	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 Balances held with other banks.

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	8.24	3,300	8.58	48,392
Forfeited	-	-	8.51	(675)
Exercised	23.26	(20,664)	15.70	(46,578)
At at end of the period	**17.86**	**411,056**	**17.13**	**428,420**

Out of the 411,056,000 outstanding SARs (2012: 428,420,000 SARs), 208,474,734 SARs (2012: 341,488,864) were exercisable. SARs exercised in 2013 resulted in 20,664,000 shares (2012:46,578,000) being issued at a weighted average price of N23.26 each (2012:N15.70 each). The related weighted average share price at the time of exercise was N23.26 (2012:N15.70) per share.

39 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are entitled to join the scheme after completing 10 full years of service. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years.

The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Present value of funded obligations	(1,940,855)	(1,940,855)	(1,940,855)	(1,940,855)
Total present value of defined benefit obligations	(1,940,855)	(1,940,855)	(1,940,855)	(1,940,855)
Fair value of plan assets	6,613,483	6,613,483	6,613,483	6,613,483
Present value of net asset/(obligations)	4,672,628	4,672,628	4,672,628	4,672,628
Unrecognized actuarial gains and losses	-	-	-	-
Recognized asset/(liability) for defined benefit obligations	4,672,628	4,672,628	4,672,628	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 unrecognised actuarial gains and losses.

Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-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 costs	-	(92,819)	-	(92,819)
Current service costs	-	(137,915)	-	(137,915)
Expected return on plan assets	-	827,223	-	827,223
Net actuarial gain/(loss) for the period - Obligations	-	(2,363,524)	-	(2,363,524)
Net actuarial gain/(loss) for the period - Plan Assets	-	57,554	-	57,554
Contributions paid	-	1,996,910	-	1,996,910
(Deficit)/surplus for defined benefit obligations, end of period	4,672,628	4,672,628	4,672,628	4,672,628

Notes to the financial statements

Plan assets consist of the following:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Equity securities	1,874,101	1,874,101	1,874,101	1,874,101
Government securities	293,428	293,428	293,428	293,428
Offshore investments	1,269,899	1,269,899	1,269,899	1,269,899
Cash and bank balances	3,176,055	3,176,055	3,176,055	3,176,055
	6,613,483	6,613,483	6,613,483	6,613,483

Group

In thousands of Nigerian Naira	Jun-2013		Dec-2012	
Equity securities	1,874,101	27%	1,874,101	27%
Government bonds	293,428	4%	293,428	4%
Offshore investments	1,269,899	19%	1,269,899	19%
Cash and bank balances	3,176,055	48%	3,176,055	48%
	6,613,483	100%	6,613,483	100%

Parent

In thousands of Nigerian Naira	Jun-2013		Dec-2012	
Equity securities	1,874,101	27%	1,874,101	27%
Government bonds	293,428	4%	293,428	4%
Offshore investments	1,269,899	19%	1,269,899	19%
Cash and bank balances	3,176,055	48%	3,176,055	48%
	6,613,483	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.

Plan assets include the Group's ordinary shares with a fair value of N1,758,172,00 (2012: N1,758,172,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2014 are N1,200,000,000

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.

Movement in plan assets:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-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/(withdrawn from) the plan	-	1,996,910	-	1,996,910
Benefits paid by the plan	-	(2,356,967)	-	(2,356,967)
Actuarial gain/(loss)	-	57,554	-	57,554
Expected return on plan assets	-	827,223	-	827,223
Fair value of plan assets, end of the period	6,613,483	6,613,483	6,613,483	6,613,483

Movement in present value of obligations:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-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	-	92,819	-	92,819
Current service cost	-	137,915	-	137,915
Benefits paid	-	(2,356,967)	-	(2,356,967)
Actuarial (gain)/loss on obligation	-	2,363,524	-	2,363,524
Present value of obligation at end of the period	1,940,855	1,940,855	1,940,855	1,940,855

Actuarial assumptions

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

	2013	2012
Expected return on plan assets at 1 January	14%	14%
Future salary increases	12%	12%
Retirement age for both male and female	60 years	60 years
Retirement Rate: 50 – 59	2%	2%
Withdrawal Rate: 18 – 29	5%	5%
Withdrawal Rate: 30 – 44	6%	6%
Withdrawal Rate: 45 – 49	5%	5%

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.

Historical information

In thousands of Nigerian Naira	Jun-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Present value of the defined benefit obligation	(1,940,855)	422,669	(2,065,771)	(2,400,746)	(2,311,829)
Fair value of plan assets	6,613,483	6,555,929	6,403,690	4,329,807	3,183,481
Experience adjustments on plan liabilities	-	(2,363,524)	362,207	574,498	359,019
Experience adjustments on plan assets	-	57,554	(314,927)	264,227	108,493
Surplus/(deficit)	4,672,628	4,672,628	4,385,199	2,767,786	1,339,164

40 Other borrowed funds

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Due to IFC (see note (i) below)	30,066,653	29,633,112	30,066,653	29,633,112
Due to ADB (see note (ii) below)	14,638,536	14,640,013	14,638,536	14,640,013
Due to FMO (see note (iii) below)	616,011	985,390	-	-
Due to BOI (see note (iv) below)	33,416,905	35,654,048	33,416,905	35,654,048
Due to GTBV (see note (v) below)	-	-	80,778,754	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)	5,478,602	6,149,261	5,478,602	6,149,261
Due to EDIF (see note (viii) below)	474,823	-	-	-
	90,191,530	92,561,824	169,879,450	169,194,418
Current	13,272,778	11,835,103	12,401,943	10,849,713
Non-current	76,918,752	80,726,721	157,477,507	158,344,705

i). The amount of ₦30,066,653,000 (USD 184,969,000) (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 ₦14,638,536,000 (USD90,056,000) (December 2012: N14,640,013,000; USD93,734,000) represents the outstanding balance on a dollar facility of $130,000,000 by the Bank of Industry granted 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 ₦616,011,000 (USD3,790,000) (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. 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 N33,416,905,000 (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 N80,778,754,000 (USD 496,947,000) represents amortised cost of dollar guaranteed notes issued by GTB Finance B 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.

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.

vii). The amount of N5,478,602,000 (USD 33,704,000) 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 N474,823,000 (USD 2,921,000) represents borrowing from Export Development and Investment Fund .

41 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group

	In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-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

	In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-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

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
25,897,729,937 ordinary shares of 50k each (31 December 2012: 25,925,597,487)	12,948,865	12,962,799	12,948,865	12,962,799
3,533,449,287 ordinary shares (GDR) of 50k each (31 December 2012: 3,505,581,737)	1,766,725	1,752,791	1,766,725	1,752,791
	14,715,590	14,715,590	14,715,590	14,715,590

The movement on the issued and fully paid-up share capital account during the year was as follows:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the period	-	-	-	-
Bonus shares capitalized	-	-	-	-
Balance, end of period	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 30 June 2013	**29,431,180**	**14,715,590**	**123,471,114**	**(2,046,714)**

June

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 N14,133,670,000 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 Centra of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer

mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.
The bank did not make any appropriation to this reserve during the period.

(iii) **Treasury shares**

Treasury shares represent the Bank's shares of 1,170,674,231 (31 December 2012 : 1,170,674,231) held by the Staff Investment Trust as at 31 December 2012.

(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 N8.43 billion is not required by IAS 39.
The total Parent's balance in regulatory risk reserve is N12.46 billion.

(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:

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
GTB (Gambia) Limited	365,285	375,242	-	-
GTB (Sierra Leone) Limited	351,231	282,664	-	-
GTB (Ghana) Limited	516,665	598,480	-	-
GTB Liberia	13,121	12,305	-	-
	1,246,302	1,268,691	-	-

42 Dividends

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

In thousands of Nigerian Naira	**Group Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Balance, beginning of period	-	-	-	-
Final dividend declared	38,260,532	25,016,504	38,260,532	25,016,504
Interim dividend declared	-	7,357,794	-	7,357,794
Payment during the period	(38,260,532)	(32,374,298)	(38,260,532)	(32,374,298)
Balance, end of period	-	-	-	-

43. The Board of Directors, subsequent to the balance sheet date, proposed a dividend of N0.25(30 June 2012: N0.25) per share on the issued share capital of 29,431,179,224 ordinary shares of 50k each. The dividend proposed is subject to the approval of shareholders at the next annual general meeting.

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 332 cases as a defendant (31 December 2012: 310) and 148 cases as a plaintiff (31 December 2012: 133). The total amount claimed in the 332 cases against the Bank is estimated at N385,181,035,876 and $133,035,449 (31 December 2012: N304,620,174,907 and $133,520,449) while the total amount claimed in the 148 cases instituted by the Bank is N51,971,123,171 (31 December 2012: N50,236,783,927). 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 N53,353,625 (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.

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 Jun-2013**	**Group Dec-2012**	**Parent Jun-2013**	**Parent Dec-2012**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	83,847	-	-
Transaction related bonds and guarantees	393,884,665	363,927,051	385,272,985	355,132,185
Guaranteed facilities	95,314,857	64,123,627	95,314,857	64,055,852
	489,199,522	428,134,525	480,587,842	419,188,037
Commitments:				
Short term foreign currency related transactions	60,246,815	21,056,857	60,246,815	21,056,857
Clean line facilities and letters of credit	91,347,731	77,094,340	66,948,768	54,726,233
Other commitments	961,577	1,167,439	-	-
	152,556,123	99,318,636	127,195,583	75,783,090

b. 71% of all the transaction related bonds and guarantees are collaterised (December 2012: 65%). The cash component of the balance was ₦53,490,666,000 (31 December 2012: N61,398,412,00).

c. The Bank granted clean line facilities for letters of credit during the period to guarantee the 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 June 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	95.33%	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%
7	Guaranty Trust Bank Cote D'Ivoire Limited	Cote D'Ivoire	98.98%	98.98%
	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 September 2001 and commenced operations in January 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. During the year, the Bank invested the sum of N2,822,427,000 in Guaranty Trust Bank UK Limited.

(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.

The Bank's primary business involves the provision of a full range of financial services to corporate and individual clients. These include investment, advisory, retail, commercial, corporate and institutional banking services. The bank also offers medium to long-term financing, fund management services and various credit products to meet the needs of its preferred clientele.

(g) GTB Finance B.V was incorporated in December 2006 and commenced operations in December 2006. An obligation also exists between the Bank and GTB Finance B.V, for which GTB Finance B.V was expected to lend the Bank the sum of N307.87 million ($2,608,000) as a share premium loan. 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.

47. 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) 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 key management 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.

(d) Risk assets outstanding 30 June 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 N5,764,298,000 (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:

In thousands of Nigerian Naira

Name of company /individual	Relationship	Facility type	Status	Nature of Security	**Parent Jun-2013**	**Parent Dec-2012**
Jaykay Pharmacy Ltd	Director Related	Term Loan/Overdaft	Performing	Asset Debenture/Real Estate	49,680	54,298
Comprehensive Project Mgt.Ser	Director Related	Advance Payment Guarantee	Performing	Cash	-	8,000
Touchdown Travels Limited	Director Related	Performance Bond	Performing	Cash	-	1,500
Kresta Laurel Ltd.	Director Related	Bond Line	Performing	Cash	76,312	77,782
Afren Resources Limited	Director Related	Custom Duty Bond	Performing	Cash / Corporate Guarantee	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	Domiciliation	166,333	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	6,667	7,666
Enwereji Nneka Stella	Director Related	Gt Mortgage	Performing	Legal Mortgage	21,600	23,753
Olanrewaju Kalejaiye	Insider Related	Gt Mortgage / Max Advance	Performing	Legal Mortgage	57,186	63,260
Main One Cable Ltd.	Director Related	Term Loan	Performing	Mortage Debenture/Shares	3,658,188	4,001,037
Polystyrene Industries Ltd	Director Related	Term Loan	Performing	Mortgage Debenture /Corporate Guarantee	21,667	26,795
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan / Overdaft	Performing	Personal Guarantee	20,598	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	7,176	4,322
Payless Butchers And Supermart	Director Related	Term Loan / Overdaft	Performing	Tripartite Legal Mortgage	10,271	1,651
Emzor Pharmaceuticals	Director Related	Terrm Loan/Overdraft/Letter	Performing	Tripartite Legal Mortgage	615,873	906,713
IBFC Agusto Training Limited	Director related	Overdraft	Performing	All Asset Debenture	7,801	-
Ademola Kuye & Company	Insider related	Term Loan	Performing	Equitable Mortgage	50,000	-
Discovery House Mont.Sch. Ltd	Insider related	Term Loan	Performing	Tripartite Legal Mortgage	50,000	-
Cubic Contractors Limited	Director related	Advance Payment Guarantee	Performing	Mortgage Debenture, Personal	113,272	-
					5,764,298	6,336,282

Notes to the financial statements

(e) Director/insiders related deposit liabiilties

In thousands of Nigerian Naira

Name of company/Individual	*Relationship*	*Type of Deposit*	***Parent* Jun-2013**	***Parent* Dec-2012**
Agusto & Co. Limited	Director related	Demand and Time Deposits	16,681	8,280
Alliance Consulting	Director related	Demand Deposits	675	2,023
Comprehensive Project Mgt. Services	Director related	Demand Deposits	15,870	29,139
Cubic Contractors Limited	Director related	Demand Deposits	7,243	25,978
Eterna Plc	Director related	Demand and Time Deposits	754	7,088
F & C Securities Limited	Director related	Demand and Time Deposits	3,456	955
IBFC Agusto Training	Director related	Demand Deposits	137	1,753
IBFC Limited	Director related	Demand and Time Deposits	6	55
Jaykay Pharmacy Limited	Director related	Demand and Time Deposits	18	48
Kresta Laurel Limited	Director related	Demand and Time Deposits	3,976	9,256
Main One Cable Company Ltd	Director related	Demand Deposits	108,922	145,773
Mayfield Finance Company	Director related	Demand Deposits	11	558
Mayfield Ventures Limited	Director related	Demand Deposits	11	11
Payless Butchers & Supermart Ltd	Director related	Demand Deposits	109	1,496
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposits	3	3
WSTC Financial Services Ltd	Director related	Demand and Time Deposits	275,734	308,397
WSTC Nominee Limited	Director related	Demand Deposits	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposits	53	382
International Travel Express Ltd	Director related	Demand Deposits	8	9
Afren Onshore Ltd	Director related	Demand Deposits	1	1
Afren Resources Limited	Director related	Demand and Time Deposits	12,002	11,784
Adam And Eve Nigeria Limited	Insider Related	Demand Deposits	68	-
Augusto Enterprises Nig. Ltd	Director related	Demand Deposits	249	-
Enwereji Nneka Stella	Director related	Demand Deposits	313	-
Jegede Fehintola O.	Insider Related	Demand Deposits	52	-
Olanrewaju Kalejaiye	Insider Related	Demand Deposits	829	-
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	2	-
			447,614	553,420

Notes to the financial statements

(f) Subsidiaries' deposit account balances

In thousands of Nigerian Naira

Name of company/Individual	*Relationship*	*Type of Deposit*	**Jun-2013**	**Dec-2012**
			₦	₦
GTB Sierra Leone	Subsidiaries	Domicilliary	601,604	578,056
GTB Ghana	Subsidiaries	Demand Deposit	3,909,859	3,072,683
GTB Ghana	Subsidiaries	Domicilliary	282,639	31,431
			4,794,102	3,682,170

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(g) Key management personnel and their immediate relatives engaged in the following transactions with the Group during the period:

Loans and advances:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Secured loans	5,764,298	6,336,282	5,764,298	6,336,282

Deposits:

In thousands of Nigerian Naira	Group Jun-2013	Group Dec-2012	Parent Jun-2013	Parent Dec-2012
Total deposits	447,614	553,420	447,614	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:

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Wages and salaries	1,004,170	998,375	863,055	928,027
Post-employment benefits	11,056	60,291	11,056	60,291
Share-based payments	380,980	431,000	-	-
Increase /(decrease) in share appreciation rights	10,646	567,687	-	-
	1,406,852	2,057,353	874,111	988,317

(h) (i) Directors’ remuneration

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

In thousands of Nigerian Naira	Group Jun-2013	Group Jun-2012	Parent Jun-2013	Parent Jun-2012
Fees as directors	86,692	69,468	43,000	42,500
Other allowances	97,240	129,061	80,589	93,437
	183,932	198,529	123,589	135,937
Executive compensation	298,988	273,700	292,467	266,595
	482,920	472,229	416,056	402,532

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Jun-2013	Parent Jun-2012
Chairman	13,741	8,062
Highest paid director	72,704	67,010

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

	Parent Jun-2013	Parent Jun-2012
N 6,500,001 - N11,000,000	2	2
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	1	-
N12,500,001 - N13,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	5	6
Above N22,500,001	6	6
	14	14

48 Contraventions

The bank did not contravene any banking legislation during the reporting period.

49 Subsequent events

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

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN 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
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. Agriculture Finance – long term facilities (Farm development finance, purchase of machinery, livestock financing)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

ii. Mortgage Loans

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Markup / interest or principal past due by 90days	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	As above	10% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	As above	Unprovided balance should not exceed 50% of the estimated net realisable value of the security.
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	As above	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	As above	100% of total outstanding balance

iii. in 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

v. ject 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 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. SME Loans - SME Long term facilities (Maturities of more than 1 year)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	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

Value Added Statement

For the period ended 30 June 2013

Group	Jun-2013				Jun-2012			
	Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total	
	₦'000	₦'000	₦'000	%	₦'000	₦'000	₦'000	%
Gross earnings	124,202,363	-	124,202,363		113,526,502	1,064,166	114,590,668	
Interest expense:								
-Local	(17,668,775)	-	(17,668,775)		(13,014,157)	(538,059)	(13,552,216)	
- Foreign	(5,791,836)	-	(5,791,836)		(5,771,293)	-	(5,771,293)	
Premium ceded	-	-	-		-	(1,943,737)	(1,943,737)	
	100,741,752	-	100,741,752		94,741,052	(1,417,630)	93,323,422	
Loan impairment charges / Net impairment loss on financial assets	(1,317,532)	-	(1,317,532)		(2,410,863)	(150,072)	(2,560,935)	
	99,424,220	-	99,424,220		92,330,189	(1,567,702)	90,762,487	
Bought in materials and services								
- Local	(25,908,990)	-	(25,908,990)		(23,779,298)	3,405,655	(20,373,643)	
- Foreign	(271,927)	-	(271,927)		(326,780)	-	(326,780)	
Value added	73,243,303	-	73,243,303	100	68,224,111	1,837,953	70,062,064	100
Distribution								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	10,976,285	-	10,976,285	15	10,400,084	613,007	11,013,091	16
Government								
- Taxation	8,349,626	-	8,349,626	11	8,693,445	426,021	9,119,466	13
Retained in the Group								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	4,902,531	-	4,902,531	7	4,187,943	189,848	4,377,791	6
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	49,014,861	-	49,014,861	67	44,942,639	609,077	45,551,716	65
	73,243,303	-	73,243,303	100	68,224,111	1,837,953	70,062,064	100

Value Added Statement

For the period ended 30 June 2013

Parent	Jun-2013				Jun-2012			
	Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total	
	₦'000	₦'000	₦'000	%	₦'000	₦'000	₦'000	%
Gross earnings	115,161,105	-	115,161,105		106,122,423	-	106,122,423	
Interest expense:								
-Local	(17,657,736)	-	(17,657,736)		(13,028,253)	-	(13,028,253)	
- Foreign	(4,141,767)	-	(4,141,767)		(4,649,228)	-	(4,649,228)	
	93,361,602	-	93,361,602		88,444,942	-	88,444,942	
Loan impairment charges / Net impairment loss on financial assets	(1,107,877)	-	(1,107,877)		(1,707,356)	-	(1,707,356)	
	92,253,725	-	92,253,725		86,737,586	-	86,737,586	
Bought in materials and services								
- Local	(23,378,919)	-	(23,378,919)		(21,582,032)	-	(21,582,032)	
- Foreign	(271,927)	-	(271,927)		(326,780)	-	(326,780)	
Value added	68,602,879	-	68,602,879	100	64,828,774	-	64,828,774	100
Distribution								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	9,705,384	-	9,705,384	14	8,213,674	-	8,213,674	13
Government								
- Taxation	7,326,577	-	7,326,577	11	8,141,325	-	8,141,325	13
Retained in the Bank								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	4,458,684	-	4,458,684	6	3,767,274	-	3,767,274	6
- To pay proposed dividend	-	-	-	-	-	-	-	-
- Profit for the year (including statutory and regulatory risk reserves)	47,112,234	-	47,112,234	69	44,706,501	-	44,706,501	68
	68,602,879	-	68,602,879	100	64,828,774	-	64,828,774	100

Five Year Financial Summary

Group

In thousands of Nigerian Naira	Jun-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Assets					
Cash and cash equivalents	232,414,899	322,989,480	368,282,477	273,074,591	255,944,975
Loans and advances to banks	4,143,418	4,864,824	158,616	186,480	146,002
Loans and advances to customers	894,862,976	779,050,018	706,893,133	603,906,669	574,586,579
Financial assets held for trading	31,066,348	271,073,896	173,297,556	148,872,254	134,926,969
Hedging derivatives	-	-	-	-	-
Investment securities:					
– Available for sale	296,801,242	15,765,789	3,744,970	10,629,568	12,026,708
– Held to maturity	120,598,110	129,490,810	161,196,356	22,896,774	7,132,700
Assets pledged as collateral	27,529,108	31,203,230	45,588,084	29,481,804	22,112,657
Investment properties	-	-	-	7,349,815	5,070,666
Property and equipment	63,737,475	60,886,728	57,510,622	47,092,669	41,281,423
Intangible assets	2,403,549	1,772,176	1,006,470	1,956,459	2,337,921
Deferred tax assets	863,887	991,791	96,820	587,881	410,864
Other assets	186,073,392	116,789,118	81,098,341	22,017,933	22,200,121
	1,860,494,404	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	1,860,494,404	1,734,877,860	1,608,652,646	1,168,052,897	1,078,177,585
Liabilities					
Deposits from banks	17,657,973	23,860,259	37,229,029	26,026,980	31,187,065
Deposits from customers	1,254,445,308	1,148,197,165	1,026,119,419	753,088,230	666,921,855
Other liabilities	89,462,161	80,972,096	52,323,162	65,037,039	90,521,190
Current income tax liabilities	11,963,123	15,630,973	14,062,596	9,529,921	3,483,561
Deferred tax liabilities	5,817,448	3,288,196	3,407,652	4,884,484	6,557,821
Liabilities on insurance contracts	-	-	-	2,926,322	1,476,642
Debt securities issued	94,007,480	86,926,227	145,767,516	66,886,763	67,373,122
Other borrowed funds	90,191,530	92,561,824	93,230,139	23,033,947	12,390,288
	1,563,545,023	1,451,436,740	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	1,563,545,023	1,451,436,740	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	34,403,282	41,380,776	25,130,520	13,329,100	10,215,217
Other components of equity	125,159,807	104,651,663	67,121,427	68,106,870	56,379,365
Total equity attributable to owners of the Bank	295,703,079	282,172,429	228,391,937	210,608,526	193,124,102
Non-controlling interests in equity	1,246,302	1,268,691	2,001,217	6,030,685	5,141,939
Total equity	296,949,381	283,441,120	230,393,154	216,639,211	198,266,041
Total equity and liabilities	1,860,494,404	1,734,877,860	1,608,652,646	1,168,052,897	1,078,177,585

Three Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	**Jun-2013**	**Jun-2012**	**Jun-2011**	**Jun-2010**	**Jun-2009**
Interest income	92,000,395	83,176,926	61,466,364	61,071,790	65,607,209
Interest expense	(23,460,611)	(18,785,450)	(11,942,656)	(19,637,037)	(27,126,587)
Net interest income	**68,539,784**	**64,391,476**	**49,523,708**	**41,434,753**	**38,480,622**
Loan impairment charges	(1,317,532)	(2,410,863)	(7,526,168)	(2,892,173)	(24,250,547)
Net interest income after loan impairment charges	**67,222,252**	**61,980,613**	**41,997,540**	**38,542,580**	**14,230,075**
Fee and commission income	25,048,165	24,809,180	22,078,092	17,939,270	17,596,682
Fee and commission expense	(490,823)	(783,073)	(1,438,544)	(1,472,424)	(341,741)
Net fee and commission income	**24,557,342**	**24,026,107**	**20,639,548**	**16,466,846**	**17,254,941**
Net gains/(losses) on financial instruments classified as held for trading	3,517,125	2,981,141	1,965,034	1,308,881	4,068,820
Net income from derivative instruments held for risk management purposes	-	-	-	-	-
Other income	3,636,678	2,559,255	4,753,613	2,642,698	3,322,788
Other income	**7,153,803**	**5,540,396**	**6,718,647**	**3,951,579**	**7,391,608**
Operating income	98,933,397	91,547,116	69,355,735	58,961,005	38,876,624
Net impairment loss on financial assets	-	-	(1,181,354)	-	(3,241,884)
Net operating income after net impairment loss on financial assets	98,933,397	91,547,116	68,174,381	58,961,005	35,634,740
Personnel expenses	(10,976,285)	(10,400,084)	(11,097,798)	(9,301,615)	(8,166,939)
General and administrative expenses	(11,832,237)	(11,097,511)	(11,110,830)	(12,816,236)	(7,773,453)
Operating lease expenses	(410,118)	(638,698)	(373,072)	(288,587)	(248,765)
Depreciation and amortization	(4,902,531)	(4,187,943)	(3,586,036)	(3,307,360)	(2,852,856)
Other operating expenses	(13,447,739)	(11,586,796)	(9,092,123)	(7,361,260)	(8,267,004)
Operating expenses	(41,568,910)	(37,911,032)	(35,259,859)	(33,075,058)	(27,309,017)
Profit before income tax	57,364,487	53,636,084	32,914,522	25,885,947	8,325,723
Income tax expense	(8,349,626)	(8,693,445)	(6,075,516)	(7,497,416)	432,607
Profit for the period from continuing operations	**49,014,861**	**44,942,639**	**26,839,006**	**18,388,531**	**8,758,330**
Profit for the period from discontinued operations	-	609,077	811,186	-	-
Profit for the period	**49,014,861**	**45,551,716**	**27,650,192**	**18,388,531**	**8,758,330**

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):

– Basic	1.73	1.59	0.95	0.77	0.48
– Diluted	1.73	1.59	0.95	0.77	0.48

Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):

– Basic	0.00	0.02	0.02	-	-
– Diluted	0.00	0.02	0.02	-	-

Five Year Financial Summary

Bank

In thousands of Nigerian Naira	Jun-2013	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Assets					
Cash and cash equivalents	180,356,202	256,433,560	330,294,424	226,123,548	232,253,559
Loans and advances to banks	32,498	177,985	158,616	186,480	146,002
Loans and advances to customers	848,309,592	742,436,944	679,358,919	574,255,521	550,281,123
Financial assets held for trading	27,358,077	267,417,182	151,819,087	131,189,143	126,598,639
Investment securities:			-	-	-
– Available for sale	288,873,847	10,138,761	3,744,970	6,919,692	9,865,756
– Held to maturity	101,692,526	118,897,917	163,914,120	23,443,181	8,212,983
Assets pledged as collateral	27,529,108	31,203,230	45,588,084	29,481,804	22,112,657
Investment in subsidiaries	22,998,802	22,925,088	16,233,581	30,115,862	29,774,817
Property and equipment	58,069,741	55,496,808	52,494,230	42,538,693	36,223,904
Intangible assets	2,052,665	1,539,717	762,709	1,374,207	1,835,440
Other assets	179,283,124	113,650,031	75,658,805	17,675,985	15,649,728
	1,736,556,182	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	1,736,556,182	1,620,317,223	1,523,527,545	1,083,304,116	1,032,954,608
Liabilities					
Deposits from banks	1,430,966	7,170,321	21,636,242	5,361,654	12,246,124
Deposits from customers	1,158,421,656	1,054,122,573	962,486,292	711,038,787	651,145,758
Other liabilities	77,054,502	69,872,456	45,275,666	47,761,799	80,995,080
Current income tax liabilities	11,732,712	15,340,116	13,760,343	8,686,276	2,373,006
Deferred tax liabilities	5,670,120	3,225,418	3,308,557	4,708,122	6,348,353
Debt securities issued	13,228,726	13,238,291	13,233,169	68,370,952	67,403,227
Other borrowed funds	169,879,450	169,194,418	229,647,220	20,931,341	12,390,288
Total liabilities	1,437,418,132	1,332,163,593	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
Retained earnings	41,132,507	47,558,325	31,560,746	19,976,375	17,114,337
Other components of equity	119,818,839	102,408,601	64,432,606	65,733,651	54,534,995
Total equity attributable to owners of the Bank	299,138,050	288,153,630	234,180,056	216,445,185	200,052,772
Total equity	299,138,050	288,153,630	234,180,056	216,445,185	200,052,772
Total equity and liabilities	1,736,556,182	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

Bank

In thousands of Nigerian Naira	Jun-2013	Jun-2012	Jun-2011	Jun-2010	Jun-2009
Interest income	86,280,338	79,179,733	57,800,758	56,068,095	61,523,389
Interest expense	(21,799,503)	(17,677,481)	(10,595,000)	(17,849,268)	(25,987,094)
Net interest income	**64,480,835**	**61,502,252**	**47,205,758**	**38,218,827**	**35,536,295**
Loan impairment charges	(1,107,877)	(1,707,356)	(7,478,091)	(2,796,976)	(24,113,926)
Net interest income after loan impairment charges	**63,372,958**	**59,794,896**	**39,727,667**	**35,421,851**	**11,422,369**
Fee and commission income	21,615,202	22,012,856	19,793,874	16,640,666	16,334,346
Fee and commission expense	(452,538)	(747,079)	(1,436,180)	(1,467,085)	(341,741)
Net fee and commission income	**21,162,664**	**21,265,777**	**18,357,694**	**15,173,581**	**15,992,605**
Net gains/(losses) on financial instruments classified as held for trading	2,711,183	2,069,859	1,071,840	820,414	3,610,428
Net income from derivative instruments held for risk management purposes	-	-	-	-	-
Other income	4,554,382	2,859,975	6,102,985	1,868,972	2,792,324
Other income	**7,265,565**	**4,929,834**	**7,174,825**	**2,689,386**	**6,402,752**
Total Operating income	91,801,187	85,990,507	65,260,186	53,284,818	33,817,726
Net impairment loss on financial assets	-	-	(1,181,354)	-	(2,527,475)
Net operating income after net impairment loss on financial assets	91,801,187	85,990,507	64,078,832	53,284,818	31,290,251
Personnel expenses	(9,705,384)	(8,213,674)	(7,751,433)	(7,789,496)	(6,929,666)
General and administrative expenses	(10,724,159)	(10,299,338)	(10,229,594)	(11,773,823)	(7,705,228)
Operating lease expenses	(306,534)	(383,482)	(275,359)	(252,016)	(248,765)
Depreciation and amortization	(4,458,684)	(3,767,274)	(3,176,182)	(2,894,881)	(2,528,186)
Other operating expenses	(12,167,615)	(10,478,913)	(8,176,290)	(6,570,807)	(3,860,022)
Total expenses	(37,362,376)	(33,142,681)	(29,608,858)	(29,281,023)	(21,271,867)
Profit before income tax	54,438,811	52,847,826	34,469,974	24,003,795	10,018,384
Income tax expense	(7,326,577)	(8,141,325)	(5,126,280)	(7,080,479)	1,111,057
Profit for the period from continuing operations	**47,112,234**	**44,706,501**	**29,343,694**	**16,923,316**	**11,129,441**
Profit for the period from discontinued operations	-	-	-	-	-
Profit for the period	**47,112,234**	**44,706,501**	**29,343,694**	**16,923,316**	**11,129,441**

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	1.60	1.52	1.00	0.73	0.60
– Diluted	1.60	1.52	1.00	0.73	0.60
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the period (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
Declared Dividend per share *		-	-	-	-

Share Capitalisation History

Year	Authorised Increase	Cumulative	Issued Increase	Cummulative	No. Of Shares	Consideration
1991	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	Cash
1992	35,000,000	60,000,000	NIL	25,000,000	25,000,000	Nil
1993	NIL	60,000,000	25,000,000	50,000,000	50,000,000	Scrip
1994	40,000,000	100,000,000	NIL	50,000,000	50,000,000	Nil
1995	NIL	100,000,000	50,000,000	100,000,000	100,000,000	Scrip
1996	100,000,000	200,000,000	300,000,000	400,000,000	400,000,000	Cash
1997	300,000,000	500,000,000	600,000,000	1,000,000,000	1,000,000,000	Scrip
1998	250,000,000	750,000,000	500,000,000	1,500,000,000	1,500,000,000	Scrip
1999	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	Nil
2000	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	Nil
2001	250,000,000	1,000,000,000	500,000,000	2,000,000,000	2,000,000,000	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 30th June 2013

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 30/06/2013	Percentage Dividend Amount Unclaimed
Payment 20	Interim	28-Feb-02	495,000,000.00	33 kobo	13,248,738.88	2.68%
Payment 21	Final	28-Feb-02	1,000,000,000.00	50 kobo	23,529,878.51	2.35%
Payment 22	Interim	28-Feb-03	625,000,000.00	25 kobo	5,150,352.33	0.82%
Payment 23	Final	28-Feb-03	875,000,000.00	35 kobo	129,998.57	0.01%
Payment 24	Interim	29-Feb-04	750,000,000.00	25 kobo	5 ,088,867.26	0.68%
Payment 25	Final	29-Feb-04	1,350,000,000.00	45 kobo	46,886,264.15	3.47%
Payment 26	Interim	28-Feb-05	1,000,000,000.00	25 kobo	56,773,614.62	5.68%
Payment 27	Final	28-Feb-05	2,700,000,000.00	45 kobo	82,519,452.72	3.06%
Payment 28	Interim	28-Feb-06	1,500,000,000.00	25 kobo	68,185,632.50	4.55%
Payment 29	Final	28-Feb-06	4,200,000,000.00	70 kobo	171,162,933.78	4.08%
Payment 30	Interim	28-Feb-07	2,000,000,000.00	25 kobo	203,326,119.74	10.17%
Payment 31	Final	28-Feb-07	4,000,000,000.00	50 kobo	230,413,300.53	5.76%
Payment 32	Interim	28-Feb-08	3,419,853,912.50	25 kobo	266,672,617.72	7.80%
Payment 33	Final	28-Feb-08	9,575,590,955.00	70 kobo	665,919,094.23	6.95%
Payment 34	Final	31-Dec-08	14,922,998,891.00	100 kobo	1,031,721,260.66	6.91%
Payment 35	Final	31-Dec-09	13,990,311,460.50	75 kobo	1,001,962,892.86	7.16%
Payment 36	Interim	31-Dec-10	5,829,296,441.75	25 kobo	395,918,330.76	6.79%
Payment 37	Final	31-Dec-10	17,487,889,325.37	75 kobo	1,220,855,231.22	6.98%
Payment 38	Interim	31-Dec-11	7,286,620,552.30	25 Kobo	512,691,680.21	7.04%
Payment 39	Final	31-Dec-11	25,016,502,340.40	85 Kobo	1,726,147,516.71	6.90%
Payment 40	Interim	31-Dec-12	7,357,794,806.00	25 Kobo	589,276,660.43	8.01%
Payment 41	Final	31-Dec-12	38,260,532,000.00	130 Kobo		