GTBank

Guaranty Trust Bank plc
RC 152321

Guaranty Trust Bank Plc and Subsidiary Companies

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

June 2014

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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 half year ended 30 June 2014.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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Corporate Governance

Introduction

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

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

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

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

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

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

Governance Structure

The Board

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

The Bank believes that ensuring that there is an appropriate balance of skills, knowledge and experience is an important aspect of corporate governance in order to continue to have an effective Board and an executive management team to steer the affairs of the Bank in an ever challenging environment. One way to ensure that we continue to have the right people is to have a rigorous appointment and an effective succession planning process in place for Board and key management roles.

In addition to the Board's direct oversight, the Board exercises its oversight responsibilities through five (5) Committees, namely, Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations Committee, Board Remuneration Committee and the Board Information Technology Strategy Committee. The Audit Committee of the Bank, which comprises equal numbers of representatives of the Board and Shareholders, also performs its statutory role as stipulated by the Companies and Allied Matters Act (2004).

The Board Committees play an important role in working with Management to ensure that the Bank is financially strong, well governed and risks are identified and well mitigated. The Board through the instrumentality of its Committees working closely with Management ensures that the Bank generates income in a sustainable way and risks are properly managed.

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

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

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

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

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met two times during the period ended June 30, 2014.

Responsibilities of the Board

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

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

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

Roles of Chairman and Chief Executive

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

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

Director Nomination Process

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

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

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

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

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

Induction and Continuous Training

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

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

Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the Bank's business and operating environment. The Bank attaches great premium to training its Directors; three (3) Non-Executive Directors attended foreign and local courses during the period ended June 30, 2014.

Changes on the Board

During the period under review, the Board appointed Mr. Hezekiah Adesola Oyinlola as a Non-Executive Director and his appointment has been approved by the Central Bank of Nigeria.

Profile of Mr. Oyinlola

Mr. Oyinlola is a seasoned professional with over thirty (30) years work experience in the Oil and Gas industry, having worked with Schlumberger Group from 1984 till date. He has at various times served in management capacity, including being the first Nigerian Managing Director of Schlumberger Group in Nigeria and rose through the ranks to become the Chairman Africa, Schlumberger Group, a position he has held from 2011 till date.

Mr. Oyinlola's appointment will be presented for shareholders' 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 49 of this Annual Report.

Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has five (5) Standing Committees in addition to the Audit Committee of the Bank, namely; Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations Committee, Board Remuneration Committee, Board Information Strategy Committee.

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

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

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

Board Risk Management Committee

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

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

- To review and recommend for the approval of the Board, the Bank's Risk Management Policies including the risk profile and limits;
- To determine the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls;
- To evaluate the Group's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the activities and risk profile of the Bank and its subsidiaries ;
- To oversee Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection and reporting mechanisms;

- To review and recommend to the Board for approval, the contingency plan for specific risks;
- To review the Bank's compliance level with applicable laws and regulatory requirements which may impact on the Bank's risk profile;
- To conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile;
- To handle any other issue referred to the Committee from time to time by the Board.

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met two (2) times in the period ended June 30, 2014.

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. A. O. 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;

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- 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 two (2) times during the period ended June 30, 2014.

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

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

Board Human Resources and Nominations Committee

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

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

The membership of the Committee is as follows:

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

The Committee met twice during the period ended June 30, 2014.

Board Remuneration Committee

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

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

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

The Committee met once during the period ended June 30, 2014.

Board Information Technology Strategy Committee

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

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

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

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

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

The Committee met once during the period ended June 30, 2014.

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, 2014:

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

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, 2014.

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

*Appointed to the Board on April 16, 2014
N/A -Not Applicable

Tenure of Directors

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

This is in compliance with the directives of the CBN Code.

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, J. K. Randle International, to carry out the annual Board and Directors appraisal for the 2013 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

The Independent Consultant adjudged the performance of the Board as outstanding and rated the performance of each individual Director as well above requirement.

The Annual Board and Director Review/Appraisal Report for the 2013 financial year was presented to shareholders at the Annual General Meeting of the Bank held on April 14, 2014, and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

The General Meeting of the Bank is the highest decision making body of the Bank. The Bank's General

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

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

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

Protection of Shareholders Rights

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

Communication Policy

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

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

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

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

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

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

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

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

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

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

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

Information Flows

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

The Company Secretary

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

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

Independent Advice

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

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

Insider Trading and price sensitive information

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

Management Committees

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

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

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

The mandate of the Committee includes:

- Reviews the effectiveness of GTBank's overall risk management strategy at the enterprise level.
- Follow-up on management action plans based on the status of implementation compiled by the Management Risk Committee
- Identify and evaluate new strategic risks including corporate matters involving regulatory,

business development issues, etc., and agree on suitable mitigants.

- Review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

Management Credit Committee

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. Planning, Budgeting and Monitoring

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

2. **Ensuring Operational Excellence**

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

3. **IT Risk Assurance**

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

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

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

Whistle Blowing procedures

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

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

Code of Professional Conduct for Employees

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

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

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 40 of this Annual Report.

Employee Share-ownership Scheme

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

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

Internal Management Structure

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

Subsidiary Governance

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

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

GTBank Plc exercises control over its subsidiaries in the under mentioned ways:

Oversight function

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

Subsidiary Board Representation

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

Management of Subsidiaries

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

Business Performance Review Session

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

Risk Management Audit

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

External Auditors' Report

GTBank Plc obtains management report from the auditors of GTBank Subsidiaries at the conclusion of each audit to review, follow up and to address all the issues that may have been raised in the report. The subsidiaries also carry out half year audit (internal audit) to further help in ensuring that they are on track and that they fully complied with the Board approved processes and procedures.

Flexible Consistency

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

Sustainability Report

We believe we can only grow and sustain the value of our business by what we give back to our host communities. We also passionately believe that Corporate Social Responsibility (CSR) embodies our ardent commitment and social pact with all our stakeholders.

We ensure that our CSR projects are targeted towards the needs of the society and are sustainable. Our footprints in Corporate Social Responsibilities are guided strategically by our decision to operate on the four major pillars of:

- Education
- Community Development
- Environment
- Arts

The Bank undertook the following initiatives under the different pillars during the half year period of 2014:

Education

Adopt-a-School Programme

The GTBank Adopt-a-School project is a child focused programme introduced by the Bank in 2004, to improve the quality of public education available to the Nigerian Child. This programme is designed to support schools in high density areas across the nation.

The Bank's involvement in this area is guided by the conviction that quality education is important for both individual and societal advancement.

This scheme involves identifying, adopting and supporting public schools across the country and there are 6 schools currently supported by the Bank.

Through the education programmes, the Bank seeks to ensure that;

§ Children don't stop learning by creating a conducive learning environment
§ Teachers engage their students through more effective teaching practices
§ Outstanding performance is encouraged through scholarships
§ Students are motivated and those who have dropped out of school are encouraged to return to schools
§ Staff are encouraged to volunteer to coach students in our adopted schools outside of school hours
§ Children are introduced to the power of artistic expression especially sports

These are achieved through provision and/or upgrade of Infrastructure such as buildings, basic amenities, furniture beautification, Capacity building through training of students, scholarship programme for students, weekend coaching classes, training of teachers and Sports Education.

Ø **GTBank Orange Excellence Scholarship Award 2014**: This is a scholarship award for the best pupil in all class categories in schools the Bank has adopted. The award covers tuition fees, textbooks, school uniforms and entrance examination fees for the next academic session.

- **GTBank Children's Day Initiative**: This initiative is geared towards the celebration of children in special schools around us on children's day. This year, Smart Kids Save (SKS) exercise books were distributed to students in all adopted schools.

The GTBank Football Tournaments

Guaranty Trust Bank is a major sponsor of sports education in Nigeria. Our proud interest in supporting sport is borne out of a commitment to the development of young people in our community. Sport plays a major part in the development of life skills and values in the society and we support a wide range of tournaments that bring learning opportunities to young people in the country.

Our football tournaments include;

- Principals Cup
- Heritage Cup
- Super Cup

These competitions are aimed at actively engaging the youths through sports whilst promoting the values of excellence and fair play. It fosters camaraderie and provides a platform for identifying, nurturing and grooming young and talented players amongst students of Secondary Schools.

- **GTBank-Lagos State Principals Cup:** This competition which is currently in its 5th season is coordinated in partnership with the Lagos State Ministries of Youth, Sports & Social development and the Ministry of Education. The district, State preliminaries, quarter and semi final matches of the 2013/2014 season took place in the first half of 2014. In the female category, Government Girls Secondary School, Agege emerged winners while Dairy Farm Senior Secondary School, Agege emerged victorious in the male category.

- **GTBank-Ogun State Principals Cup:** The Season 2 of the GTBank-Ogun State Principals Cup competition kicked off with secondary schools participating from four divisions; Yewa, Ijebu-Ode, Egba and Remo.

  In the female category, Alamuwa Grammar School, Ado Odo emerged as winner while in the male category Remo Divisional High School, Sagamu emerged the winner.

  Cash prizes of ₦1,000,000, ₦750,000, ₦500,000 and ₦250,000 were awarded to the 1st, 2nd, 3rd and 4th categories respectively in the Lagos and Ogun State Principals cup.

- **The GTBank Heritage Cup:** The Heritage Cup competition was introduced in 2012 for Private and non-government managed schools in Lagos State, under the Lagos State First Generation Colleges Association (LAFGECA). The final matches of season 3 with Eko Boys High School, Mushin and Queen's College Yaba emerging as the 1st place winners in the male and female categories respectively. Cash prizes of N750,000, N500,000 and N350,000 were awarded to the winning teams in the 1st, 2nd and 3rd categories respectively.

Community Development

- **GTBank Orange Ribbon Initiative:** The Orange Ribbon Initiative is an advocacy program designed to support children with developmental disabilities in Nigeria especially Autism Spectrum Disorders (ASD), which commenced in 2009.

GTBank's involvement in creating awareness for ASD seeks to ensure autism is diagnosed early in children, to encourage government to fund autism research and its management, to ensure that children living with autism are not stigmatized and that they receive the required support from parents, teachers, friends and the society.

Our 2014 program involved a series of initiatives between 24th March and 2nd April. ASD professionals from the United States and the College of Medicine, University of Lagos were available for a 5 day period (24th – 28th March) to give one-on-one consultation to children living with Autism. Over 100 children benefited from this service. Also, 2-day seminar (31st March – 1st April) was also held at MUSON, to teach and discuss focal and topical areas in the management of autism and demonstrate time tested techniques in areas such as Behaviour Modification, Education, Nutrition, Social support, Assessment and Psychology which were thoroughly discussed in general plenary and break-out sessions. It was highly attended by about 1,200 participants per day.

A radio talk series 'Let's talk Autism' was also aired for radio audience and an online certificate programme in collaboration with the University of Texas, Arlington.

- **Orange Valentine Initiative:** The Bank held the 4th edition of this initiative on the 14th February, 2014. GTBank Staff contributed money, which is to be used in supporting children that are less privileged.

The Arts

We believe that Cultural Exchange has important benefits, and we know how vital it is to appreciate and understand different values in order to build successful relationships and do business internationally.
Our global cultural partnerships with Tate and other Art institutions seek to increase understanding and interaction among cultures around the world through the exploration of culture in all its varied forms which include painting, film, poetry, play, drama, music, fashion and exhibitions. Each cultural project is chosen for its ability to enhance cultural awareness and provide tangible benefits for African Art

1. **GTBank-TATE Partnership:** The GTBank and Tate partnership was announced in 2011. GTBank constantly works with TATE to promote the value of African Art and Artists at local and international levels by bringing the work of young African artists to the attention of new audiences both in Africa and on an international level, through a project-lead initiative.

   The partnership includes;

   1. The creation of a dedicated curatorial post at Tate Modern to focus on African art
   2. An Acquisition Fund to enable the Tate Gallery to enhance its holdings of work by African artists
   3. An annual project 'Across the Board' that will enable continuous exchanges between young artists, curators, collectors and cultural institutions in Africa and the rest of the world.

2. **Across the Board Lagos** - Across the Board is an extended collaborative and experimental platform featuring emerging African artists and exploring recent practices in the continent.

   It is one of our projects in collaboration with Tate and scheduled to take place across four cities (London, Accra, Douala and Lagos) from 2012 to 2014, with each city inspiring the art event in which it is held. The Lagos event held on 18th April, 2014 at Terra Kulture.

Environment
We take steps to safeguard our environment by ensuring the sustainable use of our resources. We also take measures to protect and restore the natural environment in which we operate through internal and external environment projects and campaign. The effect of climate change being felt all over the globe with debilitation consequences has called for our concerted efforts to address environmental issues and take actions such as;

- Greening i.e. planting of flowers to keep the environment as verdant as possible. Putting up structures e.g. round-a-bout, to beautify the environment

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 received from Branches,
- SMS from customers via the SMS unhappy platform,
- GT Connect (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.

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

Complaints and Feedback

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 2014 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	1,321	1,266*	nil	nil
2nd Quarter	1,501	1,388*	nil	nil

*Some of the outstanding complaints also include complaints on excess charges, complaints on loan and facilities availed by the Bank.
* Majority of outstanding complaints as at June 30, 2014 also constitute of 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.

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

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

The Framework

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

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

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

Scope of the framework

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

i. Board and Management responsibilities;

ii. Information to Board and Management;

iii. Know your customer (KYC) Implementation;

iv. Transaction Monitoring and Reporting;

v. Co-operation with Regulators and Law Enforcement Agencies;

vi. Politically Exposed Persons (PEPs);

vii. Sanctions Compliance Management;

viii. AML/CFT principles for Correspondent Banking;

ix. AML/CFT Training for employees;

x. AML/CFT Audits;

xi. Preservation of customers' records.

Board and Management Responsibilities

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

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

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

Reports to Senior Management and the Board of Directors

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

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

Know Your Customer (KYC) principles

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

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

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

Employees are also required to scrutinize all on-going transactions undertaken by the customer during the duration of the relationship in order to ensure that the customer's transactions are consistent with the business and risk profile of the customer.

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

Transaction Monitoring

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

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

Transaction Reporting

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

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

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

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

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

Section 10 of the Act provides that any lodgment or transfer of funds in excess of ₦5 million and above for individuals and ₦10 million and above for corporate customers must be reported.

Co-operation with Regulators and Law Enforcement Agencies

All employees are required to co-operate fully with regulators and law enforcement agents and make available required documents/information as requested by the relevant regulatory or law enforcement agencies, based on the powers conferred on these agencies by the provisions of the Act.

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

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

Politically Exposed Persons (PEPs)

Enhanced measures of due diligence are applied to high-risk customers such as PEPs to ensure that the Bank is not unknowingly supporting fraudulent activities such as money laundering and/or the financing of terrorism.

In line with FATF's recommendation, GTBank employs the use of appropriate discretionary risk based systems based on the definition of a PEP which includes all persons that might have some form of relationship with an actual current political office holder or all persons who have been political office holders at one time or another. This is achieved through the thorough review of details provided by the customer and transaction trends which help in determining which customers should be classified as PEPs.

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

Sanctions Compliance Management

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

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

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

The Blacklisted table is made of lists from the following:

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

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

AML/CFT principles for Correspondent Banking

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

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

AML/ CFT Training

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

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

AML/CFT Audits

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

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

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

Preservation of customers' records

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

Conclusion

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

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

Internal control and Risk Management Systems

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

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

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

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

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

Control Environment

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

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

Risk Assessment

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

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

Control Activities

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

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

Top Management Reviews

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

Activity Control

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

Physical Controls

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

Compliance with Limits

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

Approval and Authorisation Limits

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

Verifications and Reconciliations

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

Whistle Blowing

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

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 period ended June 30, 2014

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the period year ended June 30, 2014.

Legal form and principal activity

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

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.

With the recent expansion into East Africa, the Bank currently owns eight overseas subsidiaries namely Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Ivory Coast) Limited, Guaranty Trust Bank (Kenya) Limited with subsidiaries in Rwanda and Uganda and GTB Finance B.V. Netherlands, the special purpose entity used to raise funds from the international financial market.

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

Operating results

The Group's Gross earnings increased by 7.1%. Highlights of the Group's operating results for the period are as follows:

	Group June-2014 N'000	Group June-2013 N'000	Parent June-2014 N'000	Parent June-2013 N'000
Gross Earnings	132,985,010	124,202,363	120,127,398	115,161,105
Profit before income tax	**53,396,737**	**57,364,487**	**51,083,606**	**54,438,811**
Taxation	(9,388,709)	(8,349,626)	(7,955,437)	(7,326,577)
Profit for the period	**44,008,028**	**49,014,861**	**43,128,169**	**47,112,234**
Non-controlling interests	(341,011)	(195,821)	-	-
Profit attributable to equity holders of the Bank	**43,667,017**	**48,819,040**	**43,128,169**	**47,112,234**
Earnings Per Share (Kobo) - Basic	155	173	147	160
Earnings Per Share (Kobo) - Diluted	155	173	147	160

Dividends

During the period under review, the Directors paid final dividend in the sum of ₦1.45 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 2013.

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

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:

Directors' Report

	Names	Direct Holding June 14	*Indirect Holding June 14	Direct Holding June 13	*Indirect Holding June 13
		Shares of 50k each		Shares of 50k each	
1	Mr. Egbert Imomoh	1,102,972	6,243,128	1,102,972	6,243,128
2	Mr. Olusegun Agbaje	32,146,651	9,481,350	32,146,651	9,481,350
3	Mrs. Cathy Echeozo	2,505,118	2,940,300	2,505,118	2,940,300
4	Mr. Andrew Alli	1,163,975	0	1,163,975	0
5	Mr. Akindele Akintoye	13,800	0	363,800	0
6	Mrs. Stella Okoli**	3,344,032	0	3,344,032	0
7	Mr. Adebayo Adeola	4,869,492	0	4,869,492	0
8	Mr. Ibrahim Hassan	630,838	0	1,130,838	0
9	Mr. Olabode Agusto	200,000	0	0	0
10	Mrs. Olutola Omotola	452,531	234,350	452,531	234,350
11	Mr. Demola Odeyemi	7,661,601	990,750	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	Mrs. O. A. Demuren	356,581	0	0	0
15	Mr. H. A. Oyinlola**	0	0	0	0

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

** Appointed as a Non-Executive Director on April 16, 2014

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 have been met for the financial year	Paid last month of the financial year
Director fees	- Paid annually on the day of the AGM to Non-Executive Directors only	Paid once on the day of the AGM
Sitting allowances	- Allowances paid to Non-Executive Directors only for sitting at board meetings and Board Committee meetings.	Paid during the year

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004, Mr. Agusto disclosed to the Board his interest as a director Agusto & Company Limited (a credit rating company) 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, which requires Non-Executive Directors to retire biennially, no Non-Executive Director is required to retire by rotation at this Annual General Meeting.

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at half year ended June 30, 2014, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	252,461	74.13	799,865,631	2.72
10,001	-	50,000	65,433	19.21	1,421,233,008	4.83
50,001	-	100,000	10,615	3.12	745,783,093	2.53
100,001	-	500,000	9,529	2.80	1,944,067,724	6.61
500,001	-	1,000,000	1,127	0.33	786,121,110	2.67
1,000,001	-	5,000,000	1,045	0.31	2,103,783,069	7.15
5,000,001	-	10,000,000	150	0.04	1,004,692,185	3.41
10,000,001	-	50,000,000	130	0.04	2,820,185,838	9.58
50,000,001	-	100,000,000	26	0.01	1,844,302,462	6.27
100,000,001	-	500,000,000	23	0.01	5,839,791,284	19.84
500,000,001	-	1,000,000,000	1	0.00	785,821,252	2.67
1,000,000,01	-	2,000,000,000	4	0.00	6,079,693,031	20.66
	Sub-Total		**340,544**	**100.00**	**26,175,339,687**	**88.94**
	GDR [underlying shares]		1	**0.00**	3,255,839,537	11.06
	TOTAL		**340,545**	**100**	**29,431,179,224**	**100.00**

According to the Register of members as at June 30, 2014, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

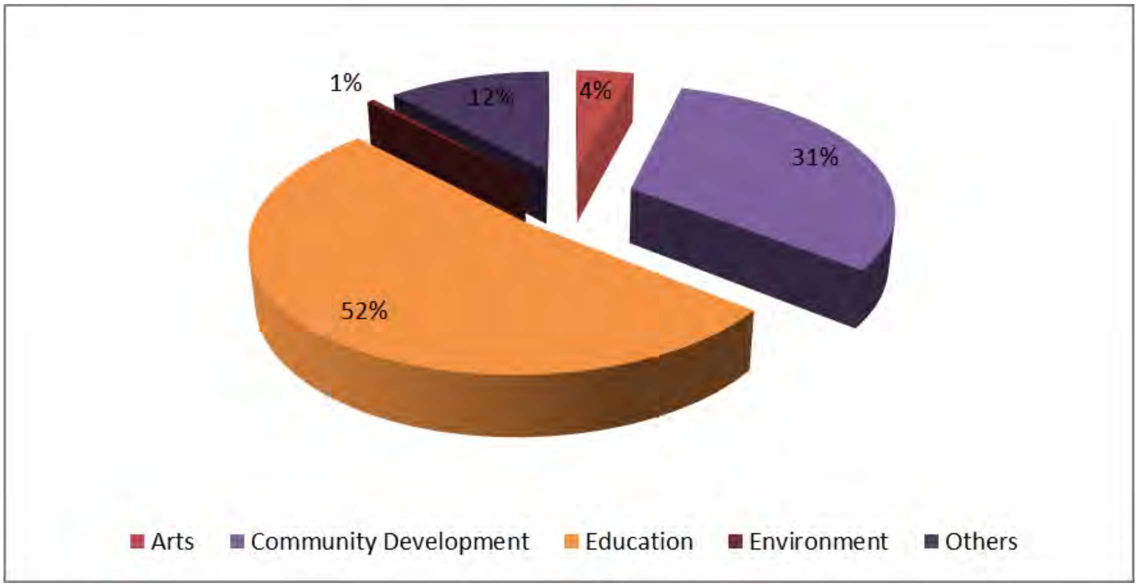
Shareholder	No. of Shares held	Percentage of Shareholding
GDR (underlying shares)*	3,255,839,537	11.06%
Stanbic Nominees Nigeria Limited**	7,326,233,947	24.89%

* Citibank Nigeria Limited held the 3,384,914,837 units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. Citibank does not exercise any rights over the underlying

shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.
** Stanbic Nominees Nigeria Limited held 22.33% of the Bank's shares largely in trading accounts on behalf of various investors.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of ₦183,068,042 (Jun. 2013: ₦216,451,948) as donations and charitable contributions during the period. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others. The distribution of these donations is shown below:



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

Sector	Beneficiary/Project	₦
Arts	DRB Concert sponsorship	500,000.00
	Gida Uno Ile Design	2,000,000.00
	Keep Calm Festival	500,000.00
	Tate partnership	4,644,915.30
Community Development	Agriculture and Urban Development	5,714,285.70
	Akintola William	500,000.00
	Centre for Values in Leadership	450,000.00
	Chike Okoli Foundation	1,000,000.00
	Child Abuse Campaign	500,000.00
	Genevieve Foundation	1,000,000.00
	International Swimming Competition	500,000.00
	Nigeria Business Aviation	2,595,000.00

	Nigeria Society for the Blind	200,000.00
	Nigerian Annual CSR Report	500,000.00
	Nigerian Bar Assocation	2,000,000.00
	Onitsha North LG	100,000.00
	Orange Ribbon Initiative - Autism	34,080,464.92
	Special Persons Association	50,000.00
	We too can grow	500,000.00
	WIE Conference	500,000.00
	Nigeria Interbank Settlement System	7,500,000.00
Education	African Principals Cup	1,880,000.00
	American International School	1,000,000.00
	American University	500,000.00
	Centre for Values in Leadership	500,000.00
	Day Waterman College	9,330,769.24
	Ekiti State University	250,000.00
	Heritage Cup	6,413,030.00
	Lagos State Principals Cup	55,740,616.05
	Ogun State Principals Cup	12,829,640.00
	OMR form Donation to Tertiary Institutions	5,460,000.00
	Orange Excellence	487,200.00
	St. Saviours School	500,000.00
	University of Stellenbosch	260,250.00
	Young Achievers Scholarship	20,000.00
Environment	Kano Roundabout Maintenance	156,000.00
	Lagos Roundabout Maintenance	315,000.00
	Lekki Association	500,000.00
Others	CSR Brochure	20,803,370.60
Grand Total		**183,068,041.81**

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, 2014 and profit attributable to equity holders on the 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	1,857	1,469	**3,326**	56%	44%

Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Board	11	4	15	71%	29%
Top Management (AGM - GM)	38	16	54	69%	31%
Total	**49**	**20**	**69**	**70%**	**30%**

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

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	18	5	23	73%	27%
Deputy General Manager	13	4	17	76%	24%
General Manager	7	7	14	50%	50%
Executive Director & Deputy Managing Director	3	2	5	60%	40%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	7	2	9	78%	22%
Total	**49**	**20**	**69**	**71%**	**29%**

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.

Directors' Report

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
24 July, 2014

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended June 30, 2014

The Directors accept responsibility for the preparation of the financial statements set out from pages 46 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

Going Concern:

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

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

SIGNED ON BEHALF O F THE DIRECTORS BY:

DEMOLA ODEYEMI	SEGUN AGBAJE
24 July, 2014	24 July, 2014

Report of the Audit Committee

For the period ended 30 June, 2014

To the members of Guaranty Trust Bank Plc

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

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 30 June, 2014 were satisfactory and reinforce the Group's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N2,270,143,000 (31 December, 2013: N2,371,690,000) was outstanding as at 30 June, 2014. The status of performance of insider related credits is as disclosed in Note 49(d).
- We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Mr. Akinola B. Akisanmi
Chairman, Audit Committee
FRC/2014/ICAN/00000005627
21 July, 2014

Members of the Audit Committee are:

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

In attendance:
Mr. Segun Fadahunsi - Secretary

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 2014 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 2014 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.

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

8 August 2014

Engagement Partner Daniel Asapokhai
FRC/2013/ICAN/00000000946

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

Financial statements

Statements of financial position

As at 30 June 2014

In thousands of Nigerian Naira	***Notes***	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
Assets					
Cash and cash equivalents	4, 8, 23	366,259,317	307,395,676	288,761,277	228,609,551
Loans and advances to banks	4, 8, 24	6,421,346	5,596,476	26,036	16,976
Loans and advances to customers	4, 8, 25	1,032,269,962	1,002,370,638	952,864,158	926,967,093
Financial assets held for trading	4, 8, 26	15,647,232	17,223,667	11,920,443	13,746,682
Derivative financial assets	27	193,932	170,101	193,932	170,101
Investment securities:					
– Available for sale	4, 8, 28	349,717,706	374,673,147	327,657,669	364,056,362
– Held to maturity	4, 8, 28	75,475,856	84,741,890	46,746,008	46,682,498
Assets pledged as collateral	4, 8, 29	39,613,861	28,442,629	39,608,382	28,440,947
Investment in subsidiaries	30	-	-	40,130,284	40,130,284
Property and equipment	31	71,333,820	68,306,197	64,713,489	61,419,683
Intangible assets	32	11,415,072	11,214,274	2,512,590	2,256,768
Deferred tax assets	33	2,801,978	1,945,629	-	-
Restricted deposits and other assets	34	262,884,059	200,766,091	253,694,582	191,868,850
Total assets		**2,234,034,141**	**2,102,846,415**	**2,028,828,850**	**1,904,365,795**
Liabilities					
Deposits from banks	4, 8, 35	24,637,167	15,208,300	81,965	88,729
Deposits from customers	4, 8, 36	1,543,813,494	1,427,493,697	1,377,036,645	1,261,927,035
Derivative financial liabilities	27	62,279	3,883	62,279	3,883
Other liabilities	8, 38	75,041,780	61,014,954	61,267,192	49,008,466
Current income tax liabilities	21	12,250,642	13,073,847	11,778,102	12,632,975
Deferred tax liabilities	33	7,325,092	5,065,625	7,151,513	4,784,323
Debt securities issued	4, 8, 37	159,296,418	156,498,167	13,228,726	13,233,595
Other borrowed funds	4, 8, 40	82,958,322	92,134,872	228,418,268	233,040,108
Total liabilities		**1,905,385,194**	**1,770,493,345**	**1,699,024,690**	**1,574,719,114**

Statements of financial position (Continued)
As at 30 June 2014

In thousands of Nigerian Naira	*Notes*	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Equity	41				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(3,987,575)	(2,046,714)	-	-
Retained earnings		42,216,756	55,205,142	42,593,625	55,079,117
Other components of equity		147,168,404	135,924,361	149,023,831	136,380,860
		323,584,289	**327,269,493**	**329,804,160**	**329,646,681**
Non-controlling interests in equity		5,064,658	5,083,577	-	-
Total equity		**328,648,947**	**332,353,070**	**329,804,160**	**329,646,681**
Total equity and liabilities		**2,234,034,141**	**2,102,846,415**	**2,028,828,850**	**1,904,365,795**

Approved by the Board of Directors on 24 July 2014:

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

Executive Director
Demola Odeyemi
FRC/2013/ICAN/00000000675

J. K. Agbaje.

Group Managing Director and Chief Executive
Segun Agbaje
FRC/2013/CIBN/00000001782

The accompanying notes are an integral part of these financial statements

Income statements

For the period ended 30 June 2014

In thousands of Nigerian Naira	***Notes***	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Interest income	9	99,715,892	92,000,395	90,342,844	86,280,338
Interest expense	10	(28,153,061)	(23,460,611)	(25,010,689)	(21,799,503)
Net interest income		**71,562,831**	**68,539,784**	**65,332,155**	**64,480,835**
Loan impairment charges	11	(5,338,868)	(1,317,532)	(5,252,074)	(1,107,877)
Net interest income after loan impairment charges		**66,223,963**	**67,222,252**	**60,080,081**	**63,372,958**
Fee and commission income	12	24,761,713	25,048,165	21,410,122	21,615,202
Fee and commission expense	13	(967,674)	(490,823)	(826,415)	(452,538)
Net fee and commission income		**23,794,039**	**24,557,342**	**20,583,707**	**21,162,664**
Net gains/(losses) on financial instruments classified as held for trading	14	5,935,317	3,517,125	4,694,862	2,711,183
Other income	15	2,572,088	3,636,678	3,679,570	4,554,382
Net impairment reversal on financial assets	16	234,201	-	234,201	-
Personnel expenses	17	(13,449,790)	(10,976,285)	(10,251,189)	(9,705,384)
General and administrative expenses	18	(12,463,459)	(11,832,237)	(10,679,946)	(10,724,159)
Operating lease expenses		(452,324)	(410,118)	(334,811)	(306,534)
Depreciation and amortization	19	(5,853,568)	(4,902,531)	(5,193,715)	(4,458,684)
Other operating expenses	20	(13,143,730)	(13,447,739)	(11,729,154)	(12,167,615)
Profit before income tax		**53,396,737**	**57,364,487**	**51,083,606**	**54,438,811**
Income tax expense	21	(9,388,709)	(8,349,626)	(7,955,437)	(7,326,577)
Profit for the period		**44,008,028**	**49,014,861**	**43,128,169**	**47,112,234**
Profit attributable to:					
Equity holders of the parent entity		43,667,017	48,819,040	43,128,169	47,112,234
Non-controlling interests		341,011	195,821	-	-
		44,008,028	49,014,861	43,128,169	47,112,234
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	1.55	1.73	1.47	1.60
– Diluted	22	1.55	1.73	1.47	1.60

The accompanying notes are an integral part of these financial statements

Statements of comprehensive income

For the period ended 30 June 2014

In thousands of Nigerian Naira	**Notes**	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Profit for the period		44,008,028	49,014,861	43,128,169	47,112,234
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		(3,690,637)	1,163,010	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	1,107,191	(348,903)	-	-
Net change in fair value of available for sale financial assets		(469,960)	3,049,903	(422,114)	3,046,740
Income tax relating to Net change in fair value of available for sale financial assets	21	140,988	(914,971)	126,634	(914,022)
		(2,912,418)	2,949,039	(295,480)	2,132,718
Other comprehensive income for the period, net of tax		(2,912,418)	2,949,039	(295,480)	2,132,718
Total comprehensive income for the period		**41,095,610**	**51,963,900**	**42,832,689**	**49,244,952**
Profit attributable to:					
Equity holders of the parent entity		40,930,867	51,791,182	42,832,689	49,244,952
Non-controlling interests		164,743	172,718	-	-
Total comprehensive income for the period		**41,095,610**	**51,963,900**	**42,832,689**	**49,244,952**

The accompanying notes are an integral part of these financial statements

Income statements

For 3 months ended 30 June 2014 (Unaudited)

In thousands of Nigerian Naira	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Interest income	51,187,940	46,730,538	46,613,058	43,951,173
Interest expense	(14,363,499)	(11,633,449)	(12,783,739)	(10,824,477)
Net interest income	**36,824,441**	**35,097,089**	**33,829,319**	**33,126,696**
Loan impairment charges	(4,063,231)	(49,228)	(4,137,677)	(190,745)
Net interest income after loan impairment charges	**32,761,210**	**35,047,861**	**29,691,642**	**32,935,951**
Fee and commission income	12,393,523	11,689,763	10,738,314	9,433,841
Fee and commission expense	(329,196)	(203,274)	(274,879)	(180,589)
Net fee and commission income	**12,064,327**	**11,486,489**	**10,463,435**	**9,253,252**
Net gains/(losses) on financial instruments classified as held for trading	2,411,057	875,369	1,759,971	534,949
Other income	(584,950)	1,042,927	742,163	2,355,160
Net impairment loss on financial assets	234,201	214,124	234,201	214,124
Personnel expenses	(6,838,167)	(5,517,133)	(5,142,461)	(5,065,372)
General and administrative expenses	(6,229,536)	(5,297,343)	(5,221,872)	(4,481,681)
Operating lease expenses	(208,197)	(257,102)	(174,577)	(157,354)
Depreciation and amortization	(3,121,370)	(2,497,476)	(2,621,675)	(2,241,884)
Other operating expenses	(5,097,842)	(6,224,833)	(4,673,717)	(6,052,939)
Profit before income tax	**25,390,733**	**28,872,883**	**25,057,110**	**27,294,206**
Income tax expense	(4,493,157)	(2,414,273)	(3,530,931)	(1,897,655)
Profit for the period	**20,897,576**	**26,458,610**	**21,526,179**	**25,396,551**
Profit attributable to:				
Equity holders of the parent entity	20,803,202	26,349,459	21,526,179	25,396,551
Non-controlling interests	94,374	109,151	-	-
	20,897,576	**26,458,610**	**21,526,179**	**25,396,551**
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	0.74	0.94	0.73	0.86
– Diluted	0.74	0.94	0.73	0.86

The accompanying notes are an integral part of these financial statements

Statements of comprehensive income

For 3 months ended 30 June 2014 (Unaudited)

In thousands of Nigerian Naira	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Profit for the period	24,604,168	34,518,285	24,226,482	33,398,410
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(395,703)	1,572,853	-	-
Income tax relating to Foreign currency translation differences for foreign operations	118,711	(471,856)	-	-
Net change in fair value of available for sale financial assets	(92,270)	3,049,903	(237,695)	3,046,740
Income tax relating to Net change in fair value of available for sale financial assets	27,681	(914,971)	71,308	(914,022)
	(341,581)	3,235,929	(166,387)	2,132,718
Other comprehensive income for the period, net of tax	(341,581)	3,235,929	(166,387)	2,132,718
Total comprehensive income for the period	**(341,581)**	**3,235,929**	**(166,387)**	**2,132,718**
Profit attributable to:				
Equity holders of the parent entity	20,461,109	29,608,491	21,359,792	27,529,269
Non-controlling interests	94,886	86,048	-	-
Total comprehensive income for the period	**20,555,995**	**29,694,539**	**21,359,792**	**27,529,269**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
June 2014
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 2014	**14,715,590**	**123,471,114**	**17,075,575**	**118,309,456**	**(2,046,714)**	**3,025,907**	**(2,486,577)**	**55,205,142**	**5,083,577**	**332,353,070**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	43,667,017	341,011	44,008,028
Other comprehensive income, net of tax										
Foreign currency translation difference	-	-	-	-	-	-	(2,407,178)	-	(176,268)	(2,583,446)
Fair value adjustment	-	-	-	-	-	(328,972)	-	-	-	(328,972)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(328,972)**	**(2,407,178)**	**-**	**(176,268)**	**(2,912,418)**
Total comprehensive income	-	-	-	-	-	**(328,972)**	**(2,407,178)**	**43,667,017**	**164,743**	**41,095,610**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	-	13,980,193	-	-	-	(13,980,193)	-	-
Acquisition/disposal of own shares	-	-	-	-	(1,940,861)	-	-	-	-	(1,940,861)
Dividend to equity holders	-	-	-	-	-	-	-	(42,675,210)	(183,662)	(42,858,872)
Total transactions with equity holders	**-**	**-**	**-**	**13,980,193**	**(1,940,861)**	-	-	**(56,655,403)**	**(183,662)**	**(44,799,733)**
Balance at 30 June 2014	**14,715,590**	**123,471,114**	**17,075,575**	**132,289,649**	**(3,987,575)**	**2,696,935**	**(4,893,755)**	**42,216,756**	**5,064,658**	**328,648,947**

Consolidated Statement of Changes in Equity
June-2013
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 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	-	-	-	-	-	-	-	(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**

Statement of Changes in Equity
June 2014
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 2014	**14,715,590**	**123,471,114**	**16,900,397**	**116,589,846**	**2,890,617**	**55,079,117**	**329,646,681**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	43,128,169	43,128,169
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	(295,480)	-	(295,480)
Total other comprehensive income	**-**	**-**	**-**	**-**	**(295,480)**	**-**	**(295,480)**
Total comprehensive income	-	-	-	-	**(295,480)**	**43,128,169**	**42,832,689**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	12,938,451	-	(12,938,451)	-
Dividend to equity holders	-	-	-	-	-	(42,675,210)	(42,675,210)
Total transactions with equity holders	**-**	**-**	**-**	**12,938,451**	-	**(55,613,661)**	**(42,675,210)**
Balance at 30 June 2014	**14,715,590**	**123,471,114**	16,900,397	**129,528,297**	**2,595,137**	**42,593,625**	**329,804,160**

Statement of Changes in Equity
June-2013
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2013	14,715,590	123,471,114	11,312,801	90,926,193	169,607	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	-	-	-	-	-	(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**

Statements of cash flows

For the period ended 30 June 2014

In thousands of Nigerian Naira	***Notes***	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Cash flows from operating activities					
Profit for the period		44,008,028	49,014,861	43,128,169	47,112,234
Adjustments for:					
Depreciation of property and equipment	19, 31	5,346,068	4,521,128	4,789,631	4,163,486
Amortisation of Intangibles		507,500	381,403	404,084	295,198
Gain on disposal of property and equipment		(188,018)	(53,902)	(45,142)	(39,552)
Impairment on financial assets		5,462,549	1,368,508	5,315,247	1,158,854
Net interest income		(71,562,831)	(68,539,784)	(65,332,155)	(64,480,835)
Foreign exchange gains	15	(996,267)	(3,568,303)	(771,700)	(3,562,977)
Derivatives fair value changes		34,565	-	34,565	-
Dividend received		(26,964)	(168,226)	(1,501,889)	(1,105,606)
Income tax expense	21, 34	9,388,709	8,349,626	7,955,437	7,326,577
Other non-cash items		537,579	1,277,732	538,571	1,277,732
		(7,489,082)	(7,416,957)	(5,485,182)	(7,854,889)
Changes in:					
Financial assets held for trading		1,572,163	239,918,654	1,826,239	240,059,105
Assets pledged as collateral		(11,171,218)	3,674,122	(11,167,435)	3,674,122
Loans and advances to banks		(581,662)	567,723	(9,061)	145,719
Loans and advances to customers		(38,200,259)	(114,205,643)	(31,212,311)	(107,031,734)
Restricted deposits and other assets		(64,932,432)	(69,586,155)	(64,529,981)	(65,998,323)
Deposits from banks		9,198,783	(5,310,411)	(6,764)	(5,739,355)
Deposits from customers		127,766,524	107,122,586	115,109,610	104,299,083
Other liabilities		14,511,288	8,696,069	12,555,346	7,458,023
		38,163,187	170,876,945	22,565,643	176,866,640
Interest received		99,760,387	93,059,051	90,387,340	87,338,994
Interest paid		(28,740,998)	(25,806,563)	(25,598,625)	(24,145,456)
		101,693,494	230,712,476	81,869,176	232,205,289
Income tax paid		(7,505,734)	(10,318,568)	(6,316,486)	(9,403,302)
Net cash/(used in) provided by operating activities		94,187,760	220,393,908	75,552,690	222,801,987

Statements of cash flows

For the period ended 30 June 2014

In thousands of Nigerian Naira	***Notes***	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Cash flows from investing activities					
Purchase of investment securities		(540,861,662)	(565,379,588)	(532,432,374)	(565,379,588)
Sale of investment securities		568,345,443	296,240,207	568,345,443	306,896,633
Dividends received		26,964	168,226	1,501,889	1,105,606
Purchase of property and equipment	31	(6,639,717)	(7,249,689)	(5,387,891)	(6,439,638)
Proceeds from the sale of property and equipment		664,938	325,167	53,844	108,000
Purchase of intangible assets	32	(736,212)	(1,009,534)	(659,906)	(808,146)
Investment in subsidiaries		-	-	-	(73,714)
Net cash provided by/(used in) investing activities		20,799,754	(276,905,211)	31,421,005	(264,590,847)
Cash flows from financing activities					
Increase in debt securities issued		235,897	3,928,949	-	-
Repayment of long term borrowings		(8,751,043)	(5,232,790)	(4,621,840)	(2,237,143)
Increase in long term borrowings		-	2,922,175	-	2,922,175
Finance lease repayments		(296,620)	(275,977)	(296,620)	(275,977)
Purchase of treasury shares		(1,940,861)	-	-	-
Dividends paid to owners	42	(42,675,210)	(38,260,532)	(42,675,210)	(38,260,532)
Dividends paid to non-controlling interest		(183,662)	(195,107)	-	-
Net cash provided by financing activities		(53,611,499)	(37,113,282)	(47,593,670)	(37,851,477)
Net (decrease) /increase in cash and cash equivalents		61,376,015	(93,624,585)	59,380,025	(79,640,337)
Cash and cash equivalents at beginning of period		307,395,676	322,989,479	228,609,551	256,433,560
Effect of exchange rate fluctuations on cash held		(2,512,374)	3,050,005	771,701	3,562,979
Cash and cash equivalents at end of the period		366,259,317	232,414,899	288,761,277	180,356,202

The accompanying notes are an integral part of these financial statements

Notes to the 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 2014, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate 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.

3. (a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Interim Financial Statements

The accompanying Statements of Financial Positions as at 30th June, 2014, the Statements of Comprehensive Income for the six months ended 30 June 2014, and 2013, the Statements of Changes in Equity for the six months ended 30th June, 2014 and 2013, the Statements of Cash Flows for the six months ended 30th June, 2014 and 2013 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 2014 and 2013 have also been prepared for second quarter interim financial information.

(c) Basis of measurement

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

§ Derivative financial instruments which are measured at fair value.
§ Non-derivative financial instruments, carried at fair value through profit or loss, are

measured at fair value.

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

(d) 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.

(e) Changes to accounting policies

New and amended standards and interpretations

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

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

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

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

§ **Amendments IAS 32 – Financial Instruments;** This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The Group has been applying the right of set off if it is available at the date of preparation of statement of financial position (SOFP).

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

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

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

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

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

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

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

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

Standards and interpretations issued/amended but not yet effective

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

Standard	*Content*	*Effective Year*
Amendments to IFRS 1	First-Time Adoption of IFRS	1-Jul-14
Amendments to IAS 40	Investment Property	1-Jul-14
Amendments to IFRS 13	Fair Value Measurement	1-Jul-14
Amendments to IAS 39	Defined Benefit Plans: Employee Contributions	1-Jul-14
Amendments to IFRS 3	Business Combination	1-Jul-14
Amendments to IFRS 2	Share-based Payment	1-Jul-14
Amendments to IFRS 8	Operating Segments	1-Jul-14
Amendments to IFRS 13	Fair Value Measurement	1-Jul-14
Amendments to IAS 24	Related Party Disclosures	1-Jul-14
Amendments to IAS 16	Property, Plant and Equipment	1-Jan-16
Amendments to IAS 38	Intangible Assets	1-Jan-16
Amendments to IFRS 11	Joint Arrangements	1-Jan-16
Amendments to IAS 41	Agriculture	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-17
IFRS 9	Financial Instrument	1-Jan-18

Commentaries on these new standards/amendments are provided below.

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

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are Identification of the contract with the customer, Identification of the performance obligations in the contract, Determination of the transaction price, Allocation of the transaction price to the performance obligations in the contracts, and Recognition of revenue when (or as) the entity satisfies a performance obligation.

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Amendments to IFRS 2 – Share Based Payment

It amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

Amendments to IFRS 3 – Business Combination

Amendments to the standard requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. It also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

Amendments to IFRS 8 – Operating Segment

Amendments to the standard requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

Amendments to IFRS 13 – Fair Value Measurement

Amendments to the standard provide clarification that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). It also clarifies the scope of the portfolio exception in paragraph 52.

Amendments to IAS 16 and IAS 38 - Property, Plant and Equipment

Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount

Amendments to IAS 24 - Related Party Disclosures

Amendments to the standard provides clarification as to how payments to entities providing management services are to be disclosed

Amendments to IAS 40 - Investment Property

The amendments clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3Business Combinations) to:

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

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

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

3.(b)Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

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

Acquisitions on or after 1 January 2009

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

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

Acquisitions between 1 January 2003 and 1 January 2009

For acquisitions between 1 January 2003 and 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2003

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

(ii) Structured entity

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

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

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

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

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

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

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

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

§ Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

§ Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

§ Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

(d) Fees and commission

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

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

(e) Net trading income

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

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

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

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

(g) Dividend income

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

(h) Leases

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

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

(i) Operating lease

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

(ii) Finance lease

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

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

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

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

(i) Income Tax

(a) **Current income tax**

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

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

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

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

(b) **Deferred income tax**

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

However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

(i) Recognition

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

(ii) Classification

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

a) Loans and Receivables

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

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

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

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

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

b) Available-for-sale investments

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

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

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

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

c) Held-to-maturity

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

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

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

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

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

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

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

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

-Financial assets and liabilities classified as held for trading

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

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- Designation at fair value through profit or loss

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

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

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

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

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

(iii) Measurement

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

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

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

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

a) Amortised cost measurement

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

b) Fair value measurement

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

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

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

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

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

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

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

(iv)Offsetting

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

(v) De-recognition

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

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

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

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

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

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

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

(vi) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

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

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

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

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

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

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

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

(ii) national economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; 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) I
nvestment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

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

(n) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(o) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

(p) Impairment of non-financial assets

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

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

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

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

(q) Deposits, debt securities issued

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

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

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

(r) Provisions

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

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

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

(s) Financial guarantees

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

(t) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

(iii)Termination Benefits

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

(iv)Short-term employee benefits

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

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

(v) Share-based payment transactions

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

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

(u) Discontinued operations

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

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area

of operations; or

(c) Is a subsidiary acquired exclusively with a view to resale

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

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

(v) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii)Treasury shares

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

(w) Earnings per share

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

(x) Segment reporting

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

4. Financial risk management

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
- Settlement risk
- Market risks

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

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

Risk management philosophy

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

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

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

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

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, to monitor risks and adherence to limits. This policy is subject to review at least once a year. More frequent reviews may be conducted in the opinion of the Board, when changes in laws, market conditions or the Group's activities are material enough to impact on the continued adoption of existing policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

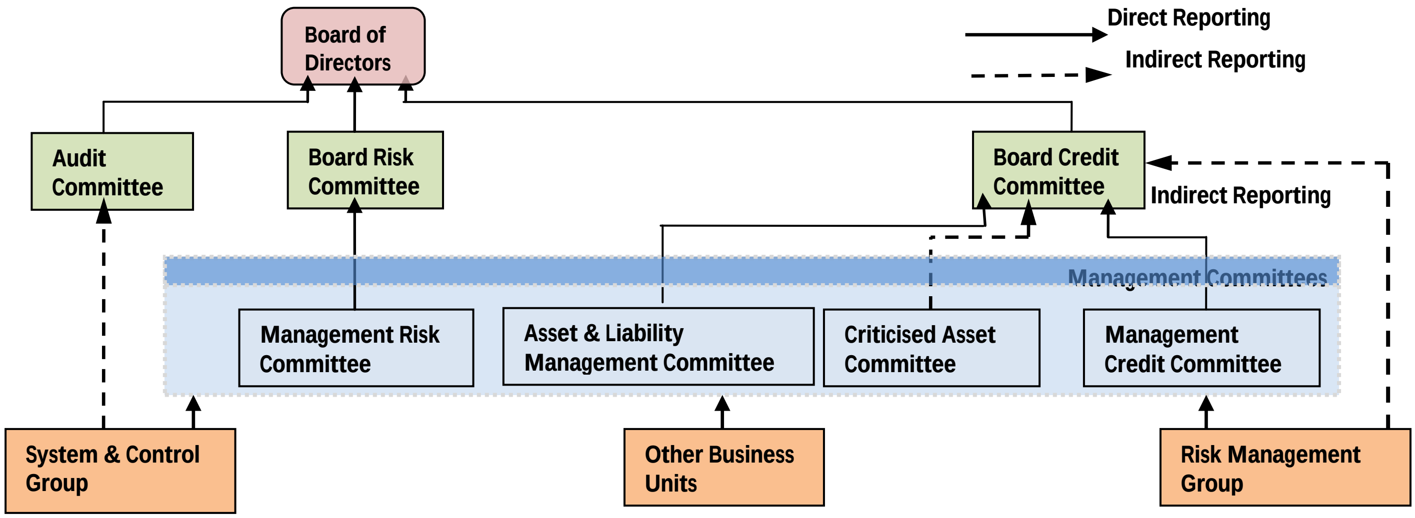
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group. These committees are:

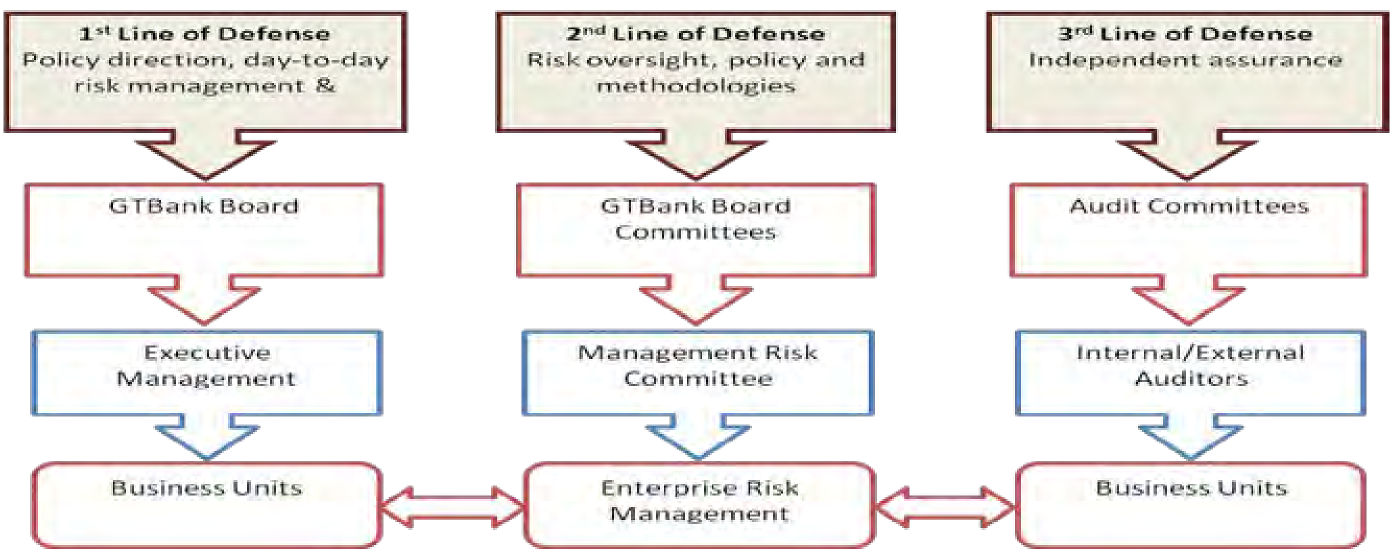
- The Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Management Risk Committee
- IT Steering Committee
- Other Ad-hoc Committees

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

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

The Risk Management Organogram of the Group is as follows:





The **Risk Committees** at the board and management levels are responsible for reviewing and recommending risk management policies, procedures and profiles including risk philosophy, risk appetite and risk tolerance of the Group. The oversight functions cut across all risk areas. The committees monitors the Group's plans and progress towards meeting regulatory Risk-Based Supervision requirements and migration to Basel II compliance as well as the overall Regulatory and Economic Capital Adequacy.

The Group's Board of Directors has delegated responsibility for the management of credit risk to the **Board Credit Committee**. The Board Credit Committee considers and approves all lending exposures, including treasury investment exposures, as well as insider-related credits in excess of limits assigned to the **Management Credit Committee** by the Board. Management Credit Committee formulates credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral, regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit set by the Board.

Financial Risk Management

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.

Risks arising from the Group's use of Financial Instruments

a) 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
- Institution alization 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 four components:

I. The 'Probability of Default' (PD),
II. Exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default' (EAD),
III. The likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD); and
IV. The emergence period (EP) which is the time it takes from the date a loss event occurred to the date the entity identifies it has occurred

The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

(i) Probability of Default (PD)

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

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

ii. Exposure at Default (EAD)

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

iii Loss Given Default (LGD)

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

iv Emergence Period (EP)

Emergence Period is the time period it takes from the date a loss event occurs to the date the entity identifies it has occurred. It has been shown that the emergence period for retail loans is generally lower than that of corporate loans. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II.

Risk Limit Control and Mitigation Policies

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

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

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

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

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

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

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

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity)
Management Credit Committee	Up to N1 Billion
Managing Director	Up to N500 Million
Deputy Managing Director	Up to N300 Million
Other Approving Officers	as delegated by the Managing Director

The above limits are subject to the following overriding approvals:

- The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.
- Totally new facilities require one-up approval i.e. approval at a level higher than that of the person

that would ordinarily approve it.

Other risk limit control and mitigation policies employed by the Bank are discussed below:

i) Master Netting Arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement. There were no netting arrangements as at the reporting date.

ii) 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. Other Contingent assets which include 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.

iii) Placements Limits

The Bank has placement lines for it's 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.

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 30 June 2014 and 31 December 2013.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**June-2014**	**Dec-2013**	**June-2014**	**Dec-2013**
Cash and cash equivalents:				
- Balances held with other banks	146,026,508	85,154,356	96,019,115	32,508,143
- Money market placements	179,205,847	159,532,334	167,465,507	147,526,495
Loans and advances to banks	6,421,346	5,596,476	26,036	16,976
Loans and advances to customers[1]:				
- Loans to individuals	74,422,138	68,040,897	59,605,450	54,348,678
- Loans to non-individuals	957,847,824	934,329,741	893,258,708	872,618,415
Financial assets held for trading				
- Debt securities	15,647,232	17,223,667	11,920,443	13,746,682
Investment securities:				
- Debt securities	419,306,873	452,360,796	368,522,077	403,689,666
Assets pledged as collateral:				
- Debt securities	39,613,861	28,442,629	39,608,382	28,440,947
Restricted deposits and other assets[2]	249,617,245	152,069,741	243,058,009	145,747,179
Total	**2,088,108,874**	**1,902,750,637**	**1,879,483,727**	**1,698,643,181**
Loans exposure to total exposure	50%	53%	51%	55%
Debt securities exposure to total exposure	23%	26%	22%	26%
Other exposures to total exposure	27%	21%	27%	19%

As shown above, 50% (Parent: 51%) of the total maximum exposures is derived from loans and advances to banks and customers (2013: 53% ; Parent: 55%); while 23% (Parent: 22%) represents exposure to investments in debt securities (2013: 26% ; Parent: 26%). The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and Debt securities.

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

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

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	Maximum exposure Group		Maximum exposure Parent	
	June-2014	**Dec-2013**	**June-2014**	**Dec-2013**
Financial guarantees	464,912,305	438,406,221	458,763,099	431,691,415
Other contingents	184,068,084	128,717,560	162,352,345	104,858,187
Total	**648,980,389**	**567,123,781**	**621,115,444**	**536,549,602**

Classification of Maximum Exposure on Loans to Customers by Product

Loans and advances have been classified into Overdraft, Loans and Others through out the Financials Statement.
- Overdraft are lines of credit which allow customers to write cheques for more than the actual balance on their accounts usually to finance working capital.
- Loans include non-revolving facilities given to finance specific transactions, capital projects or a customer's expansion Programme.
- Others include CBN Commercial Agric Credit Scheme (CACS) loans, Bank of Industry (BOI) and Usances.

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

	Group		Parent	
	June-2014	**Dec-2013**	**June-2014**	**Dec-2013**
Loans to individuals:				
Overdraft	7,133,735	4,733,911	3,881,070	3,330,937
Loans	67,245,132	63,178,782	55,724,380	51,017,741
Others	43,271	128,204	-	-
	74,422,138	68,040,897	59,605,450	54,348,678
Loans to non-individuals:				
Overdraft	159,151,179	121,829,749	120,115,050	94,261,465
Loans	689,628,659	662,593,834	678,181,240	650,729,873
Others	109,067,986	149,906,158	94,962,418	127,627,077
	957,847,824	934,329,741	893,258,708	872,618,415

Credit quality of Financial Assets

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

Balances held with other banks, Money Market placements and Investment Securities

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**June-2014**	**Dec-2013**	**June-2014**	**Dec-2013**
Counterparties with external credit rating (S&P)				
A-1	87,548,895	27,024,777	87,548,895	27,024,777
A-1+	851,274	559,622	851,274	559,622
A-2	-	110,562	-	110,562
A-3	186,116	182,812	186,116	182,812
Unrated	-	-	7,432,830	4,630,370
Other Sovereign Ratings	57,440,223	57,276,583	-	-
	146,026,508	**85,154,356**	**96,019,115**	**32,508,143**

Notes to the financial statements

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**June-2014**	**Dec-2013**	**June-2014**	**Dec-2013**
Counterparties with external credit rating (S&P)				
A-1+	39,930,646	40,039,222	39,930,646	40,039,222
A-1	50,012,527	79,364,138	50,012,527	79,364,138
A-2	14,669,520		14,669,520	-
A-3	24,444,303		24,444,303	-
	129,056,996	**119,403,360**	**129,056,996**	**119,403,360**
Counterparties with external credit rating (Fitch)				
AA-	8,505,616	-	8,505,616	-
AAA	8,016,849	-	8,016,849	-
B-	5,011,233	-	5,011,233	-
	21,533,698	**-**	**21,533,698**	**-**
Counterparties with external credit rating (Agusto)				
BBB-	2,003,932		2,003,932	-
	2,003,932	**-**	**2,003,932**	**-**
Soverign Ratings				
Nigeria (BB-) S&P	5,001,370	19,005,206	5,001,370	19,005,206
Other Soverign Ratings	21,609,851	21,123,768	-	**-**
	26,611,221	**40,128,974**	**5,001,370**	**19,005,206**
Counterparties without external credit rating				
Local Discount Houses	-	-	-	-
Foreign Subsidiaries	-	-	9,869,511	9,117,929
	-	**-**	**9,869,511**	**9,117,929**
	179,205,847	**159,532,334**	**167,465,507**	**147,526,495**

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		**June-2014**	**Dec-2013**	**June-2014**	**Dec-2013**
Counterparties with external credit rating (S&P):					
	B	409,500,090	440,337,559	358,715,294	391,666,429
Counterparties with external credit rating (Agusto):					
	A	9,806,783	12,023,237	9,806,783	12,023,237
		419,306,873	**452,360,796**	**368,522,077**	**403,689,666**

Of the Parent's Investment Securities of N368,522,077,000 (2013: N403,689,666,000), the sum of N358,715,294,000 (2013: N391,666,429,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of BB (S&P).

Credit Concentration

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

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

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

Credit risk exposure relating to On-Balance Sheet

Group

June-2014

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Balances held with other banks	96,037,741	9,940,183	40,048,584	146,026,508
- Money market placements	12,329,768	21,607,570	145,268,509	179,205,847
Loans and advances to banks	26,036	465,470	5,929,840	6,421,346
Loans and advances to customers [1] :				
- Loans to individuals	59,605,450	4,021,492	10,795,196	74,422,138
- Loans to non-individuals	890,954,825	66,892,999	-	957,847,824
Financial assets held for trading				
- Debt securities	11,920,443	3,726,789	-	15,647,232
Investment securities:				
- Debt securities	368,522,077	45,812,437	4,972,359	419,306,873
Assets pledged as collateral:				
- Debt securities	39,608,382	5,479	-	39,613,861
Restricted deposits and other assets[2]	243,058,009	6,312,395	246,841	249,617,245
	1,722,062,731	**158,784,814**	**207,261,329**	**2,088,108,874**

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Group
June-2014

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	458,763,099	6,149,206	-	464,912,305
Other contingents	162,352,345	18,286,482	3,429,257	184,068,084
	621,115,444	**24,435,688**	**3,429,257**	**648,980,389**

Classification of Credit Concentration on Loans to Customers by Product

Group
June-2014

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	3,881,070	933,637	2,319,028	7,133,735
Loans	55,724,380	3,044,584	8,476,168	67,245,132
Others	-	43,271	-	43,271
	59,605,450	4,021,492	10,795,196	74,422,138
Loans to non-individuals:				
Overdraft	117,811,168	41,340,011	-	159,151,179
Loans	678,181,238	11,447,421	-	689,628,659
Others	94,962,419	14,105,567	-	109,067,986
	890,954,825	66,892,999	-	957,847,824

Credit risk exposure relating to On-Balance Sheet

Group
Dec-2013

In thousands of Nigerian naira

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2013

Group

In thousands of Nigerian naira

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

Classification of Credit Concentration on Loans to Customers by Product

Group

In thousands of Nigerian naira

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

Credit risk exposure relating to On-Balance Sheet

Parent

June-2014

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Balances held with other banks	96,014,834	4,281	-	96,019,115
- Money market placements	12,329,768	488,790	154,646,949	167,465,507
Loans and advances to banks	26,036	-	-	26,036
Loans and advances to customers [1] :				
- Loans to individuals	59,605,450	-	-	59,605,450
- Loans to non-individuals	893,258,708	-	-	893,258,708
Financial assets held for trading:				
- Debt securities	11,920,443	-	-	11,920,443
Investment securities:				
- Debt securities	368,522,077	-	-	368,522,077
Assets pledged as collateral:				
- Debt securities	39,608,382	-	-	39,608,382
Restricted deposits and other assets[2]	243,058,009	-	-	243,058,009
	1,724,343,707	**493,071**	**154,646,949**	**1,879,483,727**

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

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

Notes to the financial statements

Credit risk exposure relating to Off-Balance Sheet

Parent
June-2014

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	458,763,099	-	-	458,763,099
Other contingents	162,352,345	-	-	162,352,345
	621,115,444	**-**	**-**	**621,115,444**

Classification of Credit Concentration on Loans to Customers by Product

Parent

June-2014

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	3,881,070	-	-	3,881,070
Loans	55,724,380	-	-	55,724,380
Others	-	-	-	-
	59,605,450	-	-	59,605,450
Loans to non-individuals:				
Overdraft	120,115,050	-	-	120,115,050
Loans	678,181,240	-	-	678,181,240
Others	94,962,418	-	-	94,962,418
	893,258,708	-	-	893,258,708

Credit risk exposure relating to On-Balance Sheet

Dec-2013

Parent

In thousands of Nigerian naira

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

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

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

Notes to the financial statements

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2013

Parent

In thousands of Nigerian naira

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

Dec-2013
Parent

In thousands of Nigerian naira

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

(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
June-2014
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	-	146,026,508	-	-	-	-	-	-	-	-	-	146,026,508
- Money market placements	-	170,884,057	-	-	8,321,790	-	-	-	-	-	-	179,205,847
Loans and advances to banks	-	5,955,832	-	-	-	-	-	-	-	-	465,514	6,421,346
Loans and advances to customers [3] :												
- Loans to individuals	82,294	-	317,979	8,480,654	207,755	97,866	294,707	19,113	-	59,605,450	5,316,320	74,422,138
- Loans to non-individuals	8,517,014	4,116,140	81,963,373	7,786,226	67,065,541	66,045,395	170,925,247	292,857,460	155,121,466	-	103,449,962	957,847,824
Financial assets held for trading												
- Debt securities	-	-	-	-	3,726,789	11,920,443	-	-	-	-	-	15,647,232
Investment securities:												
- Debt securities	-	13,987,568	-	-	-	404,471,040	-	-	-	-	848,265	419,306,873
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	39,613,861	-	-	-	-	-	39,613,861
Restricted deposits and other assets[4]	-	-	-	-	191,373	210,947,492	-	-	-	-	38,478,380	249,617,245
	8,599,308	**340,970,105**	**82,281,352**	**16,266,880**	**79,513,248**	**733,096,097**	**171,219,954**	**292,876,573**	**155,121,466**	**59,605,450**	**148,558,441**	**2,088,108,874**

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

Credit Risk Exposure to off-balance sheet items

Group
June-2014
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	110,169	4,577,664	250,303,851	473,907	27,733,141	1,784,967	12,109,685	74,666,656	6,760,030	408,338	85,983,897	464,912,305
Other contingents	2,002,118	62,839,518	1,589,509	200,663	12,880,111	1,027,003	47,913,842	36,665,556	2,461,151	69,625	16,418,988	184,068,084
Total	**2,112,287**	**67,417,182**	**251,893,360**	**674,570**	**40,613,252**	**2,811,970**	**60,023,527**	**111,332,212**	**9,221,181**	**477,963**	**102,402,885**	**648,980,389**

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

Group
June-2014
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	13,262	-	78,595	4,742	36,808	2,815	147,452	4,653	-	3,881,070	2,964,338	7,133,735
Loans	69,032	-	239,384	8,475,912	170,947	95,051	147,255	14,460	-	55,724,380	2,308,711	67,245,132
Others	-	-	-	-	-	-	-	-	-	-	43,271	43,271
	82,294	-	317,979	8,480,654	207,755	97,866	294,707	19,113	-	59,605,450	5,316,320	74,422,138
Loans to non-individuals:												
Overdraft	1,992,026	2,096,218	26,307,405	1,564,600	24,853,854	1,471,715	25,848,125	28,607,383	14,688,419	-	31,721,434	159,151,179
Loans	4,864,152	2,019,922	54,716,702	6,218,503	31,807,620	63,922,039	79,251,784	252,753,408	140,053,022	-	54,021,507	689,628,659
Others	1,660,836	-	939,266	3,123	10,404,067	651,641	65,825,338	11,496,669	380,025	-	17,707,021	109,067,986
	8,517,014	4,116,140	81,963,373	7,786,226	67,065,541	66,045,395	170,925,247	292,857,460	155,121,466	-	103,449,962	957,847,824

Credit Risk Exposure to on-balance sheet items

Group

Dec-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Balances held with other banks	-	85,154,356	-	-	-	-	-	-	-	-	-	85,154,356
- Money market placements	-	148,372,732	-	-	902,337	10,257,265	-	-	-	-	-	159,532,334
Loans and advances to banks	-	5,134,324	-	-	-	-	-	-	-	-	462,152	5,596,476
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	68,040,897	-	68,040,897
- Loans to non-individuals	7,417,120	3,594,459	67,263,903	10,424,654	57,203,752	86,217,123	174,513,227	289,744,935	141,852,816	-	96,097,752	934,329,741
Financial assets held for trading												
- Debt securities	-	-	-	-	3,476,985	13,746,682	-	-	-	-	-	17,223,667
Investment securities:												
- Debt securities	-	21,906,816	-	-	-	427,855,465	2,115,879	-	-	-	482,636	452,360,796
Assets pledged as collateral:												
- Debt securities	-	-	-	-	1,682	28,440,947	-	-	-	-	-	28,442,629
Restricted deposits and other assets[4]	-	-	-	-	148,592,788	797,761	-	-	-	-	2,679,192	152,069,741
	7,417,120	**264,162,687**	**67,263,903**	**10,424,654**	**210,177,544**	**567,315,243**	**176,629,106**	**289,744,935**	**141,852,816**	**68,040,897**	**99,721,732**	**1,902,750,637**

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

[2] Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items

Group
Dec-2013

In thousands of Nigerian naira

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

Group
Dec-2013
In thousands of Nigerian naira

Classification	Agriculture	Capital market & 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	-	-	-	-	-	-	-	-	-	4,733,911	-	4,733,911
Loans	-	-	-	-	-	-	-	-	-	63,178,782	-	63,178,782
Others	-	-	-	-	-	-	-	-	-	128,204	-	128,204
	-	-	-	-	-	-	-	-	-	68,040,897	-	68,040,897
Loans to non-individuals:												
Overdraft	2,748,970	1,367,483	16,771,503	1,089,043	19,518,927	937,729	25,308,867	20,531,478	13,971,284	-	19,584,465	121,829,749
Loans	1,430,900	2,226,976	46,906,076	8,998,283	19,392,547	84,424,714	69,619,873	246,615,961	125,510,774	-	57,467,730	662,593,834
Others	3,237,250	-	3,586,324	337,328	18,292,278	854,680	79,584,487	22,597,496	2,370,758	-	19,045,557	149,906,158
	7,417,120	3,594,459	67,263,903	10,424,654	57,203,752	86,217,123	174,513,227	289,744,935	141,852,816	-	96,097,752	934,329,741

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
June-2014

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	-	96,019,115	-	-	-	-	-	-	-	-	-	96,019,115
- Money market placements	-	167,465,507	-	-	-	-	-	-	-	-	-	167,465,507
Loans and advances to banks	-	26,036	-	-	-	-	-	-	-	-	-	26,036
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	59,605,450	-	59,605,450
- Loans to non-individuals	6,910,322	6,420,025	72,699,212	7,595,540	66,183,440	65,350,845	162,904,657	289,500,848	155,121,466	-	60,572,353	893,258,708
Financial assets held for trading												
- Debt securities	-	-	-	-	-	11,920,443	-	-	-	-	-	11,920,443
Investment securities:												
- Debt securities	-	-	-	-	-	368,522,077	-	-	-	-	-	368,522,077
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	39,608,382	-	-	-	-	-	39,608,382
Restricted deposits and other assets[4]	-	-	-	-	-	207,502,704	-	-	-	-	35,555,305	243,058,009
	6,910,322	**269,930,683**	**72,699,212**	**7,595,540**	**66,183,440**	**692,904,451**	**162,904,657**	**289,500,848**	**155,121,466**	**59,605,450**	**96,127,658**	**1,879,483,727**

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

[2] Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items

Parent
June-2014

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	350	4,577,664	249,000,249	425,015	26,813,128	1,770,115	11,318,147	74,432,419	6,760,030	408,338	83,257,644	458,763,099
Other contingents	1,688,170	61,434,456	1,337,032	47,777	9,628,310	-	47,365,085	36,640,113	2,461,151	69,625	1,680,626	162,352,345
Total	**1,688,520**	**66,012,120**	**250,337,281**	**472,792**	**36,441,438**	**1,770,115**	**58,683,232**	**111,072,532**	**9,221,181**	**477,963**	**84,938,270**	**621,115,444**

Parent

June-2014

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	-	-	-	-	-	-	-	-	-	3,881,070	-	3,881,070
Loans	-	-	-	-	-	-	-	-	-	55,724,380	-	55,724,380
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	59,605,450	-	59,605,450
Loans to non-individuals:												
Overdraft	475,923	4,400,103	18,241,042	1,414,959	24,183,516	1,382,896	19,776,429	25,509,644	14,688,419	-	10,042,119	120,115,050
Loans	4,773,563	2,019,922	53,551,474	6,180,581	31,595,857	63,316,308	77,873,620	252,494,535	140,053,022	-	46,322,358	678,181,240
Others	1,660,836	-	906,696	-	10,404,067	651,641	65,254,608	11,496,669	380,025	-	4,207,876	94,962,418
	6,910,322	6,420,025	72,699,212	7,595,540	66,183,440	65,350,845	162,904,657	289,500,848	155,121,466	-	60,572,353	893,258,708

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2013

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Balances held with other banks	-	32,508,143	-	-	-	-	-	-	-	-	-	32,508,143
- Money market placements	-	147,526,495	-	-	-	-	-	-	-	-	-	147,526,495
Loans and advances to banks	-	16,976	-	-	-	-	-	-	-	-	-	16,976
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	54,348,678	-	54,348,678
- Loans to non-individuals	4,005,807	4,874,808	57,883,528	10,014,749	56,510,394	85,410,940	165,291,557	288,736,138	141,852,816	-	58,037,678	872,618,415
Financial assets held for trading												
- Debt securities	-	-	-	-	-	13,746,682	-	-	-	-	-	13,746,682
Investment securities:												
- Debt securities	-	-	-	-	-	401,573,787	2,115,879	-	-	-	-	403,689,666
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	28,440,947	-	-	-	-	-	28,440,947
Restricted deposits and other assets[4]	-	-	-	-	-	144,773,099	-	-	-	-	974,080	145,747,179
	4,005,807	**184,926,422**	**57,883,528**	**10,014,749**	**56,510,394**	**673,945,455**	**167,407,436**	**288,736,138**	**141,852,816**	**54,348,678**	**59,011,758**	**1,698,643,181**

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

[2] Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2013
In thousands of Nigerian naira

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

Parent
Dec-2013

In thousands of Nigerian naira

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

Impairment and provisioning policies

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

1- Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

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

- **Past due but not impaired:**

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

- **Individually impaired:**

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

- **Collectively impaired:**

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

2- Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups

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

This classification is in line with disclosures in note 4 on page 94

of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

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

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

Realizable collaterals are important component of cashflows.

3- Loans with renegotiated terms

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

4- Write-off policy

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

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

Categorization of Loans and advances

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

Group

In thousands of Nigerian naira

	June-2014				Dec-2013			
	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	65,829,004	806,691,942	6,418,316	878,939,262	53,911,195	800,286,216	5,581,570	859,778,981
Past due but not impaired	186,098	2,860,270	-	3,046,368	196,518	3,054,478	-	3,250,996
Individually impaired	486,836	36,176,431	-	36,663,267	1,400,322	32,337,737	-	33,738,059
Collectively Impaired	8,590,396	139,638,929	3,042	148,232,367	13,831,865	121,168,812	14,917	135,015,594
Gross	**75,092,334**	**985,367,572**	**6,421,358**	**1,066,881,264**	**69,339,900**	**956,847,243**	**5,596,487**	**1,031,783,630**
Less allowances for impairment:								
Individually impaired	229,443	22,145,628	-	22,375,071	375,223	16,047,503	-	16,422,726
Portfolio allowance	440,753	5,374,120	12	5,814,885	923,780	6,469,999	11	7,393,790
Total allowance	**670,196**	**27,519,748**	**12**	**28,189,956**	**1,299,003**	**22,517,502**	**11**	**23,816,516**
Net Loans and Advances	**74,422,138**	**957,847,824**	**6,421,346**	**1,038,691,308**	**68,040,897**	**934,329,741**	**5,596,476**	**1,007,967,114**

The total impairment for loans and advances is N28,189,956,000 (2013: N23,816,516,000) of which 22,375,071,000 (2013: N16,422,726,000) represents the impairment on individually impaired loans and the remaining amount of N5,814,885,000 (2013: N7,393,790,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

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

Group

In thousands of Nigerian naira

	June-2014				Dec-2013			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to non-Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	63,446,459	600,528,500	16,365	663,991,324	51,420,661	585,515,457	-	636,936,118
Overdrafts	2,382,545	113,766,117	6,401,951	122,550,613	2,467,331	93,959,409	5,581,570	102,008,310
Others	-	92,397,325	-	92,397,325	23,203	120,811,350	-	120,834,553
Neither past due nor impaired	65,829,004	806,691,942	6,418,316	878,939,262	53,911,195	800,286,216	5,581,570	859,778,981
Loans	40,854	1,661,954	-	1,702,808	31,926	329,467	-	361,393
Overdrafts	144,701	820,109	-	964,810	164,021	732,644	-	896,665
Others	543	378,207	-	378,750	571	1,992,367	-	1,992,938
Past due but not impaired	186,098	2,860,270	-	3,046,368	196,518	3,054,478	-	3,250,996
Loans	106,874	21,425,153	-	21,532,027	445,553	20,007,817	-	20,453,370
Overdrafts	378,541	11,934,390	-	12,312,931	946,494	8,462,079	-	9,408,573
Others	1,421	2,816,888	-	2,818,309	8,275	3,867,841	-	3,876,116
Individually impaired	486,836	36,176,431	-	36,663,267	1,400,322	32,337,737	-	33,738,059
Loans	5,806,167	86,718,035	-	92,524,202	11,395,608	75,936,735	4,911	87,337,254
Overdrafts	2,782,757	38,444,551	3,042	41,230,350	2,429,994	33,827,101	10,006	36,267,101
Others	1,472	14,476,343	-	14,477,815	6,263	11,404,976	-	11,411,239
Collectively Impaired	8,590,396	139,638,929	3,042	148,232,367	13,831,865	121,168,812	14,917	135,015,594

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

	June-2014				Dec-2013			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to non-Individual	Loans to Banks	Total
Individually impaired:								
Loans	50,369	11,821,732	-	11,872,101	144,040	10,545,114	-	10,689,154
Overdrafts	178,404	9,180,154	-	9,358,558	229,360	3,966,149	-	4,195,509
Others[1]	670	1,143,742	-	1,144,412	1,823	1,536,240	-	1,538,063
	229,443	22,145,628	-	22,375,071	375,223	16,047,503	-	16,422,726
Portfolio allowance:								
Loans	266,250	3,966,163	-	4,232,413	514,115	4,044,803	-	4,558,918
Overdrafts	174,341	1,258,362	12	1,432,715	409,258	2,192,263	11	2,601,532
Others[1]	162	149,595	-	149,757	407	232,933	-	233,340
	440,753	5,374,120	12	5,814,885	923,780	6,469,999	11	7,393,790

Notes to the financial statements

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

Parent

In thousands of Nigerian naira

	June-2014				Dec-2013			
	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	51,904,377	751,146,155	23,006	803,073,538	41,594,451	762,729,504	2,070	804,326,025
Past due but not impaired	-	1,128,468	-	1,128,468	135,554	2,694,946	-	2,830,500
Individually impaired	-	31,323,955	-	31,323,955	516,579	24,359,475	-	24,876,054
Collectively Impaired	8,086,217	134,559,445	3,042	142,648,704	13,162,966	101,773,167	14,917	114,951,050
Gross	**59,990,594**	**918,158,023**	**26,048**	**978,174,665**	**55,409,550**	**891,557,092**	**16,987**	**946,983,629**
Less allowances for impairment:								
Individually impaired	-	19,936,757	-	19,936,757	180,579	12,947,786	-	13,128,365
Portfolio allowance	385,144	4,962,558	12	5,347,714	880,293	5,990,891	11	6,871,195
Total allowance	**385,144**	**24,899,315**	**12**	**25,284,471**	**1,060,872**	**18,938,677**	**11**	**19,999,560**
Net Loans and Advances	**59,605,450**	**893,258,708**	**26,036**	**952,890,194**	**54,348,678**	**872,618,415**	**16,976**	**926,984,069**

The total impairment for loans and advances is N25,284,471,000 (2013: N19,999,560,000) of which 19,936,757,000 (2013: N13,128,365,000) represents the impairment on individually impaired loans and the remaining amount of N5,347,714,000 (2013: N6,871,195,000) represents the portfolio allowance.
Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

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

Parent

In thousands of Nigerian naira

	June-2014				Dec-2013			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to non-Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	50,282,937	589,563,066	16,365	639,862,368	39,792,119	579,131,309	-	618,923,428
Overdrafts	1,621,440	80,957,304	6,641	82,585,385	1,802,332	63,039,076	2,070	64,843,478
Others	-	80,625,785	-	80,625,785	-	120,559,119	-	120,559,119
Neither past due nor impaired	51,904,377	751,146,155	23,006	803,073,538	41,594,451	762,729,504	2,070	804,326,025
Loans	-	615,294	-	615,294	25,679	168,853	-	194,532
Overdrafts	-	513,174	-	513,174	109,875	663,524	-	773,399
Others	-	-	-	-	-	1,862,569	-	1,862,569
Past due but not impaired	-	1,128,468	-	1,128,468	135,554	2,694,946	-	2,830,500
Loans	-	18,492,432	-	18,492,432	355,000	16,443,690	-	16,798,690
Overdrafts	-	11,074,364	-	11,074,364	161,579	6,928,263	-	7,089,842
Others	-	1,757,159	-	1,757,159	-	987,522	-	987,522
Individually impaired	-	31,323,955	-	31,323,955	516,579	24,359,475	-	24,876,054
Loans	5,695,486	83,648,115	-	89,343,601	11,327,069	67,272,124	4,911	78,604,104
Overdrafts	2,390,731	37,544,292	3,042	39,938,065	1,835,897	30,098,301	10,006	31,944,204
Others	-	13,367,038	-	13,367,038	-	4,402,742	-	4,402,742
Collectively Impaired	8,086,217	134,559,445	3,042	142,648,704	13,162,966	101,773,167	14,917	114,951,050

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

Notes to the financial statements

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

	June-2014				Dec-2013			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to non-Individual	Loans to Banks	Total
Individually impaired:								
Loans	-	10,486,743	-	10,486,743	124,096	9,160,378	-	9,284,474
Overdrafts	-	8,788,666	-	8,788,666	56,483	3,370,230	-	3,426,713
Others[1]	-	661,348	-	661,348	-	417,178	-	417,178
	-	19,936,757	-	19,936,757	180,579	12,947,786	-	13,128,365
Portfolio allowance:								
Loans	254,042	3,717,425	-	3,971,467	509,659	3,830,771	-	4,340,430
Overdrafts	131,102	1,185,419	12	1,316,533	370,634	2,100,155	11	2,470,800
Others[1]	-	59,714	-	59,714	-	59,965	-	59,965
	385,144	4,962,558	12	5,347,714	880,293	5,990,891	11	6,871,195

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

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

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

Group
June-2014
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	553,065	1,324,110	-	41,628,046	58,852,788	11,731,090	6,395,310	-	120,484,409
Very strong capacity	839,944	43,854,867	-	7,269,105	195,494,743	38,322,703	-	-	285,781,362
Strong repayment capacity	989,536	18,267,482	-	64,868,966	346,180,969	42,343,532	6,641	16,365	472,673,491
Total	**2,382,545**	**63,446,459**	**-**	**113,766,117**	**600,528,500**	**92,397,325**	**6,401,951**	**16,365**	**878,939,262**

Group
Dec-2013
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	178,424	1,425,420	-	11,866,467	51,819,381	2,735,809	5,579,500	-	73,605,001
Very strong capacity	593,259	35,028,413	-	7,439,484	161,721,856	36,018,511	-	-	240,801,523
Strong repayment capacity	1,695,648	14,966,828	23,203	74,653,458	371,974,220	82,057,030	2,070	-	545,372,457
Total	**2,467,331**	**51,420,661**	**23,203**	**93,959,409**	**585,515,457**	**120,811,350**	**5,581,570**	**-**	**859,778,981**

Parent
June-2014
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	14,751,052	50,245,330	1,177	-	-	64,997,559
Very strong capacity	763,274	43,423,774	-	3,251,926	194,469,736	38,322,703	-	-	280,231,413
Strong repayment capacity	858,166	6,859,163	-	62,954,326	344,848,000	42,301,905	6,641	16,365	457,844,566
Total	**1,621,440**	**50,282,937**	**-**	**80,957,304**	**589,563,066**	**80,625,785**	**6,641**	**16,365**	**803,073,538**

Parent
Dec-2013
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	7,605,496	50,440,480	2,674,815	-	-	60,720,791
Very strong capacity	493,863	34,574,183	-	2,437,721	160,515,819	36,018,511	-	-	234,040,097
Strong repayment capacity	1,308,469	5,217,936	-	52,995,859	368,175,010	81,865,793	2,070	-	509,565,137
Total	**1,802,332**	**39,792,119**	**-**	**63,039,076**	**579,131,309**	**120,559,119**	**2,070**	**-**	**804,326,025**

(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
June-2014
In thousands of Nigerian naira

Age	**Loans to Individual**	**Loans to Non-individual**	**Total**
0 - 90 days	109,155	1,690,651	1,799,806
91 - 180 days	52,823	940,117	992,940
181 - 365 days	24,120	229,502	253,622
	186,098	**2,860,270**	**3,046,368**
FV of collateral	322,833	6,026,244	6,349,077
Amount of undercollateralisation	-	-	-

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

Group
June-2014
In thousands of Nigerian naira

Age	**Loans to Individual**	**Loans to Non-individual**	**Total**
Loans			
0 - 90 days	7,536	597,038	604,574
91 - 180 days	21,212	855,598	876,810
181 - 365 days	12,106	209,318	221,424
	40,854	1,661,954	1,702,808
Overdrafts			
0 - 90 days	101,580	738,098	839,678
91 - 180 days	31,111	65,609	96,720
181 - 365 days	12,010	16,402	28,412
	144,701	820,109	964,810
Others			
0 - 90 days	39	355,515	355,554
91 - 180 days	500	18,910	19,410
181 - 365 days	4	3,782	3,786
	543	378,207	378,750

Notes to the financial statements

FV of collateral[1]			
Loans	61,810	3,043,253	3,105,063
Overdrafts	211,224	2,531,022	2,742,246
Others	49,799	451,969	501,768
	322,833	6,026,244	6,349,077
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Group
Dec-2013
In thousands of Nigerian naira

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

Notes to the financial statements

Group
Dec-2013
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	13,143	313,499	326,642
91 - 180 days	14,477	1,205	15,682
181 - 365 days	4,306	14,763	19,069
	31,926	329,467	361,393
Overdrafts			
0 - 90 days	126,624	659,380	786,004
91 - 180 days	35,265	58,612	93,877
181 - 365 days	2,132	14,652	16,784
	164,021	732,644	896,665
Others			
0 - 90 days	41	1,872,825	1,872,866
91 - 180 days	525	99,618	100,143
181 - 365 days	5	19,924	19,929
	571	1,992,367	1,992,938
FV of collateral[1]			
Loans	127,852	1,146,674	1,274,526
Overdrafts	170,171	2,127,081	2,297,252
Others	14,529	2,459,616	2,474,145
	312,552	5,733,371	6,045,923
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Notes to the financial statements

Parent
June-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	1,128,468	1,128,468
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**1,128,468**	**1,128,468**
FV of collateral	-	4,655,500	4,655,500
Amount of undercollateralisation	-	-	-

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

Parent
June-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	615,294	615,294
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	615,294	615,294
Overdrafts			
0 - 90 days	-	513,174	513,174
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	513,174	513,174
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	2,203,122	2,203,122
Overdrafts	-	2,452,378	2,452,378
Others	-	-	-
	-	4,655,500	4,655,500
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2013
In thousands of Nigerian naira

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

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

Parent
Dec-2013
In thousands of Nigerian naira

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

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

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

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

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

Group
June-2014
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	106,874	21,425,153	-	21,532,027
Overdraft	378,541	11,934,390	-	12,312,931
Others	1,421	2,816,888	-	2,818,309
	486,836	36,176,431	-	36,663,267
Impairment:				
Loans	50,369	11,821,732	-	11,872,101
Overdraft	178,404	9,180,154	-	9,358,558
Others	670	1,143,742	-	1,144,412
	229,443	22,145,628	-	22,375,071
Net Amount:				
Loans	56,505	9,603,421	-	9,659,926
Overdraft	200,137	2,754,236	-	2,954,373
Others	751	1,673,146	-	1,673,897
	257,393	14,030,803	-	14,288,196
FV of collateral[1]:				
Loans	596,789	21,282,781	-	21,879,570
Overdraft	2,113,789	7,435,116	-	9,548,905
Others	7,935	3,293,705	-	3,301,640
Undercollateralisation (gross)	2,718,513	32,011,602	-	34,730,115
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-

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

Notes to the financial statements

Group
Dec-2013
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	445,553	20,007,817	-	20,453,370
Overdraft	946,494	8,462,079	-	9,408,573
Others	8,275	3,867,841	-	3,876,116
	1,400,322	32,337,737	-	33,738,059
Impairment:				
Loans	144,040	10,545,114	-	10,689,154
Overdraft	229,360	3,966,149	-	4,195,509
Others	1,823	1,536,240	-	1,538,063
	375,223	16,047,503	-	16,422,726
Net Amount:				
Loans	301,513	9,462,703	-	9,764,216
Overdraft	717,134	4,495,930	-	5,213,064
Others	6,452	2,331,601	-	2,338,053
	1,025,099	16,290,234	-	17,315,333
FV of collateral[1]:				
Loans	452,933	14,626,295	-	15,079,228
Overdraft	962,171	3,826,178	-	4,788,349
Others	8,412	3,390,496	-	3,398,908
FV of collateral	1,423,516	21,842,969	-	23,266,485
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	669,752	-	424,715
Others	-	-	-	-
	-	-	-	-

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

Notes to the financial statements

Upon initial recognition of loans and advances, the fair value of collateral 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
June-2014
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	-	18,492,432	-	18,492,432
Overdraft	-	11,074,364	-	11,074,364
Others	-	1,757,159	-	1,757,159
	-	31,323,955	-	31,323,955
Impairment:				
Loans	-	10,486,743	-	10,486,743
Overdraft	-	8,788,666	-	8,788,666
Others	-	661,348	-	661,348
	-	19,936,757	-	19,936,757
Net Amount:				
Loans	-	8,005,689	-	8,005,689
Overdraft	-	2,285,698	-	2,285,698
Others	-	1,095,811	-	1,095,811
	-	11,387,198	-	11,387,198
FV of collateral[1]:				
Loans	-	15,419,115	-	15,419,115
Overdraft	-	6,040,061	-	6,040,061
Others	-	1,140,124	-	1,140,124
	-	22,599,300	-	22,599,300
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-

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

Notes to the financial statements

Parent
Dec-2013
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	355,000	16,443,690	-	16,798,690
Overdraft	161,579	6,928,263	-	7,089,842
Others	-	987,522	-	987,522
	516,579	24,359,475	-	24,876,054
Impairment:				
Loans	124,096	9,160,378	-	9,284,474
Overdraft	56,483	3,370,230	-	3,426,713
Others	-	417,178	-	417,178
	180,579	12,947,786	-	13,128,365
Net Amount:				
Loans	230,904	7,283,312	-	7,514,216
Overdraft	105,096	3,558,033	-	3,663,129
Others	-	570,344	-	570,344
	336,000	11,411,689	-	11,747,689
FV of collateral[1]:				
Loans	420,000	10,960,000	-	11,380,000
Overdraft	-	1,720,690	-	1,720,690
Others	-	537,809	-	537,809
	420,000	13,218,499	-	13,638,499
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	105,096	1,837,343	-	1,942,439
Others	-	32,535	-	32,535
	-	-	-	-

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

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

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Past due and impaired:				
Gross loans	36,663,267	33,738,059	31,323,955	24,876,054
Collateral	34,730,115	23,266,485	22,599,300	13,638,499
Undercollaterisation	(1,933,152)	(10,471,574)	(8,724,655)	(11,237,555)
Collectively impaired				
Gross loans	148,229,325	135,000,677	142,645,662	114,936,133
Collateral	327,217,354	303,171,779	282,422,292	247,642,912
Undercollaterisation	-	-	-	-

Credit collateral

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

Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Group. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Group. Client's account balances must be within the scope of cover provided by its collateral.

All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank. All cash collateralized facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

The main collateral types acceptable to the Bank for loans and advances include:

- Mortgages over residential properties
- Charges over business premises, fixed and floating assets as well as inventory.
- Charges over financial instruments such as equities, treasury bills etc.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the neighbourhood taking into cognizance the advantages and disadvantages of the comparatives over the subject property and any other factor which can have effect on the valuation e.g. subsequent movements in house prices, after making allowance for dilapidations. The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instrument.

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation.

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
June-2014

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	36,663,267	34,730,115	-	-
Against collectively impaired	148,229,325	327,217,354	3,042	-
Against past due but not impaired	3,046,368	6,349,077	-	-
Against neither past due nor impaired	872,520,946	1,773,622,620	6,418,316	540,514
Total	1,060,459,906	2,141,919,166	6,421,358	540,514

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

Group
Dec-2013

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	33,738,059	23,266,485	-	-
Against collectively impaired	135,000,677	303,171,779	14,917	-
Against past due but not impaired	3,250,996	6,045,923	-	-
Against neither past due nor impaired	854,197,411	1,337,722,727	5,581,570	502,152
Total	1,026,187,143	1,670,206,914	5,596,487	502,152

Parent
June-2014

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	31,323,955	22,599,300	-	-
Against collectively impaired	142,645,662	282,422,292	3,042	-
Against past due but not impaired	1,128,468	4,655,500	-	-
Against neither past due nor impaired	803,050,532	1,721,545,468	23,006	75,000
Total	978,148,617	2,031,222,560	26,048	75,000

Parent
Dec-2013

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

Notes to the financial statements

Group

In thousands of Nigerian Naira	Loans and advances to customers June-2014	Loans and advances to customers Dec-2013	Loans and advances to banks June-2014	Loans and advances to banks Dec-2013
Against individually impaired:				
Property	19,193,812	8,386,713	-	-
Debt securities	-	-	-	-
Equities	6,322,600	6,000,000	-	-
Treasury bills	-	-	-	-
Cash	1,572,348	-	-	-
Guarantees	5,982	-	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	295,755	973,841	-	-
Others	7,339,618	7,905,931	-	-
Total	**34,730,115**	**23,266,485**	**-**	**-**
Against collectively impaired:				
Property	228,360,208	224,565,721	-	-
Debt securities	-	-	-	-
Equities	1,944,751	1,835,905	-	-
Treasury bills	180,000	-	-	-
Cash	2,269,702	2,335,219	-	-
Guarantees	18,496,405	9,858,444	-	-
Negative pledge	95,316	-	-	-
ATC*, stock hypothecation and ISPO*	6,371,822	6,490,218	-	-
Others	69,499,150	58,086,272	-	-
Total	**327,217,354**	**303,171,779**	**-**	**-**
Against past due but not impaired:				
Property	6,349,077	5,909,048	-	-
Others	-	136,875	-	-
Total	**6,349,077**	**6,045,923**	**-**	**-**
Against neither past due nor impaired:				
Property	760,695,068	566,618,123	51,000	40,000
Debt securities	-	-	-	-
Equities	13,492,152	6,053,928	-	-
Treasury bills	1,242,100	1,050,700	-	-
Cash	8,909,300	15,950,477	24,000	462,152
Guarantees	151,097,158	56,606,450	-	-
Negative pledge	26,207,933	-	-	-
ATC*, stock hypothecation and ISPO*	9,745,484	46,032,543	-	-
Others	802,233,425	645,410,506	465,514	-
Total	**1,773,622,620**	**1,337,722,727**	**540,514**	**502,152**
Grand total	**2,141,919,166**	**1,670,206,914**	**540,514**	**502,152**

*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 June-2014	Loans and advances to customers Dec-2013	Loans and advances to banks June-2014	Loans and advances to banks Dec-2013
Against individually impaired:				
Property	9,313,700	2,058,000	-	-
Equities	6,322,600	6,000,000	-	-
ATC*, stock hypothecation and ISPO*	-	922,690	-	-
Others	6,963,000	4,657,809	-	-
Total	22,599,300	13,638,499	-	-
Against collectively impaired:				
Property	209,530,894	202,619,272	-	-
Equities	1,944,751	1,835,905	-	-
Treasury bills	180,000	-	-	-
Cash	581,244	490,122	-	-
Guarantees	13,674,226	3,197,858	-	-
Negative pledge	95,316	-	-	-
ATC*, stock hypothecation and ISPO*	6,371,822	6,490,218	-	-
Others	50,044,039	33,009,537	-	-
Total	282,422,292	247,642,912	-	-
Against past due but not impaired:				
Property	4,655,500	4,313,485	-	-
Others	-	136,875	-	-
Total	4,655,500	4,450,360	-	-
Against neither past due nor impaired:				
Property	722,343,319	528,052,740	51,000	40,000
Equities	13,492,152	6,053,928	-	-
Treasury bills	1,242,100	1,050,700	-	-
Cash	8,373,895	15,255,188	24,000	-
Guarantees	151,097,158	56,606,450	-	-
Negative pledge	26,207,933	-	-	-
ATC*, stock hypothecation and ISPO*	9,745,484	46,032,543	-	-
Others	789,043,427	634,699,586	-	-
Total	1,721,545,468	1,287,751,135	75,000	40,000
Grand total	2,031,222,560	1,553,482,906	75,000	40,000

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Summary of collaterals pledged against loans and advances

Analysis of credit collateral is further shown below:

Group
June-2014

		Loans and advances to customers				Loans and advances to banks		
In thousands of Nigerian Naira	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	12,273,308	4,860,667	2,059,837	19,193,812	-	-	-	-
Equities	2,411,386	3,911,214	-	6,322,600	-	-	-	-
Cash	837,379	454,802	280,167	1,572,348	-	-	-	-
Guarantees	3,186	1,730	1,066	5,982	-	-	-	-
ATC*, stock hypothecation and ISPO*	157,509	85,547	52,699	295,755	-	-	-	-
Others[1]	6,196,802	234,945	907,871	7,339,618	-	-	-	-
Total	**21,879,570**	**9,548,905**	**3,301,640**	**34,730,115**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	137,706,707	86,527,651	4,125,850	228,360,208	-	-	-	-
Equities	1,030,029	486,555	428,167	1,944,751	-	-	-	-
Treasury bills	129,791	50,209	-	180,000	-	-	-	-
Cash	1,376,104	592,742	300,856	2,269,702	-	-	-	-
Guarantees	5,895,848	7,106,538	5,494,019	18,496,405	-	-	-	-
Negative pledge	-	95,316	-	95,316	-	-	-	-
ATC*, stock hypothecation and ISPO*	3,025,046	2,630,110	716,666	6,371,822	-	-	-	-
Others	51,905,728	13,405,254	4,188,168	69,499,150	-	-	-	-
Total	**201,069,253**	**110,894,375**	**15,253,726**	**327,217,354**	**-**	**-**	**-**	**-**
Against past due but not impaired:								
Property	3,105,063	2,742,246	501,768	6,349,077	-	-	-	-
Total	**3,105,063**	**2,742,246**	**501,768**	**6,349,077**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	422,439,689	177,281,280	160,974,099	760,695,068	24,765	26,235	-	51,000
Equities	5,765,212	7,326,940	400,000	13,492,152	-	-	-	-
Treasury bills	474,571	767,529	-	1,242,100	-	-	-	-
Cash	3,172,733	5,633,381	103,186	8,909,300	24,000	-	-	24,000
Guarantees	104,522,671	14,574,070	32,000,417	151,097,158	-	-	-	-
Negative pledge	1,484,424	24,723,509	-	26,207,933	-	-	-	-
ATC*, stock hypothecation and ISPO*	7,125,152	2,620,332	-	9,745,484	-	-	-	-
Others[1]	541,461,002	179,621,059	81,151,364	802,233,425	465,514	-	-	465,514
Total	**1,086,445,454**	**412,548,100**	**274,629,066**	**1,773,622,620**	**514,279**	**26,235**	**-**	**540,514**
Grand total	**1,312,499,340**	**535,733,626**	**293,686,200**	**2,141,919,166**	**514,279**	**26,235**	**-**	**540,514**

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

Group
Dec-2013

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

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

Parent
June-2014

In thousands of Nigerian Naira	Term Loans	Loans and advances to customers Overdrafts	Others	Total	Term Loans	Loans and advances to banks Overdrafts	Others	Total
Against individually impaired:								
Property	7,011,501	2,002,839	299,360	9,313,700	-	-	-	-
Equities	2,411,386	3,911,214	-	6,322,600	-	-	-	-
Others[1]	5,996,228	126,008	840,764	6,963,000	-	-	-	-
Total	15,419,115	6,040,061	1,140,124	22,599,300	-	-	-	-
Against collectively impaired:								
Property	127,678,863	81,081,262	770,769	209,530,894	-	-	-	-
Equities	1,030,029	486,555	428,167	1,944,751	-	-	-	-
Treasury bills	129,791	50,209	-	180,000	-	-	-	-
Cash	476,889	104,355	-	581,244	-	-	-	-
Guarantees	3,327,722	5,711,720	4,634,784	13,674,226	-	-	-	-
Negative pledge	-	95,316	-	95,316	-	-	-	-
ATC*, stock hypothecation and ISPO*	3,025,046	2,630,110	716,666	6,371,822	-	-	-	-
Others[1]	41,544,606	7,777,853	721,580	50,044,039	-	-	-	-
Total	177,212,946	97,937,380	7,271,966	282,422,292	-	-	-	-
Against past due but not impaired:								
Property	2,203,122	2,452,378	-	4,655,500	-	-	-	-
Total	2,203,122	2,452,378	-	4,655,500	-	-	-	-
Against neither past due nor impaired:								
Property	402,014,870	166,188,016	154,140,433	722,343,319	24,765	26,235	-	51,000
Equities	5,765,212	7,326,940	400,000	13,492,152	-	-	-	-
Treasury bills	474,571	767,529	-	1,242,100	-	-	-	-
Cash	2,887,595	5,478,515	7,785	8,373,895	24,000	-	-	24,000
Guarantees	104,522,671	14,574,070	32,000,417	151,097,158	-	-	-	-
Negative pledge	1,484,424	24,723,509	-	26,207,933	-	-	-	-
ATC*, stock hypothecation and ISPO*	7,125,152	2,620,332	-	9,745,484	-	-	-	-
Others[1]	534,436,464	175,805,845	78,801,118	789,043,427	-	-	-	-
Total	1,058,710,959	397,484,756	265,349,753	1,721,545,468	48,765	26,235	-	75,000
Grand total	1,253,546,142	503,914,575	273,761,843	2,031,222,560	48,765	26,235	-	75,000

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

Parent

Dec-2013

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

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Notes to the consolidated financial statements

(b) Credit risk (continued)

Debt securities

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

Group
June-2014

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	638,040	9,955,379	-	10,593,419
State government bonds	-	9,499,200	-	9,499,200
Corporate bonds	-	4,396,387	-	4,396,387
AMCON bonds[1]	-	41,622,307	-	41,622,307
Treasury bills	15,009,192	353,833,600	39,613,861	408,456,653
	15,647,232	419,306,873	39,613,861	474,567,966

[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 2013: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2013: 1%).

Group
Dec-2013

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

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

Notes to the consolidated financial statements

Parent
June-2014

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	638,040	102,408	-	740,448
State government bonds	-	7,993,763	-	7,993,763
Corporate bonds	-	3,722,658	-	3,722,658
AMCON bonds[1]	-	41,622,307	-	41,622,307
Treasury bills	11,282,403	315,080,941	39,608,382	365,971,726
	11,920,443	368,522,077	39,608,382	420,050,902

[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 2013: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2013: 1%).

Parent
Dec-2013

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

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

(b) Liquidity risk

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

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

1. Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 30%. The Bank has also set for itself more stringent in-house limits above this regulatory requirement to which it adheres.

2. Monitoring of its cash flow and balance sheet trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank.

3. Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits

4. Regular monitoring of non-earning assets

5. Monitoring of deposit concentration

6. Ensure diversification of funding sources

7. Monitoring of level of undrawn commitments

8. Maintaining a contingency funding plan.

(i) Funding approach

The Bank's overall approach to funding is as follows:

1. Generation of large pool of low cost deposits.
2. Maintenance of efficiently diversified sources of funds along product lines, business segments and also regions to avoid concentration risk

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure during the period ended 30 June 2014.

The Group's Asset and Liability Management Committee (ALMAC) is charged with the responsibility of managing the Group's daily liquidity position. A daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALMAC. The Risk Management Group sets limits which are in conformity with the regulatory limits. The limits are monitored regularly and exceptions are reported to ALMAC as appropriate. In addition, gap reports are prepared monthly to measure the maturity mismatches between assets and liabilities. The cumulative gap over total assets is not expected to exceed 20%.

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of 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-2014	Dec-2013
At end of period	44.12%	50.31%
Average for the period	45.94%	49.67%
Maximum for the period	49.27%	55.44%
Minimum for the period	44.12%	43.99%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of Naira Liquid Assets to Local Currency Deposits and it is expressed in percentages.

Naira Liquid asset refers to local denominated assets that are cash and near to cash while Local Currency Deposits are Naira deposit liabilities generated from customer.

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
June-2014

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	366,259,317	383,581,581	305,402,195	62,738,225	12,166,268	3,274,893	-
Loans and advances to banks	24	6,421,346	6,422,170	6,416,790	2,095	3,285	-	-
Loans and advances to customers	25	1,032,269,962	1,178,141,433	373,608,559	141,517,980	153,380,222	473,925,754	35,708,918
Financial assets held for trading	26	15,647,232	16,454,685	6,789,925	6,950,595	1,627,669	447,350	639,146
Derivative financial assets	27	193,932	193,932	193,932	-	-	-	-
Investment securities:								
– Available for sale	28	349,717,706	359,222,892	235,422,889	95,338,404	17,607,537	3,403,044	7,451,018
– Held to maturity	28	75,475,856	83,805,619	11,204,458	49,792,741	3,209,404	14,804,640	4,794,376
Assets pledged as collateral	29	39,613,861	40,200,558	40,195,079	-	-	5,479	-
Restricted deposits and other assets[2]	34	248,443,968	248,443,970	32,637,801	641,222	7,534,856	1,999,385	205,630,706
		2,134,043,180	2,316,466,840	1,011,871,628	356,981,262	195,529,241	497,860,545	254,224,164
Financial liabilities								
Deposits from banks	35	24,637,167	24,818,477	18,870,883	3,320,126	2,627,468	-	-
Deposits from customers	36	1,543,813,494	1,545,688,705	1,479,063,278	26,988,467	36,032,619	3,604,341	-
Derivative financial liabilities	27	62,279	62,279	62,279	-	-	-	-
Debt securities issued	37	159,296,418	160,149,024	2,827	14,003,296	25,918	146,116,983	-
Other borrowed funds	40	82,958,322	115,061,047	3,554,536	6,190,293	12,138,498	59,275,568	33,902,152
Other liabilities	38	75,041,780	75,392,448	54,803,842	1,189,092	2,467,198	10,874,429	6,057,887
		1,885,809,460	1,921,171,980	1,556,357,645	51,691,274	53,291,701	219,871,321	39,960,039
Gap (asset - liabilities)				(544,486,017)	305,289,988	142,237,540	277,989,224	214,264,125
Cumulative liquidity gap				(544,486,017)	(239,196,029)	(96,958,489)	181,030,735	395,294,860

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2013

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	307,395,676	311,809,423	289,717,848	13,020,070	8,758,657	6,134	306,714
Loans and advances to banks	24	5,596,476	5,597,833	5,077,230	50,885	467,115	2,603	-
Loans and advances to customers	25	1,002,370,638	1,147,350,371	414,706,338	88,203,905	137,477,468	468,909,154	38,053,506
Financial assets held for trading	26	17,223,667	17,771,629	12,654,108	4,931,950	24,600	25,986	134,985
Derivative financial assets	27	170,101	172,021	172,021	-	-	-	-
Investment securities:								
– Available for sale	28	374,673,147	386,678,450	166,702,321	185,447,549	25,834,837	915,943	7,777,800
– Held to maturity	28	84,741,890	105,238,036	14,245,281	12,187,002	57,867,151	15,174,567	5,764,035
Assets pledged as collateral	29	28,442,629	29,151,682	10,000,000	19,150,000	-	-	1,682
Restricted deposits and other assets[2]	34	184,138,353	184,138,352	150,344,020	6,433,233	2,052,850	18,897,683	6,410,566
		2,004,752,577	2,187,907,797	1,063,619,167	329,424,594	232,482,678	503,932,070	58,449,288
Financial liabilities								
Deposits from banks	35	15,208,300	15,208,393	9,854,792	4,322,203	1,031,398	-	-
Deposits from customers	36	1,427,493,697	1,442,366,203	1,382,213,253	19,244,410	37,126,405	3,782,135	-
Derivative financial liabilities	27	3,883	3,895	3,895	-	-	-	-
Debt securities issued	37	156,498,167	158,342,222	5,574	897,330	14,070,927	143,368,391	-
Other borrowed funds	40	92,134,872	134,877,834	989,043	11,079,695	10,936,944	104,044,640	7,827,512
Other liabilities	38	61,014,954	61,015,163	20,158,740	29,780,885	1,356,405	9,715,169	3,964
		1,752,353,873	1,811,813,710	1,413,225,297	65,324,523	64,522,079	260,910,335	7,831,476
Gap (asset - liabilities)				(349,606,130)	264,100,071	167,960,599	243,021,735	50,617,812
Cumulative liquidity gap				(349,606,130)	(85,506,059)	82,454,540	325,476,275	376,094,087

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
June-2014

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	288,761,277	306,047,956	235,106,095	55,964,657	11,702,311	3,274,893	-
Loans and advances to banks	24	26,036	26,920	21,540	2,095	3,285	-	-
Loans and advances to customers	25	952,864,158	1,095,556,025	341,521,281	128,654,919	133,384,754	458,125,404	33,869,667
Financial assets held for trading	26	11,920,443	12,727,896	3,063,136	6,950,595	1,627,669	447,350	639,146
Derivative financial assets	27	193,932	193,932	193,932	-	-	-	-
Investment securities:								
– Available for sale	28	327,657,669	335,379,670	226,171,180	91,615,189	9,302,074	2,409,627	5,881,600
– Held to maturity	28	46,746,008	50,058,341	-	43,252,305	-	6,806,036	-
Assets pledged as collateral	29	39,608,382	40,150,000	40,150,000	-	-	-	-
Restricted deposits and other assets[2]	34	245,008,745	245,008,745	30,947,241	243,359	6,610,295	1,997,913	205,209,937
		1,912,786,650	2,085,149,485	877,174,405	326,683,119	162,630,388	473,061,223	245,600,350
Financial liabilities								
Deposits from banks	35	81,965	81,965	81,965	-	-	-	-
Deposits from customers	36	1,377,036,645	1,378,547,987	1,375,673,178	2,617,814	250,152	6,843	-
Derivative financial liabilities	27	62,279	62,279	62,279	-	-	-	-
Debt securities issued	37	13,228,726	13,997,641	-	13,997,641	-	-	-
Other borrowed funds	40	228,418,268	260,519,193	3,421,031	6,190,293	12,138,498	206,533,187	32,236,184
Other liabilities	38	61,267,192	61,611,626	52,577,690	391,078	390,989	2,193,982	6,057,887
		1,680,095,075	1,714,820,691	1,431,816,143	23,196,826	12,779,639	208,734,012	38,294,071
Gap (asset - liabilities)				(554,641,738)	303,486,293	149,850,749	264,327,211	207,306,279
Cumulative liquidity gap				(554,641,738)	(251,155,445)	(101,304,696)	163,022,515	370,328,794

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

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

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

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	228,609,551	233,023,188	225,407,213	5,919,821	1,696,154	-	-
Loans and advances to banks	24	16,976	18,380	9,307	1,507	4,963	2,603	-
Loans and advances to customers	25	926,967,093	1,067,797,258	392,702,569	74,561,102	121,693,472	443,619,222	35,220,893
Financial assets held for trading	26	13,746,682	14,294,645	9,177,124	4,931,950	24,600	25,986	134,985
Derivative financial assets	27	170,101	172,021	172,021	-	-	-	-
Investment securities:								
– Available for sale	28	364,056,362	373,566,304	162,566,944	184,006,288	22,031,922	-	4,961,150
– Held to maturity	28	46,682,498	62,075,462	2,131,068	-	52,446,262	7,498,132	-
Assets pledged as collateral	29	28,440,947	29,150,000	10,000,000	19,150,000	-	-	-
Restricted deposits and other assets[2]	34	180,318,664	180,318,664	148,147,117	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,008,874	1,960,415,922	950,313,363	294,681,894	199,309,968	470,014,227	46,096,470
Financial liabilities								
Deposits from banks	35	88,729	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	1,276,476,150	1,271,292,879	3,485,212	1,690,923	7,136	-
Derivative financial liabilities	27	3,883	3,895	3,895	-	-	-	-
Debt securities issued	37	13,233,595	14,942,276	-	888,638	14,053,638	-	-
Other borrowed funds	40	233,040,108	275,782,352	988,324	11,079,695	10,500,013	246,979,660	6,234,660
Other Liabilities	38	49,008,466	49,008,466	16,751,263	29,645,645	401,186	2,206,408	3,964
		1,557,301,816	1,616,301,868	1,289,125,090	45,099,190	26,645,760	249,193,204	6,238,624
Gap (asset - liabilities)				(338,811,727)	249,582,704	172,664,208	220,821,023	39,857,846
Cumulative liquidity gap				(338,811,727)	(89,229,023)	83,435,185	304,256,208	344,114,054

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

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

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
June-2014

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	366,259,317	286,982,703	62,779,595	12,203,941	3,797,766	495,312
Loans and advances to banks	24	6,421,346	6,416,346	1,875	3,125	-	-
Loans and advances to customers	25	1,032,269,962	354,265,478	125,006,133	127,221,983	393,496,549	32,279,819
Financial assets held for trading	26	15,647,232	3,031,741	7,354,244	4,623,212	346,651	291,384
Derivative financial assets	27	193,932	193,932	-	-	-	-
Investment securities:							
– Available for sale	28	349,717,706	231,836,364	92,348,651	16,781,366	2,181,305	6,570,020
– Loans and receivables	23	-	-	-	-	-	-
– Held to maturity	28	75,475,856	11,049,516	48,108,452	2,892,560	9,946,054	3,479,274
Assets pledged as collateral	29	39,613,861	39,608,382	-	-	5,479	-
Restricted deposits and other assets[2]	34	248,443,968	32,637,799	641,222	7,534,856	1,999,385	205,630,706
		2,134,043,180	966,022,261	336,240,172	171,261,043	411,773,189	248,746,515
Financial liabilities							
Deposits from banks	35	24,637,167	18,689,573	3,544,157	2,403,437	-	-
Deposits from customers	36	1,543,813,494	1,477,176,263	26,975,643	36,059,374	3,602,214	-
Derivative financial liabilities	27	62,279	62,279	-	-	-	-
Debt securities issued	37	159,296,418	-	13,228,726	-	146,067,692	-
Other borrowed funds	40	82,958,322	3,295,751	1,166,469	6,310,963	39,800,819	32,384,320
Other liabilities	38	75,041,780	54,760,940	1,148,514	2,388,061	10,686,378	6,057,887
		1,885,809,460	1,553,984,806	46,063,509	47,161,835	200,157,103	38,442,207
Gap (asset - liabilities)			(587,962,545)	290,176,663	124,099,208	211,616,086	210,304,308
Cumulative liquidity gap			(587,962,545)	(297,785,882)	(173,686,674)	37,929,412	248,233,720

[1] Includes balances with no specific contractual maturities
[2] Excludes prepayments
[3] Management of this liquidity gap is as disclosed in Note 4(c)

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
June-2014

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	464,912,305	84,744,226	43,135,789	47,992,831	289,039,459	-
Short term foreign currency related transactions	45	38,903,761	38,903,761	-	-	-	-
Clean line facilities and letters of credit	45	136,347,429	102,539,945	2,642,382	31,079,154	85,948	-
Other commitments	45	8,816,894	4,709,564	1,788,627	756,630	1,022,072	540,001
		648,980,389	230,897,496	47,566,798	79,828,615	290,147,479	540,001

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Group

Dec-2013

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	307,395,676	287,152,129	11,410,570	8,520,129	6,134	306,714
Loans and advances to banks	24	5,596,476	5,076,820	50,628	466,528	2,500	-
Loans and advances to customers	25	1,002,370,638	393,353,291	75,102,163	110,010,379	389,641,946	34,262,859
Financial assets held for trading	26	17,223,667	8,923,311	5,317,092	2,919,671	19,267	44,326
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale	28	374,673,147	164,207,494	178,162,155	23,614,897	42,673	8,645,928
– Held to maturity	28	84,741,890	14,058,383	12,026,838	44,558,792	10,397,702	3,700,175
Assets pledged as collateral	29	28,442,629	9,944,110	18,496,837	-	-	1,682
Restricted deposits and other assets[2]	34	184,138,353	150,344,021	6,433,233	2,052,850	18,897,683	6,410,566
		2,004,752,577	1,033,229,660	306,999,516	192,143,246	419,007,905	53,372,250
Financial liabilities							
Deposits from banks	35	15,208,300	9,854,698	4,876,773	476,829	-	-
Deposits from customers	36	1,427,493,697	1,367,487,360	19,126,749	37,101,602	3,777,986	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	156,498,167	-	68,595	13,165,000	143,264,572	-
Other borrowed funds	40	92,134,872	984,059	6,567,045	4,774,451	78,216,465	1,592,852
Other liabilities	38	61,014,954	20,158,531	29,780,885	1,356,405	9,715,169	3,964
		1,752,353,873	1,398,488,531	60,420,047	56,874,287	234,974,192	1,596,816
Gap (asset - liabilities)			(365,258,871)	246,579,469	135,268,959	184,033,713	51,775,434
Cumulative liquidity gap			(365,258,871)	(118,679,402)	16,589,557	200,623,270	252,398,704

[1] Includes balances with no specific contractual maturities

[2] Excludes prepayments

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

Residual contractual maturities of contingencies

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

Group
Dec-2013

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

[1] Includes balances with no specific contractual maturities

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
June-2014

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	288,761,277	217,929,924	55,935,121	11,637,632	3,258,600	-
Loans and advances to banks	24	26,036	21,036	1,875	3,125	-	-
Loans and advances to customers	25	952,864,158	325,026,086	111,559,021	106,699,166	379,001,442	30,578,443
Financial assets held for trading	26	11,920,443	3,031,741	6,733,460	1,517,207	346,651	291,384
Derivative financial assets	27	193,932	193,932	-	-	-	-
Investment securities:							
– Available for sale	28	327,657,669	222,629,144	88,670,422	8,566,864	1,909,639	5,881,600
– Held to maturity	28	46,746,008	-	41,724,717	-	5,021,291	-
Assets pledged as collateral	29	39,608,382	39,608,382	-	-	-	-
Restricted deposits and other assets[2]	34	245,008,745	30,947,241	243,359	6,610,295	1,997,913	205,209,937
		1,912,786,650	839,387,486	304,867,975	135,034,289	391,535,536	241,961,364
Financial liabilities							
Deposits from banks	35	81,965	81,965	-	-	-	-
Deposits from customers	36	1,377,036,645	1,374,206,443	2,580,026	243,952	6,224	-
Derivative financial liabilities	27	62,279	62,279	-	-	-	-
Debt securities issued	37	13,228,726	-	13,228,726	-	-	-
Other borrowed funds	40	228,418,268	3,162,254	1,166,469	6,310,963	187,060,230	30,718,352
Other liabilities	38	61,267,192	52,534,811	350,501	318,062	2,005,931	6,057,887
		1,680,095,075	1,430,047,752	17,325,722	6,872,977	189,072,385	36,776,239
Gap (asset - liabilities)			(590,660,266)	287,542,253	128,161,312	202,463,151	205,185,125
Cumulative liquidity gap			(590,660,266)	(303,118,013)	(174,956,701)	27,506,450	232,691,575

[1] Includes balances with no specific contractual maturities

[2] Excludes prepayments

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

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
June-2014

In thousands of Nigerian Naira		Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	458,763,099	84,081,670	41,398,997	46,600,085	286,682,347	-
Short term foreign currency related transactions	45	38,903,761	38,903,761	-	-	-	-
Clean line facilities and letters of credit	45	123,448,584	92,330,395	908,043	30,210,146	-	-
		621,115,444	215,315,826	42,307,040	76,810,231	286,682,347	-

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2013
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	228,609,551	222,841,603	4,310,321	1,457,627	-	-
Loans and advances to banks	24	16,976	8,850	1,250	4,376	2,500	-
Loans and advances to customers	25	926,967,093	374,873,788	61,031,154	93,779,786	365,809,717	31,472,648
Financial assets held for trading	26	13,746,682	8,923,310	4,737,919	21,860	19,267	44,326
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale	28	364,056,362	160,176,479	176,801,838	20,028,851	-	7,049,194
– Held to maturity	28	46,682,498	2,102,574	-	39,461,752	5,118,172	-
Assets pledged as collateral	29	28,440,947	9,944,110	18,496,837	-	-	-
Restricted deposits and other assets[2]	34	180,318,664	148,147,117	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,008,874	927,187,932	271,490,545	156,166,847	389,817,940	44,345,610
Financial liabilities							
Deposits from banks	35	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	1,256,834,971	3,397,584	1,688,171	6,309	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	13,233,595	-	68,595	13,165,000	-	-
Other borrowed funds	40	233,040,108	984,058	6,567,045	4,337,520	221,151,485	-
Other liabilities	38	49,008,466	16,751,263	29,645,645	401,186	2,206,408	3,964
		1,557,301,816	1,274,662,904	39,678,869	19,591,877	223,364,202	3,964
Gap (asset - liabilities)			(347,474,972)	231,811,676	136,574,970	166,453,738	44,341,646
Cumulative liquidity gap			(347,474,972)	(115,663,296)	20,911,674	187,365,412	231,707,058

[1] Includes balances with no specific contractual maturities

[2] Excludes Prepayments

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

Residual contractual maturities of contingencies

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

Parent
Dec-2013

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantee	45	431,691,415	34,123,411	22,384,301	51,749,377	49,377,487	274,056,839
Short term foreign currency related trans	45	27,469,212	27,469,212	-	-	-	-
Clean line facilities and letters of credit	45	77,388,975	32,158,735	14,505,589	598,040	30,126,611	-
		536,549,602	93,751,358	36,889,890	52,347,417	79,504,098	274,056,839

[1] Includes balances with no specific contractual maturities

(v) Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group
June-2014

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	366,259,317	288,779,922	62,276,374	11,944,421	3,258,600	-
Loans and advances to banks	24	6,421,346	6,421,346	-	-	-	-
Loans and advances to customers	25	1,032,269,962	982,103,550	14,179,588	18,183,848	16,101,600	1,701,376
Financial assets held for trading	26	15,647,232	6,758,530	6,733,460	1,517,207	346,651	291,384
Derivative financial assets	27	193,932	193,932	-	-	-	-
Investment securities:							
– Available for sale	28	349,717,706	231,836,364	92,348,651	16,781,366	2,181,305	6,570,020
– Held to maturity	28	75,475,856	11,049,516	48,108,452	2,892,560	9,946,054	3,479,274
Assets pledged as collateral	29	39,613,861	39,608,382	-	-	5,479	-
Restricted deposits and other assets[1]	34	248,443,968	32,637,799	641,222	7,534,856	1,999,385	205,630,706
		2,134,043,180	**1,599,389,341**	**224,287,747**	**58,854,258**	**33,839,074**	**217,672,760**
Financial liabilities							
Deposits from banks	35	24,637,167	18,913,604	3,320,126	2,403,437	-	-
Deposits from customers	36	1,543,813,494	1,476,872,861	27,048,145	36,290,274	3,602,214	-
Derivative financial liabilities	27	62,279	62,279	-	-	-	-
Debt securities issued	37	159,296,418	-	13,228,726	-	146,067,692	-
Other borrowed funds	40	82,958,322	4,961,719	1,166,468	6,310,963	39,800,819	30,718,353
Other liabilities	38	75,041,780	55,821,625	1,148,514	1,327,376	10,686,378	6,057,887
		1,885,809,460	**1,556,632,088**	**45,911,979**	**46,332,050**	**200,157,103**	**36,776,240**
		248,233,720	**42,757,253**	**178,375,768**	**12,522,208**	**(166,318,029)**	**180,896,520**

[1] Excludes Prepayments

Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group
Dec-2013

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	307,395,676	287,152,129	11,410,570	8,520,129	6,134	306,714
Loans and advances to banks	24	5,596,476	5,547,098	49,378	-	-	-
Loans and advances to customers	25	1,002,370,638	901,727,257	13,807,950	15,319,680	31,350,794	40,164,957
Financial assets held for trading	26	17,223,667	8,923,311	5,317,092	2,919,671	63,593	-
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale	28	374,673,147	164,258,023	178,004,813	23,721,710	42,673	8,645,928
– Held to maturity	28	84,741,890	14,058,383	12,026,838	44,558,792	10,397,702	3,700,175
Assets pledged as collateral	29	28,442,629	9,944,110	18,496,837	-	-	1,682
Restricted deposits and other assets[1]	34	184,138,353	150,344,021	6,433,233	2,052,850	18,897,683	6,410,566
		2,004,752,577	**1,542,124,433**	**245,546,711**	**97,092,832**	**60,758,579**	**59,230,022**
Financial liabilities							
Deposits from banks	35	15,208,300	9,854,699	4,322,203	1,031,398	-	-
Deposits from customers	36	1,427,493,697	1,367,487,361	19,126,749	37,101,602	3,777,985	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	156,498,167	-	68,595	13,165,000	143,264,572	-
Other borrowed funds	40	92,134,872	2,576,910	6,567,045	4,774,451	78,216,466	-
Other liabilities	38	61,014,954	20,158,531	29,780,885	1,356,405	9,715,169	3,964
		1,752,353,873	**1,400,081,384**	**59,865,477**	**57,428,856**	**234,974,192**	**3,964**
		252,398,704	**142,043,049**	**185,681,234**	**39,663,976**	**(174,215,613)**	**59,226,058**

[1] Excludes Prepayments

Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Parent
June-2014

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	288,761,277	217,929,924	55,935,121	11,637,632	3,258,600	-
Loans and advances to banks	24	26,036	26,036	-	-	-	-
Loans and advances to customers	25	952,864,158	952,864,158	-	-	-	-
Financial assets held for trading	26	11,920,443	3,031,741	6,733,460	1,517,207	346,651	291,384
Derivative financial assets	27	193,932	193,932	-	-	-	-
Investment securities:							
– Available for sale	28	327,657,669	222,629,144	88,670,422	8,566,864	1,909,639	5,881,600
– Held to maturity	28	46,746,008	-	41,724,717	-	5,021,291	-
Assets pledged as collateral	29	39,608,382	39,608,382	-	-	-	-
Restricted deposits and other assets[1]	34	245,008,745	30,947,241	243,359	6,610,295	1,997,913	205,209,937
		1,912,786,650	**1,467,230,558**	**193,307,079**	**28,331,998**	**12,534,094**	**211,382,921**
Financial liabilities							
Deposits from banks	35	81,965	81,965	-	-	-	-
Deposits from customers	36	1,377,036,645	1,374,206,443	2,580,026	243,952	6,224	-
Derivative financial liabilities	27	62,279	62,279	-	-	-	-
Debt securities issued	37	13,228,726	-	13,228,726	-	-	-
Other borrowed funds	40	228,418,268	3,162,254	1,166,468	6,310,963	187,060,230	30,718,353
Other liabilities	38	61,267,192	52,534,811	350,501	318,062	2,005,931	6,057,887
		1,680,095,075	**1,430,047,752**	**17,325,721**	**6,872,977**	**189,072,385**	**36,776,240**
		232,691,575	**37,182,806**	**175,981,358**	**21,459,021**	**(176,538,291)**	**174,606,681**

[1] Excludes prepayments

Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2013

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	228,609,551	222,841,603	4,310,321	1,457,627	-	-
Loans and advances to banks	24	16,976	16,976	-	-	-	-
Loans and advances to customers	25	926,967,093	883,208,749	-	-	6,378,574	37,379,770
Financial assets held for trading	26	13,746,682	8,923,310	4,737,919	21,860	63,593	-
Derivative financial assets	27	170,101	170,101	-	-	-	-
Investment securities:							
– Available for sale	28	364,056,362	160,176,479	176,801,838	20,028,851	-	7,049,194
– Held to maturity	28	46,682,498	2,102,574	-	39,461,752	5,118,172	-
Assets pledged as collateral	29	28,440,947	9,944,110	18,496,837	-	-	-
Restricted deposits and other assets[1]	34	180,318,664	148,147,117	6,111,226	1,412,595	18,868,284	5,779,442
		1,789,008,874	**1,435,531,019**	**210,458,141**	**62,382,685**	**30,428,623**	**50,208,406**
Financial liabilities							
Deposits from banks	35	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	1,256,834,972	3,397,584	1,688,171	6,308	-
Derivative financial liabilities	27	3,883	3,883	-	-	-	-
Debt securities issued	37	13,233,595	-	68,595	13,165,000	-	-
Other borrowed funds	40	233,040,108	984,057	6,567,045	4,337,520	221,151,486	-
Other liabilities	38	49,008,466	16,751,263	29,645,645	401,186	2,206,408	3,964
		1,557,301,816	**1,274,662,904**	**39,678,869**	**19,591,877**	**223,364,202**	**3,964**
		231,707,058	**160,868,115**	**170,779,272**	**42,790,808**	**(192,935,579)**	**50,204,442**

[1] Excludes prepayments

Notes to the financial statements

(c) 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.

(d) 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 period

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 period were successfully mitigated as mentioned above.

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

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

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the Group and equity price risk is subject to regular monitoring by Group Management Risk committee, but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

At 30 June, 2014, the group's interest rate risk arises principally from risk asset and borrowings (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions. Major assumptions underlying the sensitivity are as follows:

- 100 basis point changes in floating interest rate on assets and liabilities held at amortised cost; and Assets and liabilities accounted at fair value through profit or loss (December 2013 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 168.

  In arriving at the 100 basis point used for the sensitivity analysis of interest rate, the fluctuation in the interest rate of the Group's major assets and liabilities were considered as shown below:

- The prime lending rate on loans and advances which ranged between 16.50% and 16.95% over the period, a change of about 100 basis points is therefore desirable.

- The discount rate on various maturities of treasury bills ranged between 10.13% and 11.92% over the financial period as published by Central Bank of Nigeria (CBN) which represents a variability of about 100 basis points in the observed discount rates for the year.

- A 100 basis point proportional change in the cost of fund was also assumed as costs of funds seldom vary beyond100 basis point.

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

Group

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	**(344,066)**	**(283,569)**	**(755,569)**	**(645,593)**
Asset	(9,397,593)	(7,745,221)	(8,037,081)	(6,867,252)
Liabilities	9,053,527	7,461,652	7,281,511	6,221,659
Increase	**344,066**	**283,569**	**755,569**	**645,593**
Asset	9,397,593	7,745,221	8,037,081	6,867,252
Liabilities	(9,053,527)	(7,461,652)	(7,281,511)	(6,221,659)

Parent

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	**(214,684)**	**(181,250)**	**(655,955)**	**(567,674)**
Asset	(8,308,512)	(7,014,597)	(7,370,759)	(6,378,775)
Liabilities	8,093,828	6,833,347	6,714,804	5,811,101
Increase	**214,684**	**181,250**	**655,955**	**567,674**
Asset	8,308,512	7,014,597	7,370,759	6,378,775
Liabilities	(8,093,828)	(6,833,347)	(6,714,804)	(5,811,101)

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

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

Group	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(1,831,297)	(1,509,301)	(1,162,074)	(992,930)
Loans and advances to Banks	(32,107)	(26,461)	(20,717)	(17,702)
Loans and advances to Customers	(5,161,350)	(4,253,833)	(4,474,315)	(3,823,061)
Financial assets held for trading	(78,236)	(64,480)	(155,332)	(132,723)
Investment securities	(2,096,534)	(1,727,902)	(2,086,997)	(1,783,226)
Assets pledged as collateral	(198,069)	(163,243)	(137,646)	(117,611)
	(9,397,593)	**(7,745,221)**	**(8,037,081)**	**(6,867,252)**
Liabilities				
Deposits from banks	123,186	101,526	88,290	75,439
Deposits from customers	7,719,067	6,361,830	6,272,227	5,359,279
Debt securities issued	796,482	656,437	470,037	401,622
Other borrowed funds	414,792	341,859	450,958	385,319
	9,053,527	**7,461,652**	**7,281,511**	**6,221,659**
Total	**(344,066)**	**(283,569)**	**(755,569)**	**(645,593)**
Increase				
Assets				
Cash and cash equivalents	1,831,297	1,509,301	1,162,074	992,930
Loans and advances to Banks	32,107	26,461	20,717	17,702
Loans and advances to Customers	5,161,350	4,253,833	4,474,315	3,823,061
Financial assets held for trading	78,236	64,480	155,332	132,723
Investment securities:	2,096,534	1,727,902	2,086,997	1,783,226
Assets pledged as collateral	198,069	163,243	137,646	117,611
	9,397,593	**7,745,221**	**8,037,081**	**6,867,252**
Liabilities				
Deposits from banks	(123,186)	(101,526)	(88,290)	(75,439)
Deposits from customers	(7,719,067)	(6,361,830)	(6,272,227)	(5,359,279)
Debt securities issued	(796,482)	(656,437)	(470,037)	(401,622)
Other borrowed funds	(414,792)	(341,859)	(450,958)	(385,319)
	(9,053,527)	**(7,461,652)**	**7,281,511**	**6,221,659**
Total	**344,066**	**283,569**	**755,569**	**645,593**

Bank	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(1,443,806)	(1,218,957)	(901,781)	(780,416)
Loans and advances to Banks	(130)	(110)	(162)	(141)
Loans and advances to Customers	(4,764,321)	(4,022,356)	(4,241,548)	(3,670,705)
Financial assets held for trading	(59,602)	(50,320)	(136,790)	(118,381)
Investment securities	(1,842,610)	(1,555,654)	(1,952,832)	(1,690,013)
Assets pledged as collateral	(198,042)	(167,200)	(137,646)	(119,121)
	(8,308,512)	**(7,014,597)**	**(7,370,759)**	**(6,378,775)**
Liabilities				
Deposits from banks	410	346	7,155	6,192
Deposits from customers	6,885,183	5,812,928	5,792,108	5,012,585
Debt securities issued	66,144	55,843	66,144	57,242
Other borrowed funds	1,142,091	964,229	849,397	735,082
	8,093,828	**6,833,347**	**6,714,804**	**5,811,101**
Total	**(214,684)**	**(181,250)**	**(655,955)**	**(567,674)**
Increase				
Assets				
Cash and cash equivalents	1,443,806	1,218,957	901,781	780,416
Loans and advances to Banks	130	110	162	141
Loans and advances to Customers	4,764,321	4,022,356	4,241,548	3,670,705
Financial assets held for trading	59,602	50,320	136,790	118,381
Investment securities	1,842,610	1,555,654	1,952,832	1,690,013
Assets pledged as collateral	198,042	167,200	137,646	119,121
	8,308,512	**7,014,597**	**7,370,759**	**6,378,775**
Liabilities				
Deposits from banks	(410)	(346)	(7,155)	(6,192)
Deposits from customers	(6,885,183)	(5,812,928)	(5,792,108)	(5,012,585)
Debt securities issued	(66,144)	(55,843)	(66,144)	(57,242)
Other borrowed funds	(1,142,091)	(964,229)	(849,397)	(735,082)
	(8,093,828)	**(6,833,347)**	**6,714,804**	**5,811,101**
Total	**214,684**	**181,250**	**655,955**	**567,674**

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group manages the cash flow interest rate risk by reference to floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (primarily half yearly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 30 June 2014, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

In thousands of Nigerian Naira	**Jun-14 Pre-tax**	**Jun-14 Post-tax**	**Jun-13 Pre-tax**	**Jun-13 Post-tax**
Decrease	600,659	495,046	461,010	377,243
Increase	(600,659)	(495,046)	(461,010)	(377,243)

Parent

In thousands of Nigerian Naira	**Jun-14 Pre-tax**	**Jun-14 Post-tax**	**Jun-13 Pre-tax**	**Jun-13 Post-tax**
Decrease	599,152	505,844	455,160	381,481
Increase	(599,152)	(505,844)	(455,160)	(381,481)

Sensitivity Analysis of Trading Portfolio to Price and its Impact on Profit and Loss

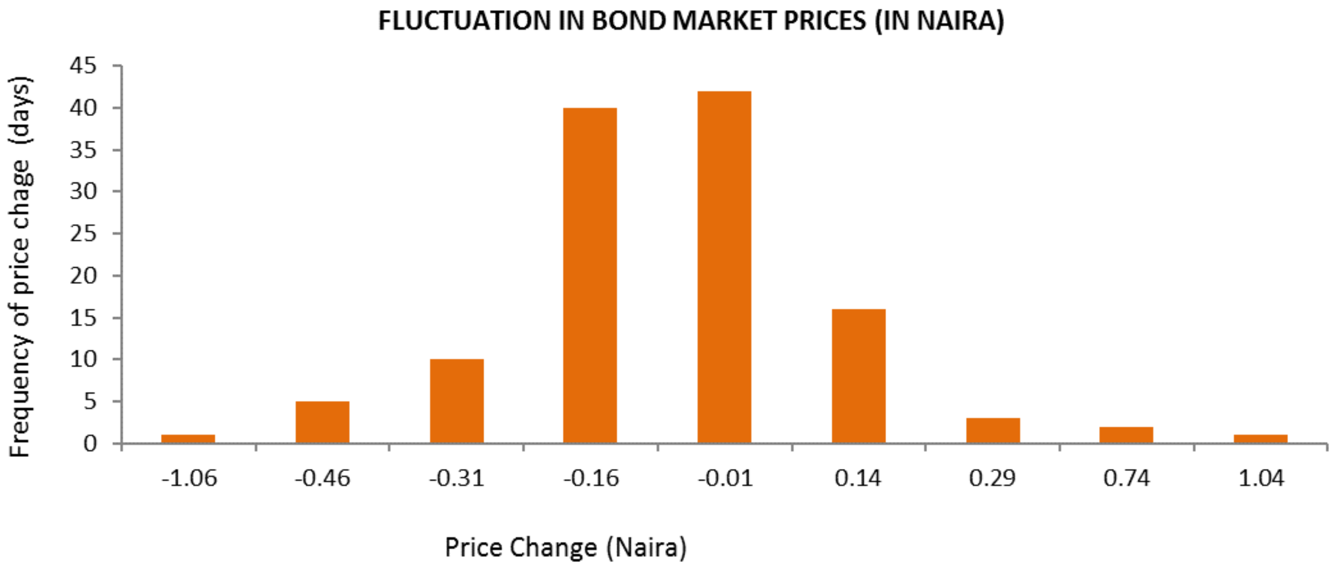
1. Held for Trade - Bond price sensitivity

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

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.

- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in bond prices. The graph below indicates that large proportion of changes in price falls within the range of ± 1 naira.

- The chosen reasonable change in market prices was then applied to the bank's holding of trading bonds as at end of the period.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 30 June 2014, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(5,689)	(4,656)	(6,837)	(5,845)
Increase	5,689	4,656	6,837	5,845

Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(5,689)	(4,768)	(6,837)	(5,917)
Increase	5,689	4,768	6,837	5,917

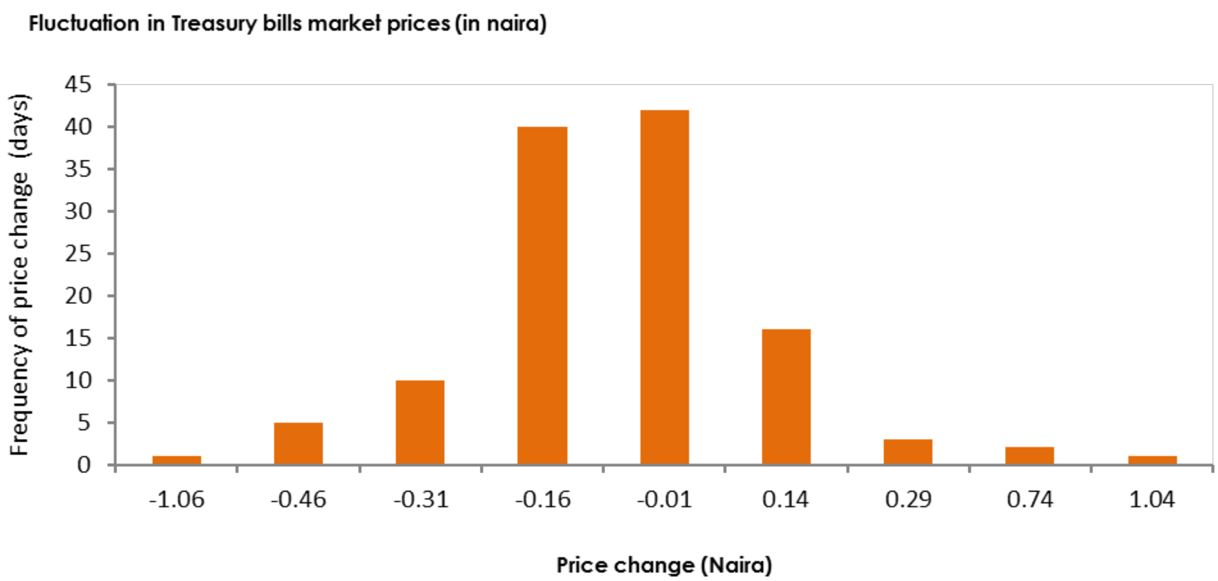
2. Held for Trade - Treasury bills discount rate / price sensitivity

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

- Daily market discount rates were obtained, converted to prices and trended for the different maturities of treasury bills in issue as at the reporting date.

- A reasonably possible change of 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls within the range of 100 basis points.

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



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 30 June 2014, if discount rates of treasury bills, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	43,351	35,474	21,230	18,151
Increase	(43,351)	(35,474)	(21,230)	(18,151)

Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(34,261)	(28,715)	21,230	18,373
Increase	34,261	28,715	(21,230)	(18,373)

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

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

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at June 30, 2014 and the comparative period in 2014. The Group carried out the following in determining sensitivity of the Group's Other comprehensive income to fluctuations in market prices of the financial assets:

Available for Sale Bonds to be fair valued through equity - Other Comprehensive Income (OCI)

ssss

- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in market prices. The results were that fluctuations were in the range of ± 1 naira.

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2014, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-2014 Pre-tax**	**Jun-2014 Post-tax**	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**
Decrease	(78,536)	(64,266)	(50,500)	(43,175)
Increase	78,536	64,266	50,500	43,175

Parent

In thousands of Nigerian Naira	**Jun-2014 Pre-tax**	**Jun-2014 Post-tax**	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**
Decrease	(64,119)	(53,740)	(50,500)	(43,704)
Increase	64,119	53,740	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 ± 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls in the range of ± 100 basis points.

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2014, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-2014 Pre-tax**	**Jun-2014 Post-tax**	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**
Decrease	723,004	591,630	578,836	494,873
Increase	(723,004)	(591,630)	(578,836)	(494,873)

Parent

In thousands of Nigerian Naira	**Jun-2014 Pre-tax**	**Jun-2014 Post-tax**	**Jun-2013 Pre-tax**	**Jun-2013 Post-tax**
Decrease	678,737	568,866	578,836	500,934
Increase	(678,737)	(568,866)	(578,836)	(500,934)

Sensitivity analysis of level 3 equity Instruments and its impact on OCI

The estimated fair value per share of each of the unquoted equity instruments has been determined using the relevant valuation models (where applicable/suitable). IFRS 13 outlines three approaches to fair value measurements. We have adopted the income approach in determining the fair values of these investments. Among the significant inputs into the models are the following:

1. Risk free rate (Rf) 2. Beta (B) coefficient 3. Market return (Rm)
4. Free cash flow (FCF) 5. Cost of debt/equity etc.

The inputs were used to determine appropriate weighted cost of capital which subsequently was used to discount the free cash flow to the company before arriving at the appropriate fair value of the share of the unquoted equity.

In determining the sensitivity of the fair value of the share of the unquoted equity to changes to the various inputs, we have assumed a 100 basis points increase or decrease to the risk premium (Rm-Rf), FCF e.t.c., the resultant impact to pre-tax and post-tax results arising from the sensitivity analysis are as shown in the table below:

Group

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(58,075)	47,523	-	-
Increase	58,075	47,523	-	-

Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(58,075)	(48,675)	-	-
Increase	58,075	48,675	-	-

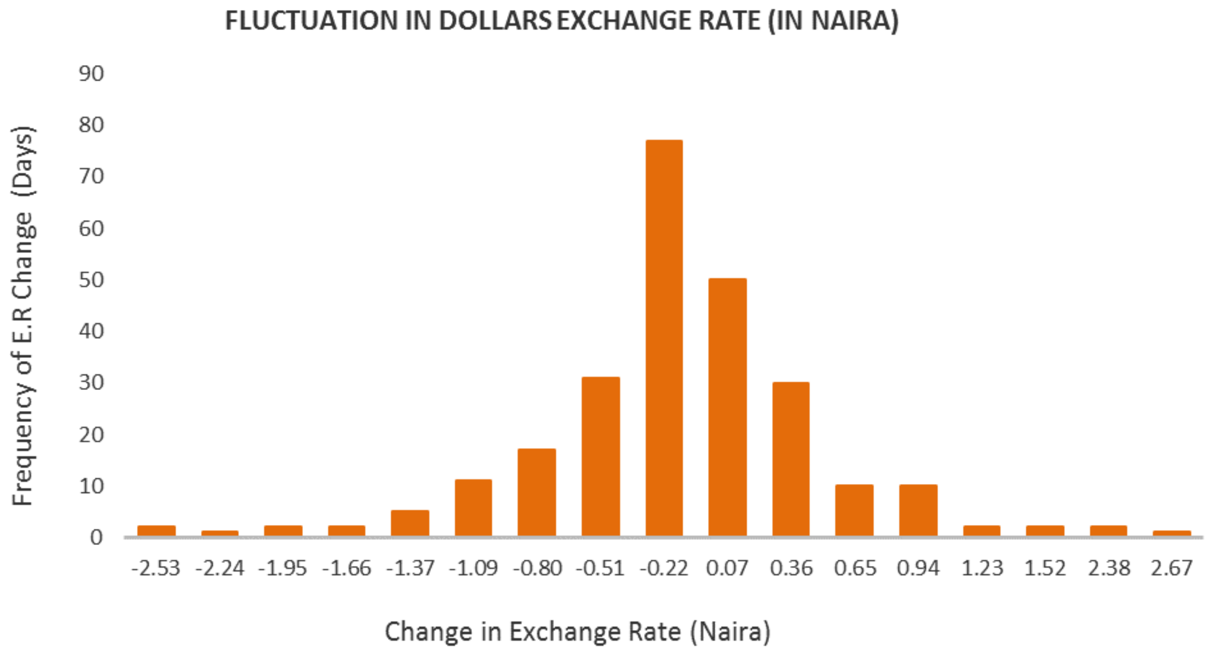
Exposure to foreign currency risk

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 one 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 period.



At 30 June 2014, 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-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(558,017)	(457,266)	(410,657)	(350,884)
Increase	558,017	457,266	410,657	350,884

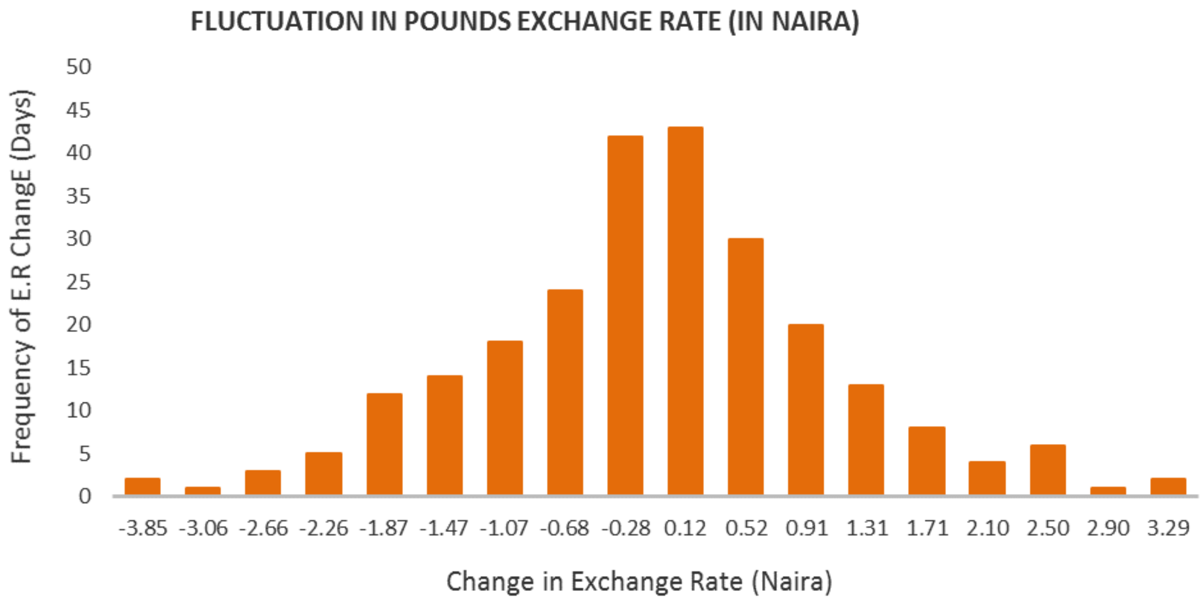
Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(550,897)	(461,721)	(400,921)	(346,963)
Increase	550,897	461,271	400,921	346,963

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 one 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 period.



At 30 June 2014, if the Naira had weakened/strengthened by one 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-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(17,662)	(14,473)	(15,771)	(13,476)
Increase	17,662	14,473	15,771	13,476

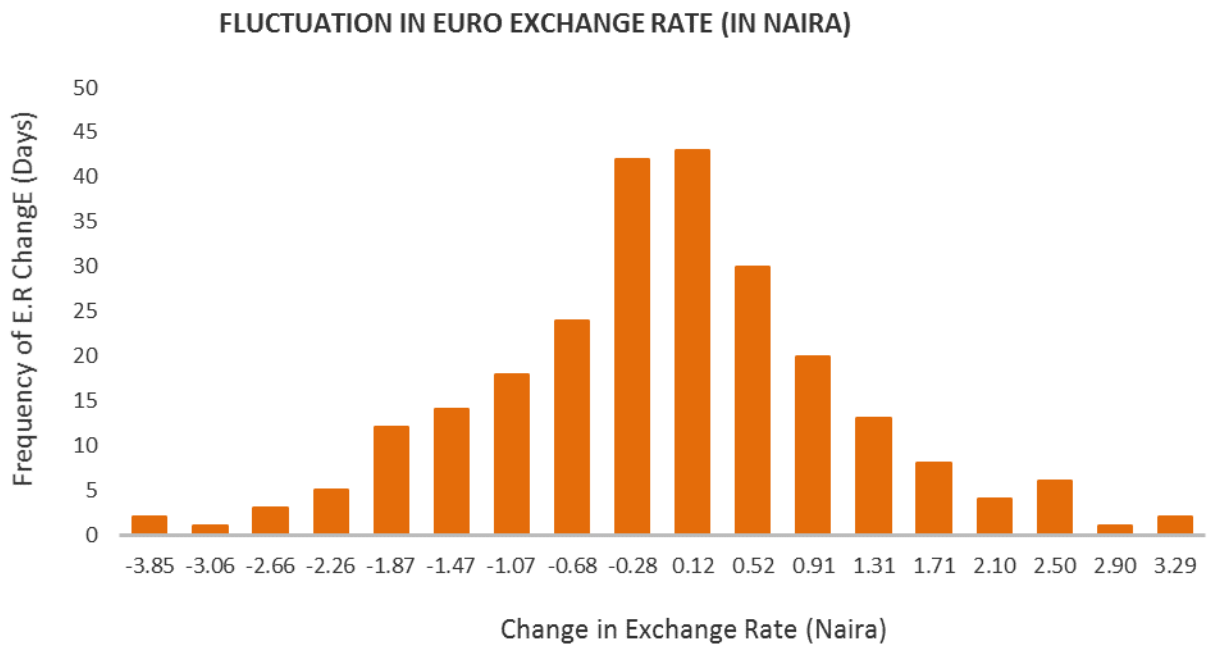
Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(17,942)	(15,038)	(16,052)	(13,891)
Increase	17,942	15,038	16,052	13,891

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 one 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 period.



At 30 June 2014, if the Naira had weakened/strengthened by one 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-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(29,632)	(24,282)	(21,296)	(18,196)
Increase	29,632	24,282	21,296	18,196

Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(29,586)	(24,797)	(21,250)	(18,390)
Increase	29,586	24,797	21,250	18,390

Foreign Exchange Profit or Loss (Other Currencies)

At 30 June 2014, if similar assumptions as above are made for 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-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(161,715)	(132,517)	(70,228)	(60,006)
Increase	161,715	132,517	70,228	60,006

Parent

In thousands of Nigerian Naira	Jun-2014 Pre-tax	Jun-2014 Post-tax	Jun-2013 Pre-tax	Jun-2013 Post-tax
Decrease	(161,563)	(135,410)	(70,228)	(60,776)
Increase	161,563	135,410	70,228	60,776

Sensitivity analysis of derivative valuations

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

The following table summarizes our derivatives financial instruments as of June 30, 2014 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favorable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar and an unfavorable change indicates a weakening of the Nigerian Naira against the U.S. Dollar. The selection of 0.6% or **=N=**1 favorable or unfavorable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

Jun-14
Total derivatives

		Fair Value		Favourable changes (Pre-tax)	Unfavourable changes (Pre-tax)	Favourable changes (Post-tax)	Unfavourable changes (Post-tax)
In thousands of Nigerian Naira	Notional Contract Amount	Asset	Liability	Income Statement	Income Statement	Income Statement	Income Statement
Total derivative assets/(liabilities) held for trading	29,654,607	193,932	(62,279)	235,609	(147,558)	198,916	(124,578)
Derivative assets/(liabilities)	**29,654,607**	**193,932**	**(62,279)**	**235,609**	**(147,558)**	**198,916**	**(124,578)**

Dec-13
Total derivatives

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

Parent
Jun-14
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	29,654,607	193,932	(62,279)	235,609	(147,558)	198,916	(124,578)
Derivative assets/(liabilities)	**29,654,607**	**193,932**	**(62,279)**	**235,609**	**(147,558)**	**198,916**	**(124,578)**

Dec-13
Total derivatives

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

The impact of the sensitivity analysis of the Group's derivatives held for trading that are outstanding at June 30, 2014, assuming a reasonable 0.6% favorable or unfavorable change in foreign exchange rates, would have been to increase the pre-tax fair values by up to =N=235,609,000 (2013 =N=25,012,000) or decrease their pre-tax fair values to =N=147,558,000 (2013 =N=25,042,000) respectively; with all the potential effect impacting profit and loss rather than equity.

Sensitivity of Exposure at default to changes in loan loss impairment

Exposure at default as stated on the statement of financial position is subject to interplay of three key variables: probability of default, loss given default, and emergence period. Therefore changes to these three key variables would directly impact the exposure at default as at reporting date

Sensitivity of Exposure at default - Probability of Default (PD)

The Group carried out the following activities in assessing the sensitivity of the Group's profit to fluctuations in the probability of default:

- The probability of default was obtained on a monthly basis.
- A possible change of five per cent was determined based on the distribution of monthly change in the probability of default.
- The chosen change in the probability of default was then applied to the bank's loan portfolio as at end of the year.

As at 30 June 2014, if probability of default increased or decreased by 5%, with all other variables (exposure at default, emergence period and loss given default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	37,022	30,295	31,269	26,718
Increase	(37,022)	(30,295)	(31,269)	(26,718)

Parent

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	33,963	28,466	30,815	26,668
Increase	(33,963)	(28,466)	(30,815)	(26,668)

Sensitivity of Exposure at default – Emergence Period (EP)

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

Notes to the financial statements

As at 30 June 2014, if the emergence period increased or decreased by 1 month, with all other variables (exposure at default, probability of default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	560,103	458,658	473,076	404,218
Increase	(560,103)	(458,658)	(473,076)	(404,218)

Parent

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	513,835	430,658	466,202	403,459
Increase	(513,835)	(430,658)	(466,022)	(403,459)

Sensitivity of Exposure at default – Loss Given Default (LGD)

The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss given default, assumed a 1% change in the loss given default. The chosen change in the loss given default was then applied to the bank's loan portfolio as at end of the year.

As at 30 June 2014, if the loss given default increased or decreased by one per cent, with all other variables (exposure at default, emergence period and probability of default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	(81,750)	(66,895)	(69,048)	(58,998)
Increase	81,750	66,895	69,048	58,998

Parent

In thousands of Nigerian Naira	Jun-14 Pre-tax	Jun-14 Post-tax	Jun-13 Pre-tax	Jun-13 Post-tax
Decrease	(74,997)	(62,857)	(68,045)	(58,887)
Increase	73,760	61,820	66,922	57,915

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

Group
June-2014
Financial instruments by currency
In thousands of Nigerian Naira

	Note	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	366,259,317	136,996,649	159,860,876	33,269,671	10,289,909	25,842,212
Loans and advances to banks	24	6,421,346	26,036	5,929,796	-	-	465,514
Loans and advances to customers	25	1,032,269,962	572,308,617	404,504,672	11,084,393	768,476	43,603,804
Financial assets held for trading	26	15,647,232	15,647,232	-	-	-	-
Derivative financial assets	27	193,932	-	191,545	-	2,387	-
Investment securities:							
– Available for sale	28	349,717,706	325,748,031	3,771,914	2,776,614	333,471	17,087,676
– Held to maturity	28	75,475,856	46,746,008	1,224,002	853,725	1,585,070	25,067,051
Assets pledged as collateral	29	39,613,861	39,608,382	-	-	-	5,479
Restricted deposits and other assets[2 & n]	34	248,443,968	217,544,740	25,348,303	339,219	4,228,042	983,664
		2,134,043,180	**1,354,625,695**	**600,831,108**	**48,323,622**	**17,207,355**	**113,055,400**
Deposits from banks	35	24,637,167	187,599	11,799,128	4,367,150	4,527,548	3,755,742
Deposits from customers	36	1,543,813,494	1,080,018,906	372,399,087	33,520,010	11,649,992	46,225,499
Derivative financial liabilities	27	62,279	-	62,279	-	-	-
Debt securities issued	37	159,296,418	13,228,726	145,703,493	-	-	364,199
Other borrowed funds	40	82,958,322	45,236,897	35,259,693	1,665,968	-	795,764
Other liabilities	38	75,041,780	31,502,080	36,193,322	647,140	4,226,234	2,473,004
		1,885,809,460	**1,170,174,208**	**601,417,002**	**40,200,268**	**20,403,774**	**53,614,208**

[2] Excludes prepayments [n] Excludes naira and fcy positions

Group

Dec-2013

Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	307,395,676	64,729,244	172,926,520	26,103,938	11,529,926	32,106,048
Loans and advances to banks	24	5,596,476	16,976	5,117,348	-	-	462,152
Loans and advances to customers	25	1,002,370,638	550,375,086	397,848,987	10,506,402	3,087,756	40,552,407
Financial assets held for trading	26	17,223,667	13,746,682	-	-	-	3,476,985
Derivative financial assets	27	170,101	-	170,101	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale	28	374,673,147	368,320,492	1,283,837	796,426	219,814	4,052,578
– Held to maturity	28	84,741,890	46,682,498	5,398,708	-	-	32,660,684
Assets pledged as collateral	29	28,442,629	28,440,947	-	-	-	1,682
Restricted deposits and other assets[2 & n]	34	184,138,353	142,628,814	33,191,334	1,538,063	3,688,628	3,091,514
		2,004,752,577	**1,214,940,739**	**615,936,835**	**38,944,829**	**18,526,124**	**116,404,050**
Deposits from banks	35	15,208,300	419,988	12,555,561	790,887	1,012,198	429,666
Deposits from customers	36	1,427,493,697	993,002,726	324,394,209	25,746,372	9,095,491	75,254,899
Derivative financial liabilities	27	3,883	3,475	408	-	-	-
Debt securities issued	37	156,498,167	13,233,595	142,899,380	-	-	365,192
Other borrowed funds	40	92,134,872	47,110,544	42,873,850	1,592,852	-	557,626
Other liabilities	38	61,014,954	18,871,921	33,511,254	621,367	3,906,348	4,104,064
		1,752,353,873	**1,072,642,249**	**556,234,662**	**28,751,478**	**14,014,037**	**80,711,447**

[2] Excludes prepayments [n] Excludes naira and fcy positions

Parent
June-2014
Financial instruments by currency
In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	288,761,277	135,206,839	128,093,729	17,223,380	7,883,353	353,976
Loans and advances to banks	24	26,036	26,036	-	-	-	-
Loans and advances to customers	25	952,864,158	569,526,674	382,445,452	279,732	612,244	56
Financial assets held for trading	26	11,920,443	11,920,443	-	-	-	-
Derivative financial assets	27	193,932	-	191,545	-	2,387	-
Investment securities:							
– Available for sale	28	327,657,669	325,748,031	1,909,638	-	-	-
– Held to maturity	28	46,746,008	46,746,008	-	-	-	-
Assets pledged as collateral	29	39,608,382	39,608,382	-	-	-	-
Restricted deposits and other assets[2 & n]	34	245,008,745	216,138,367	24,186,394	338,410	4,228,042	117,532
		1,912,786,650	**1,344,920,780**	**536,826,758**	**17,841,522**	**12,726,026**	**471,564**
Deposits from banks	35	81,965	81,965	-	-	-	-
Deposits from customers	36	1,377,036,645	1,041,940,122	313,567,398	13,080,726	8,447,729	670
Derivative financial liabilities	27	62,279	-	62,279	-	-	-
Debt securities issued	37	13,228,726	13,228,726	-	-	-	-
Other borrowed funds	40	228,418,268	42,276,736	186,141,532	-	-	-
Other liabilities	38	61,267,192	21,555,549	35,024,605	354,483	4,211,515	121,040
		1,680,095,075	**1,119,083,098**	**534,795,814**	**13,435,209**	**12,659,244**	**121,710**

[2] Excludes prepayments [n] Excludes naira and fcy positions

Parent

Dec-2013

Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	228,609,551	63,598,753	142,324,774	13,083,819	9,230,870	371,335
Loans and advances to banks	24	16,976	16,976	-	-	-	-
Loans and advances to customers	25	926,967,093	545,288,016	378,805,485	272,649	2,600,897	46
Financial assets held for trading	26	13,746,682	13,746,682	-	-	-	-
Derivative financial assets	27	170,101	-	170,101	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale	28	364,056,362	364,056,362	-	-	-	-
– Held to maturity	28	46,682,498	46,682,498	-	-	-	-
Assets pledged as collateral	29	28,440,947	28,440,947	-	-	-	-
Restricted deposits and other assets[2 & n]	34	180,318,664	142,615,932	31,504,045	1,427,704	3,688,627	1,082,356
		1,789,008,874	**1,204,446,166**	**552,804,405**	**14,784,172**	**15,520,394**	**1,453,737**
Deposits from banks	35	88,729	88,729	-	-	-	-
Deposits from customers	36	1,261,927,035	984,063,702	259,663,367	10,871,541	7,327,548	877
Derivative financial liabilities	27	3,883	3,475	408	-	-	-
Debt securities issued	37	13,233,595	13,233,595	-	-	-	-
Other borrowed funds	40	233,040,108	45,736,112	187,303,996	-	-	-
Other liabilities	38	49,008,466	11,246,880	32,843,038	308,735	3,896,516	713,297
		1,557,301,816	**1,054,372,493**	**479,810,809**	**11,180,276**	**11,224,064**	**714,174**

[2] Excludes prepayments [n] Excludes naira and fcy positions

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 period.

Capital adequacy ratio

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

Notes to the financial statements

Capital adequacy ratio

Group

In thousands of Nigerian Naira	***Note***	**June-2014**	**Dec-2013**
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	42,216,756	55,205,142
Treasury shares	41	(3,987,575)	(2,046,714)
Other reserves[1]	41	130,092,829	118,848,786
Non-controlling interests	41	5,064,658	5,083,577
Shareholders' funds		**311,573,372**	**315,277,495**
Add/(Less):			
Fair value reserve for available-for- sale securities	41	(2,696,935)	(3,025,907)
Intangible assets	32	(11,415,072)	(11,214,274)
Shareholders' funds		**297,461,365**	**301,037,314**
Tier 2 capital			
Fair value reserve for available-for-sale securities		2,696,935	3,025,907
Total		**2,696,935**	**3,025,907**
Total regulatory capital		**300,158,300**	**304,063,221**
Risk-weighted assets		**1,538,324,511**	**1,452,789,996**

Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		19.6%	20.9%
Total tier 1 capital expressed as a percentage of risk-weighted assets		19.4%	20.7%

[1] Excludes Regulatory Risk Reserve

Note: Tier 2 capital excludes Collective Impairment.

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. Please refer to page 180 for sensitivity analysis of the exposure at default to changes to the EP, LGD and PD.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that

trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy **3b(j)(ii).**
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy **3b (j)(iib).**
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy **3b (j)(iic).**

Details of the Group's classification of financial assets and liabilities are given in note **8** and sensitivity analysis are as stated on page 185.

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.

Notes to the financial statement

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)(iiib)

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

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

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

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

Notes to the financial statements

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

Group
June-2014
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	15,647,232	-	-	15,647,232
Derivative financial assets	27	193,932	-	-	193,932
Available-for-sale financial assets:					
-Investment securities-debt	28	335,630,452	6,290,926	-	341,921,378
-Investment securities-equity	28	-	-	5,807,547	5,807,547
Assets pledged as collateral	29	39,613,861	-	-	39,613,861
Total assets		**391,085,477**	6,290,926	**5,807,547**	**403,183,950**
Liabilities					
Derivative financial liabilities	27	62,279	-	-	62,279
Total liabilities		**62,279**	**-**	**-**	**62,279**

Group
Dec-2013
In thousands of Nigerian Naira

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

Parent
June-2014
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	11,920,443	-	-	11,920,443
Derivative financial assets	27	193,932	-	-	193,932
Available-for-sale financial assets:					
-Investment securities-debt	28	321,776,069	-	-	321,776,069
-Investment securities-equity	28	-	-	5,807,547	5,807,547
Assets pledged as collateral	29	39,608,382	-	-	39,608,382
Total assets		**373,498,826**	**-**	**5,807,547**	**379,306,373**
Liabilities					
Derivative financial liabilities	27	62,279	-	-	62,279
Total liabilities		**62,279**	**-**	**-**	**62,279**

Parent
Dec-2013
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	13,746,682	-	-	13,746,682
Derivative financial assets	27	170,101	-	-	170,101
Available-for-sale financial assets:					
-Investment securities-debt	28	352,204,680	4,802,488	-	357,007,168
-Investment securities-equity	28	-	-	6,975,141	6,975,141
Assets pledged as collateral	29	28,440,947	-	-	28,440,947
Total assets		**394,562,410**	4,802,488	**6,975,141**	**406,340,039**
Liabilities					
Derivative financial liabilities	27	3,883	-	-	3,883
Total liabilities		**3,883**	**-**	**-**	**3,883**

Reconciliation of Level 3 Items

-Available for sale financial assets

In thousands of Nigerian Naira

	June-2014	Dec-2013	June-2014	Dec-2013
At 1 January	6,975,141	-	6,975,141	-
Total gains or (losses)	-	-	-	-
in Profit and Loss	-	-	-	-
in OCI	(1,103,494)	3,964,232	(1,103,494)	3,964,232
Cost of Asset Additions / (Disposal)	(64,100)	3,010,909	(64,100)	3,010,909
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
	5,807,547	**6,975,141**	**5,807,547**	**6,975,141**

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

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3, our note on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. Items included in these arrangements are derivative financial instruments such as foreign currency forwards and swaps and non derivative financial instruments such as: loans and receivables (term loans and overdrafts) and deposit liabilities (term deposits)

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

Group

June 2014 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		8,759,472	6,571,878	2,187,594	-	-	-	2,187,594
Derivative financial assets (b)		193,932	-	193,932	62,279	-	-	131,653
Other Assets (c)		31,697,687	-	31,697,687	-	31,697,687	-	-
		40,651,091	**6,571,878**	**34,079,213**	**62,279**	**31,697,687**	**-**	**2,319,247**
Financial liabilities								
Derivative financial liabilities (b)		62,279	-	62,279	193,932	-	-	(131,653)
Other Liabilities (c)		31,697,687	-	31,697,687	31,697,687	-	-	-
		31,759,966	**-**	**31,759,966**	**31,891,619**	**-**	**-**	**(131,653)**

Group Dec-2013 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		30,029,166	6,066,421	23,962,745	-	-	-	23,962,745
Derivative financial assets (b)		170,101	-	170,101	3,883	-	-	166,218
Other Assets (c)		30,071,679	-	30,071,679	-	30,071,679	-	-
		60,270,946	**6,066,421**	**54,204,525**	**3,883**	**30,071,679**	**-**	**24,128,963**
Financial liabilities								
Derivative financial liabilities (b)		3,883	-	3,883	170,101	-	-	(166,219)
Other Liabilities (c)		30,071,679	-	30,071,679	30,071,679	-	-	-
		30,075,562	**-**	**30,075,562**	**30,241,780**	**-**	**-**	**(166,219)**

Parent

June 2014

In thousands of Nigerian Naira	*Note*	Gross amounts of Financial Assets	Gross amounts set off on the SOFP	Net amounts presented on the SOFP	Related amount not set off Related amount in the SOFP	Cash collateral	Financial Instrument Collateral	Net amount
Financial assets								
Cash and cash equivalents (a)		8,759,472	6,571,878	2,187,594	-	-	-	2,187,594
Derivative financial assets (b)		193,932	-	193,932	62,279	-	-	131,653
Other Assets (c)		31,697,687	-	31,697,687		31,697,687		-
		40,651,091	**6,571,878**	**34,079,213**	**62,279**	**31,697,687**	**-**	**2,319,247**
Financial liabilities								
Derivative financial liabilities (b)		62,279		62,279	193,932	-	-	(131,653)
Other Liabilities (c)		31,697,687		31,697,687	31,697,687	-	-	-
		31,759,966	**-**	**31,759,966**	**31,891,619**	**-**	**-**	**(131,653)**

Parent

Dec-2013

In thousands of Nigerian Naira	*Note*	Gross amounts of Financial Assets	Gross amounts set off on the SOFP	Net amounts presented on the SOFP	Related amount not set off Related amount in the SOFP	Cash collateral	Financial Instrument Collateral	Net amount
Financial assets								
Cash and cash equivalents (a)		30,029,166	6,066,421	23,962,745	-	-	-	23,962,745
Derivative financial assets (b)		170,101	-	170,101	3,883	-	-	166,218
Other Assets (c)		30,071,679	-	30,071,679	-	30,071,679	-	-
		60,270,946	**6,066,421**	**54,204,525**	**3,883**	**30,071,679**	**-**	**24,128,963**
Financial liabilities								
Derivative financial liabilities (b)		3,883	-	3,883	170,101	-	-	(166,219)
Other Liabilities (c)		30,071,679	-	30,071,679	30,071,679	-	-	-
		30,075,562	**-**	**30,075,562**	**30,241,780**	**-**	**-**	**(166,219)**

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

(b) GTBank Plc derivatives are subject to an enforceable master netting arrangement in the form of CBN regulated agreements with a derivative counterparty. Under the terms of the regulations offsetting of FX derivative contracts is permitted only in the event that the counterparty has indicated that it will not meet its obligations. As at the last bank valuation date, that is 31st December, 2013, derivatives held by the Bank amounted to N170,101,265. Due to changes in market prices from the transaction date to June 30, 2014, the fair value of the derivative asset increased to N 193,932,000 while that of the derivative liablility increased to N 62,279,000.

(c) Certain customers provide monies to the Bank to serve as cash collateral for their LC transactions. The Bank simultaneously increases its balances with the correspondent banks to reflect this. As such, the Bank intends to realise the asset and settle the liability simultaneously.

Disclosure Requirement for Level 2 and 3 Financial Instruments

Valuation control framework
The key elements of the control framework for the valuation of financial instruments include model validation, product implementation review and independent price verification. These functions are carried out by appropriately skilled finance team, independent of the business area responsible for the products.

Model validation covers both qualitative and quantitative elements relating to new models. In respect of new products, model validation examines the explanatory power of the implemented model, actively monitoring model parameters and comparing in-house pricing to external sources.

Independent price verification procedures cover financial instruments carried at fair value. The frequency of the review is matched to the availability of independent data, monthly being the minimum. Valuation differences in breach of established thresholds are escalated to senior management. The results from independent pricing and valuation reserves are reviewed monthly by senior management.

Valuation technique and Input used in Level 2 Fair Value Measurement
Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

Derivatives
Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

As at June 2014, the Group estimated the fair value of its Foreign exchange derivatives using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

Available for Sale State Government Bonds:
Where the price of a debt security is not readily available in an active market, the price of a similar asset is adopted in arriving at its fair value measurement.

As at December 2013, the Group disclosed its investment in Available for Sale State Government Bonds (N4,802,488) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of a similar asset in the market was adopted in arriving at the fair value due to the unavailability of a quoted market price

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:
The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the period ended 30 June 2014 using the income approach.

The Discounted Cash flow technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cashflow Technique (DCF)

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

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

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (see (2) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below)

Step 4: The terminal value was discounted to present value using the company's WACC

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e Firm value minus market value of debt = Equity value)

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

1. Free Cashflow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – FCInv – WCInv

Where:

NI = Net Income

NCC = Non Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment
WCI = Working Capital Investment

2. Weighted average Cost of Capital (WACC):

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

WACC= {(D/D+E) x ke} + {(E/D+E) x kd (1-T)}
Where:
D = Debt
E = Equity Value
Ke = Cost of Equity
Kd = Cost of Debt
T = Tax rate

3. *Capitalization Rate= WACC – g*

Terminal value = (FCFF5 X 1+G) divided by (WACC – g)

Where:

FCFF = Year 5 FCFF
g = Growth rate
WACC = *Weighted average Cost of Capital*

Valuation Assumptions – Discounted Cashflow

1. Risk free rate is the 12.09% yield on 10-year Federal Government of Nigeria Bond
2. Beta = 1 or greater than 1.
3. Market premium = 5% based on trend analysis and research of market premiums across the globe by IMD, Lausanne.
4. Growth rate used is growth rate in earnings between the latest year and comparative period.

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

In thousands of Nigerian Naira	Jun-14	Dec-13
Historical cost	(2,946,809)	(3,010,909)
Fair value as at 30-Jun-2014	5,807,547	6,975,140
Unrealized Fair Value Gain recognized in Equity (OCI)	2,860,738	3,964,231

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

In thousands of Nigerian Naira	Group Jun-14	Group Dec-13	Parent Jun-14	Parent Dec-13
Balance, beginning of the period	3,024,015	5,212,945	3,024,015	5,212,945
Reclassification to equity Securities at fair value through equity	-	(2,188,930)	-	(2,188,930)
Balance, end of the period	**3,024,015**	**3,024,015**	**3,024,015**	**3,024,015**

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

In thousands of Nigerian Naira	Group Jun-14	Group Dec-13	Parent Jun-14	Parent Dec-13
Balance, beginning of the period	269,248	1,090,810	264,201	1,086,180
Reclassification to equity Securities at fair value through equity	-	(821,979)	-	(821,979)
Disposals	(264,201)	-	(264,201)	-
Exchange difference- gain/(loss)*	42	417	-	-
Balance, end of the period	**5,089**	**269,248**	**0**	**264,201**

*Exchange gain is attributable to the translation of the investment in GIM UEMOA to Naira- the Group's reporting currency. GTBank Cote d'Ivoire is the investor in GIM UEMOA. The translated carrying amount of the investment in GIM UEMOA as at 31 Dec, 2013 was ₦5,047,000. The translated balance as at 30 June, 2014 is ₦5,089,000. This resulted in an exchange gain of ₦42,000 (i.e. ₦5,089,000 - ₦5,047,000).

During the period, the bank disposed its investment in ICHL. Details of disposal are shown below

In thousands of Nigerian Naira	**Jun-14**
Sales Proceed	282,564
Historical cost	264,201
Gain on Disposal	18,363

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

In thousands of Nigerian Naira	Group Jun-14	Group Dec-13	Parent Jun-14	Parent Dec-13
Balance, beginning of the period	6,975,140	-	6,975,140	-
Reclassification from unquoted (SMEEIS) equity investments	-	2,188,930	-	2,188,930
Reclassification from Other unquoted equity investments	-	821,979	-	821,979
Unrealized fair value gain/(Loss) - unquoted (SMEEIS) equity investments	-	991	-	991
'Unrealized fair value gain/(Loss) - other unquoted equity Investments	-	3,963,240	-	3,963,240
Incremental fair value gain	527,869	-	527,869	-
Write off	(31,887)	-	(31,887)	-
Disposals (fair value)	(1,663,576)	-	(1,663,576)	-
Balance, end of the period	**5,807,546**	**6,975,140**	**5,807,546**	**6,975,140**

The bank disposed of its investments in Kakawa Discount House Limited and derecognised its investment in Patrick Speech and Language Centre Limited within the reporting period; this resulted to a drop in the historical cost and fair values respectively.

Details of disposal of its investment in Kakawa discount House Limited are as shown below

In thousands of Nigerian Naira	**Jun-14**
Sales Proceed	1,364,000
Historical cost	34,100
Gain on Disposal	1,329,950

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 30 June 2014 of ₦2,860,738 (31 December, 2013: ₦3,964,231,228) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

Statement of Prudential Adjustment

In the prior financial year, the bank transferred the sum of N16,900,396,555.18 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity. The sum represents the difference between the Central Bank.

Of Nigeria (CBN) recommended Provision for Loan Losses amounting to N36,834,000,000 and the Loan Impairment allowance determined in accordance with provisions of IAS 39 amounting to N19,999,560,913. Of the amount recommended by the Central Bank of Nigeria, N9,216,774,000 relates to 1% GLLP on Performing Loans.

Of the N16,900,396,555.18 transferred to regulatory risk reserve above, N65,673,000 relates to additional provision on Other Known Losses recommended by CBN.

In the current reporting period, the Bank did an assessment of the balance in its regulatory risk reserve and found it adequate. Thus, there was no transfer from retained earnings to regulatory risk reserve.

The Reconciliation between the December 2013 CBN Recommended provisions and that under IFRS as at June 2014 is as shown in the table below:

	In thousands of Nigerian Naira	Reference	Specific	General	Total
a	**Loans and Advances:**				
	Provision per CBN Prudential Guidelines		27,617,509	9,216,774	36,834,283
	Impairment Allowance per IAS 39:				
	(Inclusive of Collective Allowance)	(Note 24 & 25)	25,284,470	-	25,284,470
	Amount required in Regulatory Risk Reserve[2]	(SOCIE - Page 65)	**2,333,039**	**9,216,774**	**11,549,813**

b. **Provision for Other Known Losses:**

Provision for Other Known Losses - CBN		**4,085,392**
Provision for Other Known Losses - IFRS		
Specific Impairment For Equities	(Note 28)	3,214,163
Impairment On Other Assets	(Note 34)	305,556
Fair Value Reserves	(SOCIE - Page 54)	500,000
Regulatory Risk Reserves	(SOCIE - Page 54)	65,673
		4,085,392
- Reversal of Specific impairment for Equities	(Note 28b)	(264,201)
Provision for Other Known Losses		**3,821,191**

[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.

c. **Movement in Regulatory Reserves**

	Specific	General	Others [1]	Total
Balance as at 1 January	7,617,949	9,216,774	65,673	16,900,396
Transfer during the period	-	-	-	-
Balance, end of the period	**7,617,949**	**9,216,774**	**65,673**	**16,900,396**

[1]Others represents Other Known Losses directed by the Central Bank of Nigeria

7. Operating segments

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

1. Interest income on impaired assets is not recognised under Nigerian GAAP while IFRS requires that such interest income be recognised in the income statement.

2. Provision for loan loss is determined based on Central Bank of Nigeria Prudential Guidelines under Nigerian GAAP while an incurred loss model is used in determining the impairment loss under IFRS.

3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Nigeria GAAP while under IFRS, credit related fees are recognised as part of effective interest or over the period of the contract depending on the nature of the contract.

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

The following summary describes the operations in each of the Group's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.

- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.

- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.

- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Reclassifications done in prior period 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
June-2014

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	66,140,313	28,581,750	20,969,428	6,524,591	8,283,350	130,499,432	-	130,499,432
Derived from other business segments	(2,306,051)	1,728,147	55,691	385,753	136,460	-	-	-
Total revenue	**63,834,262**	**30,309,897**	**21,025,119**	**6,910,344**	**8,419,810**	**130,499,432**	**-**	**130,499,432**
Interest expenses	(19,465,683)	(3,356,030)	(2,893,633)	(779,262)	(1,658,453)	(28,153,061)	-	(28,153,061)
Fee and commission expenses	(730,766)	(136,585)	(80,102)	(32,419)	12,198	(967,674)	-	(967,674)
Net operating income	**43,637,813**	**26,817,282**	**18,051,384**	**6,098,663**	**6,773,555**	**101,378,697**	**-**	**101,378,697**
Expense:								
Operating expenses	(7,965,912)	(15,716,083)	(8,564,735)	(4,246,446)	(2,878,860)	(39,372,036)	-	(39,372,036)
Net impairment loss on financial assets	(1,385,736)	(1,347,879)	(1,870,478)	(321,840)	(178,734)	(5,104,667)	-	(5,104,667)
Depreciation and amortization	(1,535,671)	(2,273,852)	(1,164,793)	(555,156)	(324,096)	(5,853,568)	-	(5,853,568)
Total cost	**(10,887,319)**	**(19,337,814)**	**(11,600,006)**	**(5,123,442)**	**(3,381,690)**	**(50,330,271)**	**-**	**(50,330,271)**
Profit before income tax from reportable segments	**32,750,494**	**7,479,468**	**6,451,378**	**975,221**	**3,391,865**	**51,048,426**	**-**	**51,048,426**
Tax	**(6,023,396)**	**(1,375,606)**	**(1,186,523)**	**(179,360)**	**(623,824)**	**(9,388,709)**	**-**	**(9,388,709)**
Profit after income tax from reportable segments	**26,727,098**	**6,103,862**	**5,264,855**	**795,861**	**2,768,041**	**41,659,717**	**-**	**41,659,717**
Assets and liabilities:								
Total assets	1,327,742,822	295,459,137	392,166,716	92,873,594	128,619,983	2,236,862,252	-	2,236,862,252
Total liabilities	(604,911,780)	(787,039,263)	(259,594,861)	(135,174,183)	(110,510,402)	(1,897,230,489)	-	(1,897,230,489)
Net assets/ (liabilities)	**722,831,042**	**(491,580,126)**	**132,571,855**	**(42,300,589)**	**18,109,581**	**339,631,763**	**-**	**339,631,763**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**4,378,158**	**974,260**	**1,293,148**	**306,246**	**424,117**	**7,375,929**	**-**	**7,375,929**
Assets:								
Loans and advances to banks	6,421,346	-	-	-	-	6,421,346	-	6,421,346
Loans and advances to customers	625,183,947	104,105,664	201,048,556	73,381,267	28,550,528	1,032,269,962	-	1,032,269,962
Others	696,137,529	191,353,473	191,118,160	19,492,327	100,069,455	1,198,170,944	-	1,198,170,944
	1,327,742,822	295,459,137	392,166,716	92,873,594	128,619,983	2,236,862,252	-	2,236,862,252
Liabilities:								
Deposits from banks	24,637,167	-	-	-	-	24,637,167	-	24,637,167
Deposits from customers	399,755,504	659,324,586	246,973,336	132,147,821	105,612,247	1,543,813,494	-	1,543,813,494
Others	180,519,109	127,714,677	12,621,525	3,026,362	4,898,155	328,779,828	-	328,779,828
	604,911,780	787,039,263	259,594,861	135,174,183	110,510,402	1,897,230,489	-	1,897,230,489

Group
June-2013

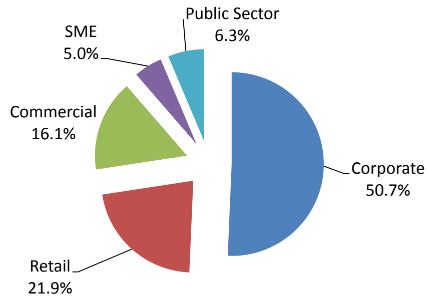
In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	50,627,498	28,503,495	25,308,506	6,839,398	9,339,796	120,618,693	-	120,618,693
Derived from other business segments	(6,359,088)	4,896,095	(334,427)	1,092,918	704,502	-	-	-
Total revenue	**44,268,410**	**33,399,590**	**24,974,079**	**7,932,316**	**10,044,298**	**120,618,693**	**-**	**120,618,693**
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	**32,100,112**	**29,328,687**	**20,305,307**	**6,908,303**	**8,024,850**	**96,667,259**	**-**	**96,667,259**
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	**23,067,819**	**12,312,969**	**10,000,792**	**3,011,413**	**4,934,991**	**53,327,984**	**-**	**53,327,984**
Tax	**(3,709,550)**	**(1,919,223)**	**(1,550,353)**	**(433,179)**	**(737,321)**	**(8,349,626)**	**-**	**(8,349,626)**
Profit after income tax from reportable segments	**19,358,269**	**10,393,746**	**8,450,439**	**2,578,234**	**4,197,670**	**44,978,358**	**-**	**44,978,358**
Assets and liabilities:								
Total assets	1,145,952,758	252,484,779	466,639,622	62,460,947	176,682,741	2,104,220,847	-	2,104,220,847
Total liabilities	(544,812,879)	(659,398,324)	(293,738,889)	(147,135,477)	(117,944,095)	(1,763,029,664)	-	(1,763,029,664)
Net assets/ (liabilities)	**601,139,879**	**(406,913,545)**	**172,900,733**	**(84,674,530)**	**58,738,646**	**341,191,183**	**-**	**341,191,183**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**8,384,948**	**3,679,217**	**2,224,210**	**745,040**	**1,375,484**	**16,408,899**	**-**	**16,408,899**
Dec-2013								
Assets:								
Loans and advances to banks	3,303,951	545,274	1,166,372	113,077	467,802	5,596,476	-	5,596,476
Loans and advances to customers	593,754,661	97,689,323	206,908,356	21,966,563	82,051,735	1,002,370,638	-	1,002,370,638
Others	548,894,146	154,250,182	258,564,894	40,381,307	94,163,204	1,096,253,733	-	1,096,253,733
	1,145,952,758	**252,484,779**	**466,639,622**	**62,460,947**	**176,682,741**	**2,104,220,847**	**-**	**2,104,220,847**
Liabilities:								
Deposits from banks	15,208,300	-	-	-	-	15,208,300	-	15,208,300
Deposits from customers	346,170,895	593,837,378	249,449,338	138,364,408	99,671,678	1,427,493,697	-	1,427,493,697
Others	183,433,684	65,560,946	44,289,551	8,771,069	18,272,417	320,327,667	-	320,327,667
	544,812,879	**659,398,324**	**293,738,889**	**147,135,477**	**117,944,095**	**1,763,029,664**	**-**	**1,763,029,664**

Operating segments (Continued)

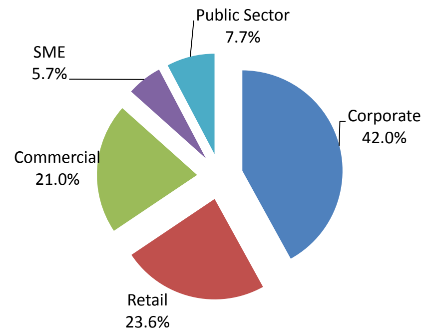
Information about operating segments

External Revenue

Group
June-2014

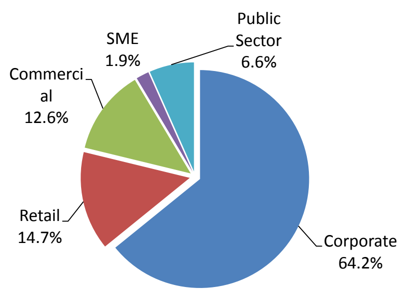


Group
June-2013

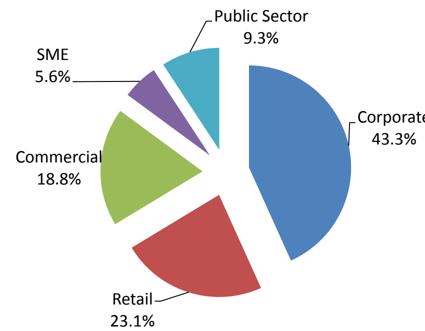


Profit before tax

Group
June-2014

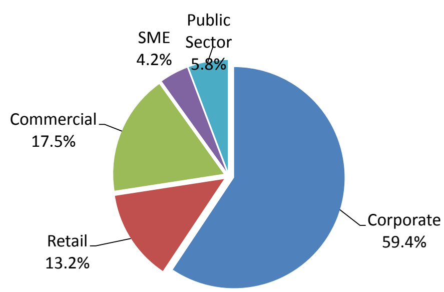


Group
June-2013

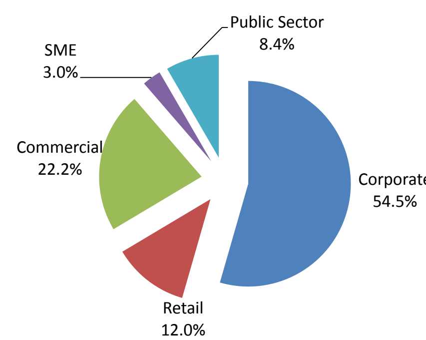


Assets

Group
June-2014

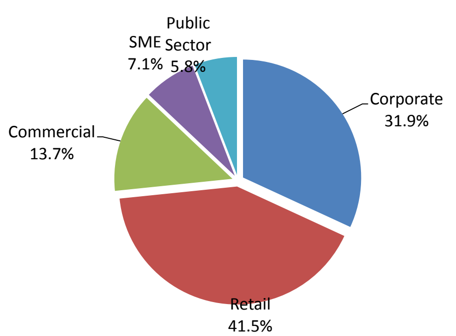


Group
Dec-2013

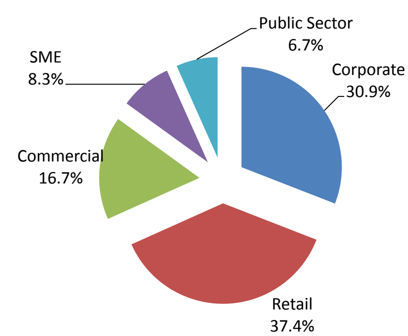


Liabilities

Group
June-2014



Group
Dec-2013



Operating segments (Continued)

Information about operating segments

Parent
June-2014

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	58,016,749	27,605,323	18,365,075	5,897,770	8,077,376	117,962,293	-	117,962,293
Derived from other business segments	(2,096,411)	1,571,043	50,629	350,684	124,055	-	-	-
Total revenue	**55,920,338**	**29,176,366**	**18,415,704**	**6,248,454**	**8,201,431**	**117,962,293**	**-**	**117,962,293**
Interest expenses	(17,292,974)	(2,981,438)	(2,570,653)	(692,283)	(1,473,341)	(25,010,689)	-	(25,010,689)
Fee and commission expenses	(624,089)	(116,647)	(68,409)	(27,687)	10,417	(826,415)	-	(826,415)
Net operating income	**38,003,275**	**26,078,281**	**15,776,642**	**5,528,484**	**6,738,507**	**92,125,189**	**-**	**92,125,189**
Expense:								
Operating expenses	(6,683,201)	(13,161,349)	(7,180,911)	(3,557,397)	(2,412,242)	(32,995,100)	-	(32,995,100)
Net impairment loss on financial assets	(1,266,282)	(1,272,814)	(1,934,171)	(316,543)	(228,063)	(5,017,873)	-	(5,017,873)
Depreciation and amortization	(1,362,561)	(2,017,528)	(1,033,490)	(492,575)	(287,561)	(5,193,715)	-	(5,193,715)
Total cost	**(9,312,044)**	**(16,451,691)**	**(10,148,572)**	**(4,366,515)**	**(2,927,866)**	**(43,206,688)**	**-**	**(43,206,688)**
Profit before income tax from reportable segments	**28,691,231**	**9,626,590**	**5,628,070**	**1,161,969**	**3,810,641**	**48,918,501**	**-**	**48,918,501**
Tax	**(4,665,950)**	**(1,565,537)**	**(915,272)**	**(188,967)**	**(619,711)**	**(7,955,437)**	**-**	**(7,955,437)**
Profit after income tax from reportable segments	**24,025,281**	**8,061,053**	**4,712,798**	**973,002**	**3,190,930**	**40,963,064**	**-**	**40,963,064**
Assets and liabilities:								
Total assets	1,295,556,943	288,269,037	294,829,432	53,803,701	96,369,737	2,028,828,850	-	2,028,828,850
Total liabilities	(558,706,214)	(687,826,141)	(232,474,695)	(121,052,384)	(98,965,256)	(1,699,024,690)	-	(1,699,024,690)
Net assets/ (liabilities)	**736,850,729**	**(399,557,104)**	**62,354,737**	**(67,248,683)**	**(2,595,519)**	**329,804,160**	**-**	**329,804,160**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**3,861,965**	**859,310**	**878,866**	**160,385**	**287,271**	**6,047,797**	**-**	**6,047,797**
Assets:								
Loans and advances to banks	26,036	-	-	-	-	26,036	-	26,036
Loans and advances to customers	596,149,901	96,097,494	176,054,559	16,825,680	67,736,524	952,864,158	-	952,864,158
Others	699,381,006	192,171,543	118,774,873	36,978,021	28,633,213	1,075,938,656	-	1,075,938,656
	1,295,556,943	**288,269,037**	**294,829,432**	**53,803,701**	**96,369,737**	**2,028,828,850**	**-**	**2,028,828,850**
Liabilities:								
Deposits from banks	81,965	-	-	-	-	81,965	-	81,965
Deposits from customers	384,110,992	560,557,583	220,293,018	117,872,005	94,203,047	1,377,036,645	-	1,377,036,645
Others	174,513,257	127,268,558	12,181,677	3,180,379	4,762,209	321,906,080	-	321,906,080
	558,706,214	**687,826,141**	**232,474,695**	**121,052,384**	**98,965,256**	**1,699,024,690**	**-**	**1,699,024,690**

Parent
June-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	45,718,102	26,489,813	23,171,467	6,839,398	9,339,796	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	**39,359,014**	**31,385,908**	**22,837,040**	**7,932,316**	**10,044,298**	**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	**28,143,629**	**27,763,207**	**18,466,546**	**6,908,303**	**8,024,850**	**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	**21,832,685**	**12,002,361**	**9,054,832**	**3,011,413**	**4,934,991**	**50,836,282**	**-**	**50,836,282**
Tax	**(3,127,075)**	**(1,728,165)**	**(1,300,837)**	**(433,179)**	**(737,321)**	**(7,326,577)**	**-**	**(7,326,577)**
Profit after income tax from reportable segments	**18,705,610**	**10,274,196**	**7,753,995**	**2,578,234**	**4,197,670**	**43,509,705**	**-**	**43,509,705**
Assets and liabilities:								
Total assets	1,037,112,259	228,504,236	422,319,043	56,528,520	159,901,737	1,904,365,795	-	1,904,365,795
Total liabilities	(477,457,271)	(568,319,578)	(263,376,905)	(129,439,861)	(136,125,499)	(1,574,719,114)	-	(1,574,719,114)
Net assets/ (liabilities)	**559,654,988**	**(339,815,342)**	**158,942,138**	**(72,911,341)**	**23,776,238**	**329,646,681**	**-**	**329,646,681**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**8,148,432**	**1,795,323**	**3,318,096**	**444,136**	**1,256,324**	**14,962,311**	**-**	**14,962,311**
Dec-2013								
Assets:								
Loans and advances to banks	10,017	1,654	3,538	343	1,424	16,976	-	16,976
Loans and advances to customers	546,957,316	90,340,622	193,197,565	18,738,280	77,733,310	926,967,093	-	926,967,093
Others	490,144,926	138,161,960	229,117,940	37,789,897	82,167,003	977,381,726	-	977,381,726
	1,037,112,259	**228,504,236**	**422,319,043**	**56,528,520**	**159,901,737**	**1,904,365,795**	**-**	**1,904,365,795**
Liabilities:								
Deposits from banks	88,729	-	-	-	-	88,729	-	88,729
Deposits from customers	304,758,626	519,368,493	224,302,947	122,861,773	90,635,196	1,261,927,035	-	1,261,927,035
Others	172,609,916	48,951,085	39,073,958	6,578,088	45,490,303	312,703,350	-	312,703,350
	477,457,271	**568,319,578**	**263,376,905**	**129,439,861**	**136,125,499**	**1,574,719,114**	**-**	**1,574,719,114**

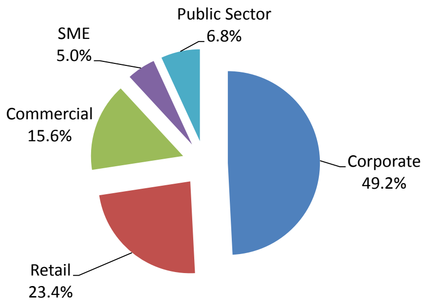
Operating segments (Continued)

Information about operating segments

External Revenue

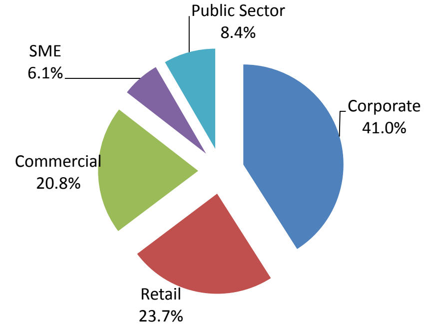
Parent

June-2014



Parent

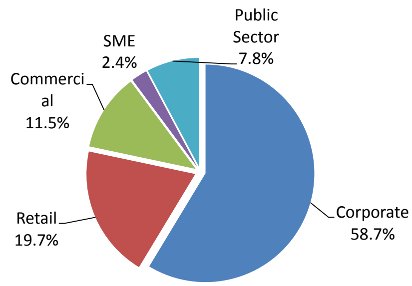
June-2013



Profit before tax

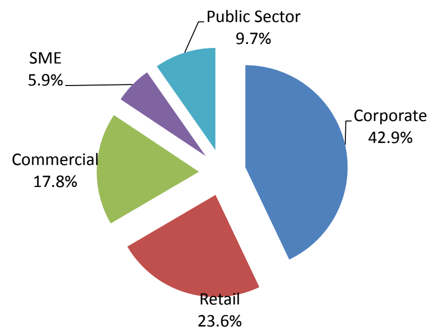
Parent

June-2014



Parent

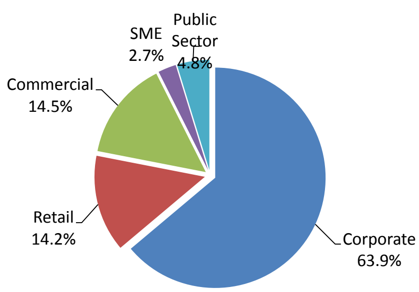
June-2013



Assets

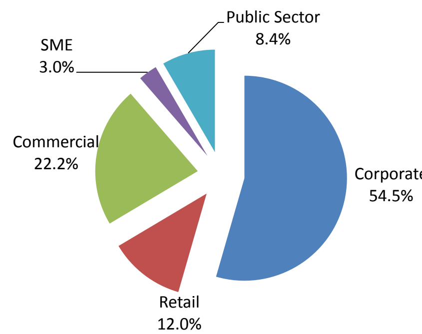
Parent

June-2014



Parent

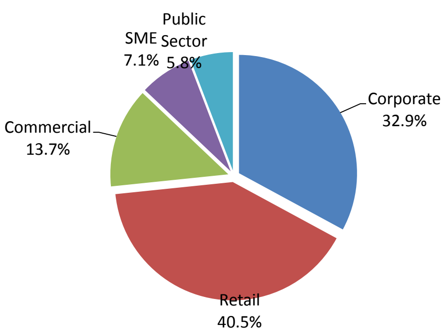
Dec-2013



Liabilities

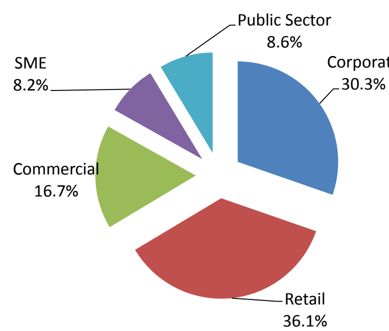
Parent

June-2014



Parent

Dec-2013



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 June-2014	Group June-2013	Parent June-2014	Parent June-2013
Bonds	9,375,277	8,619,584	8,406,263	7,992,125
Placements	6,274,116	24,665,940	5,892,801	22,870,393
Treasury Bills	25,788,196	5,299,218	23,121,780	4,913,464
Loans	89,303,881	84,047,830	80,694,991	77,929,605
Contingents	2,243,540	1,569,791	2,011,563	1,455,518
	132,985,010	124,202,363	120,127,398	115,161,105

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Continuing Operations:				
Total revenue from reportable segments	130,499,432	120,618,693	117,962,293	111,558,576
Consolidation and adjustments:				
- Interest income	(46,788)	(41,093)	-	-
- Other operating income	(182)	2,558	-	-
Revenue from continuing operations	130,452,462	120,580,158	117,962,293	111,558,576
Discontinued Operations:				
Total revenue from reportable segments (See note 34)	-	-	-	-
Revenue from discontinued operations	-	-	-	-

Notes to the financial statements

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

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Interest income	99,715,892	92,000,395	90,342,844	86,280,338
Fee and commission income	24,761,713	25,048,165	21,410,122	21,615,202
Net gains/(losses) on financial instruments classified as held for trading	5,935,317	3,517,125	4,694,862	2,711,183
Other operating income	2,572,088	3,636,678	3,679,570	4,554,382
Revenue and gains from continuing operations	132,985,010	124,202,363	120,127,398	115,161,105
Less gains:				
- Foreign exchange gain/(loss)	(996,267)	(3,568,303)	(771,700)	(3,562,977)
- Gain on disposal of fixed assets	(188,018)	(53,902)	(45,142)	(39,552)
- Net gains/(losses) on financial instruments classified as held for trading	-	-	-	-
- Profit on part-disposal of subsidiaries	-	-	-	-
- Net portfolio (loss)/gain on SMEEIS investments	(1,348,263)	-	(1,348,263)	-
Revenue from continuing operations	130,452,462	120,580,158	117,962,293	111,558,576

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Continuing Operations:				
Total operating expense from reportable segments	39,372,036	37,119,212	32,995,100	32,903,692
Gains:				
Consolidation and adjustments:				
- Personnel expenses[1]	137,267	(452,833)	-	-
Operating expense from continuing operations	39,509,303	36,666,379	32,995,100	32,903,692
Discontinued Operations:				
Total Expense from reportable segments	-	-	-	-
Interest expense	-	-		
Fee and commission expense	-	-		
Net impairment loss on financial assets	-	-		
Depreciation expense	-	-	-	-
Expense from discontinued operations (See Note34)	-	-	-	-

[1] relates to share based payments during the period

Notes to the financial statements

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

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Personnel expenses (See Note17)	13,449,790	10,976,285	10,251,189	9,705,384
General and administrative expenses (See Note18)	12,463,459	11,832,237	10,679,946	10,724,159
Operating lease expenses	452,324	410,118	334,811	306,534
Other operating expenses (See Note20)	13,143,730	13,447,739	11,729,154	12,167,615
	39,509,303	36,666,379	32,995,100	32,903,692

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Continuing Operations:				
Total profit or loss for reportable segments	51,048,426	53,327,984	48,918,501	50,836,282
Consolidation and adjustments:				
- Interest income	(46,788)	(41,093)	-	-
- Personnel expenses	(137,267)	452,833	-	-
- Other operating income	(182)	2,558	-	-
Gains:				
- Foreign exchange gain/(loss)	996,267	3,568,303	771,700	3,562,977
- Gain on disposal of fixed assets	188,018	53,902	45,142	39,552
- Net gains/(losses) on financial instruments classified as held for trading	-	-	-	-
- Profit on part-disposal of subsidiaries	-	-	-	-
- Net portfolio (loss)/gain on SMEEIS investments	1,348,263	-	1,348,263	-
Profit before income tax from continuing operations	53,396,737	57,364,487	51,083,606	54,438,811

Reconciliation of profit or loss (Continued)

Discontinued Operations:

	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Total profit or loss for reportable segments (See note 34)	-	-	-	-
Gains on disposal of disposal group (See note 34)	-	-	-	-
Tax (See note 34)	-	-	-	-
Profit for the period from discontinued operations	-	-	-	-

Notes to the financial statements

Reconciliation of assets

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Continuing Operations:				
Total assets for reportable segments	2,236,862,252	2,104,220,847	2,028,828,850	1,904,365,795
Consolidation and adjustments	(2,828,111)	(1,374,432)	-	-
Total assets	2,234,034,141	2,102,846,415	2,028,828,850	1,904,365,795
Discontinued Operations:				
Total assets for reportable segments (See note 34)	-	-	-	-
Consolidation and adjustments	-	-	-	-
Total assets	-	-	-	-

Reconciliation of liabilities

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Continuing Operations:				
Total liabilities for reportable segments	1,897,230,489	1,763,029,664	1,699,024,690	1,574,719,114
Consolidation and adjustments	8,154,705	7,463,681	-	-
Total liabilities	1,905,385,194	1,770,493,345	1,699,024,690	1,574,719,114
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 Africa (comprising Ghana, Gambia, Sierra Leone, Liberia, Kenya, Uganda and Rwanda)
- Europe (UK and the Netherlands)

June-2014

In thousands of Nigerian Naira	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations Nigeria**	**Total**
Derived from external customers	116,395,650	12,996,146	1,060,666	130,452,462	-	130,452,462
Derived from other segments	-	-	-	-	-	-
Total Revenue	116,395,650	12,996,146	1,060,666	130,452,462	-	130,452,462
Interest expense	(25,010,691)	(3,065,969)	(76,401)	(28,153,061)	-	(28,153,061)
Fee and commission expenses	(826,411)	(141,263)	-	(967,674)	-	(967,674)
Net interest margin	90,558,548	9,788,914	984,265	101,331,727	-	101,331,727
Profit before income tax	49,379,517	3,970,514	46,706	53,396,737	-	53,396,737
Assets and liabilities:						
Total assets	1,965,095,338	191,811,459	77,127,344	2,234,034,141	-	2,234,034,141
Total liabilities	(1,561,471,623)	(152,022,407)	(191,891,164)	(1,905,385,194)	-	(1,905,385,194)
Net assets/(liabilities)	403,623,715	39,789,052	(114,763,820)	328,648,947	-	328,648,947

Notes to the financial statements

June-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

Dec-2013

Assets and liabilities:

Total assets	1,847,975,429	189,578,618	65,292,368	2,102,846,415	-	2,102,846,415
Total liabilities	(1,439,279,079)	(148,208,311)	(183,005,955)	(1,770,493,345)	-	(1,770,493,345)
Net assets/(liabilities)	408,696,350	41,370,307	(117,713,587)	332,353,070	-	332,353,070

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

June-2014

In thousands of Nigerian Naira	**Note**	**Carrying amount** Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	**Fair Value** Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	366,259,317	-	-	366,259,317	374,312,366	-	-	374,312,366
Loans and advances to banks	24	-	-	-	6,421,346	-	-	6,421,346	-	6,412,662	-	6,412,662
Loans and advances to customers	25	-	-	-	1,032,269,962	-	-	1,032,269,962	-	956,793,559	75,769,213	1,032,562,772
Financial assets held for trading	26	15,647,232	-	-	-	-	-	15,647,232	15,647,232	-	-	15,647,232
Derivative financial assets	27	-	193,932	-	-	-	-	193,932	193,932	-	-	193,932
Assets pledged as collateral	29	-	39,608,382	-	-	5,479	-	39,613,861	39,613,861	-	-	39,613,861
Investment securities:												
– Available for sale		-	-	-	-	349,717,706	-	349,717,706	357,690,489	6,290,926	5,807,547	369,788,962
– Held to maturity	28	-	-	75,475,856	-	-	-	75,475,856	75,419,980	-	-	75,419,980
Other assets	34	-	-	-	248,443,968	-	-	248,443,968	-	248,443,968	-	248,443,968
		15,647,232	**39,802,314**	**75,475,856**	**1,653,394,593**	**349,723,185**	**-**	**2,134,043,180**	**862,877,860**	**1,217,941,115**	**81,576,760**	**2,162,395,735**
Deposits from banks	35	-	-	-	-	-	24,637,167	24,637,167	-	24,818,477	-	24,818,477
Deposits from customers	36	-	-	-	-	-	1,543,813,494	1,543,813,494	-	1,509,438,672	-	1,509,438,672
Derivative financial liabilities	27	-	62,279	-	-	-	-	62,279	62,279	-	-	62,279
Debt securities issued	37	-	-	-	-	-	159,296,418	159,296,418	-	158,676,898	-	158,676,898
Other borrowed funds	40	-	-	-	-	-	82,958,322	82,958,322	-	89,739,556	-	89,739,556
Other liabilities	38	-	-	-	-	-	75,041,780	75,041,780	-	75,041,780	-	75,041,780
		-	**62,279**	**-**	**-**	**-**	**1,885,747,181**	**1,885,809,460**	**62,279**	**1,857,715,383**	**-**	**1,857,777,662**

Group
Dec-2013

In thousands of Nigerian Naira	Note	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	23	-	-	-	307,395,676	-	-	307,395,676	312,764,030	-	-	312,764,030
Loans and advances to banks	24	-	-	-	5,596,476	-	-	5,596,476	-	4,903,443	-	4,903,443
Loans and advances to customers	25	-	-	-	1,002,370,638	-	-	1,002,370,638	-	954,230,368	74,597,823	1,028,828,191
Financial assets held for trading	26	17,223,667	-	-	-	-	-	17,223,667	17,223,667	-	-	17,223,667
Derivative financial assets	27	-	170,101	-	-	-	-	170,101	170,101	-	-	170,101
Assets pledged as collateral	29	-	28,442,629	-	-	-	-	28,442,629	28,442,629	-	-	28,442,629
Investment securities:												
– Available for sale	28	-	-	-	-	374,673,147	-	374,673,147	371,500,012	6,735,679	6,975,141	385,210,832
– Held to maturity	28	-	-	84,741,890	-	-	-	84,741,890	38,059,392	52,240,717	-	90,300,109
Other assets	34	-	-	-	184,138,353	-	-	184,138,353	-	184,138,353	-	184,138,353
		17,223,667	**28,612,730**	**84,741,890**	**1,499,501,143**	**374,673,147**	**-**	**2,004,752,577**	**768,159,831**	**1,202,248,560**	**81,572,964**	**2,051,981,355**
Deposits from banks	35	-	-	-	-	-	15,208,300	15,208,300	-	15,234,151	-	15,234,151
Deposits from customers	36	-	-	-	-	-	1,427,493,697	1,427,493,697	-	1,415,225,379	-	1,415,225,379
Derivative financial liabilities	27	-	3,883	-	-	-	-	3,883	3,883	-	-	3,883
Debt securities issued	37	-	-	-	-	-	156,498,167	156,498,167	-	156,064,353	-	156,064,353
Other borrowed funds	40	-	-	-	-	-	92,134,872	92,134,872	-	89,943,224	-	89,943,224
Other liabilities	38	-	-	-	-	-	61,014,954	61,014,954	-	61,014,954	-	61,014,954
		-	**3,883**	**-**	**-**	**-**	**1,752,349,990**	**1,752,353,873**	**3,883**	**1,737,482,061**	**-**	**1,737,485,944**

Parent
June-2014

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Cash and cash equivalents	23	-	-	-	-	-	288,761,277	288,761,277	296,814,326	-	-	296,814,326
Loans and advances to banks	24	-	-	-	26,036	-	-	26,036	-	17,411	-	17,411
Loans and advances to customers	25	-	-	-	952,864,158	-	-	952,864,158	-	892,721,934	60,667,473	953,389,407
Financial assets held for trading	26	11,920,443	-	-	-	-	-	11,920,443	11,920,443	-	-	11,920,443
Derivative financial assets	27	-	193,932	-	-	-	-	193,932	193,932	-	-	193,932
Assets pledged as collateral	29	-	39,608,382	-	-	-	-	39,608,382	39,608,382	-	-	39,608,382
Investment securities:												
– Available for sale	28	-	-	-	-	327,657,669	-	327,657,669	321,776,069	74,053	5,807,547	327,657,669
– Held to maturity	28	-	-	46,746,008	-	-	-	46,746,008	46,690,132	-	-	46,690,132
Other assets	34	-	-	-	245,008,745	-	-	245,008,745	-	245,008,745	-	245,008,745
		11,920,443	**39,802,314**	**46,746,008**	**1,197,898,939**	**327,657,669**	**288,761,277**	**1,912,786,650**	**717,003,284**	**1,137,822,143**	**66,475,020**	**1,921,300,447**
Deposits from banks	35	-	-	-	-	-	81,965	81,965	-	81,965	-	81,965
Deposits from customers	36	-	-	-	-	-	1,377,036,645	1,377,036,645	-	1,342,415,117	-	1,342,415,117
Derivative financial liabilities	27	-	62,279	-	-	-	-	62,279	62,279	-	-	62,279
Debt securities issued	37	-	-	-	-	-	13,228,726	13,228,726	-	12,609,125	-	12,609,125
Other borrowed funds	40	-	-	-	-	-	228,418,268	228,418,268	-	230,419,620	-	230,419,620
Other liabilities	38	-	-	-	-	-	61,267,192	61,267,192	-	61,267,192	-	61,267,192
		-	**62,279**	**-**	**-**	**-**	**1,680,032,796**	**1,680,095,075**	**62,279**	**1,646,793,019**	**-**	**1,646,855,298**

Parent
Dec-2013

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Cash and cash equivalents	23	-	-	-	-	-	228,609,551	228,609,551	233,977,904	-	-	233,977,904
Loans and advances to banks	24	-	-	-	16,976	-	-	16,976	-	17,411	-	17,411
Loans and advances to customers	25	-	-	-	926,967,093	-	-	926,967,093	-	892,721,934	60,667,473	953,389,407
Financial assets held for trading	26	13,746,682	-	-	-	-	-	13,746,682	13,746,682	-	-	13,746,682
Derivative financial assets	27	-	170,101	-	-	-	-	170,101	170,101	-	-	170,101
Assets pledged as collateral	29	-	28,440,947	-	-	-	-	28,440,947	28,440,947	-	-	28,440,947
Investment securities:												
– Available for sale	28	-	-	-	-	364,056,362	-	364,056,362	352,204,680	4,876,541	6,975,141	364,056,362
– Held to maturity	28	-	-	46,682,498	-	-	-	46,682,498	-	52,240,717	-	52,240,717
Other assets	34	-	-	-	180,318,664	-	-	180,318,664	-	180,318,664	-	180,318,664
		13,746,682	**28,611,048**	**46,682,498**	**1,107,302,733**	**364,056,362**	**228,609,551**	**1,789,008,874**	**628,540,314**	**1,130,175,267**	**67,642,614**	**1,826,358,195**
Deposits from banks	35	-	-	-	-	-	88,729	88,729	-	88,729	-	88,729
Deposits from customers	36	-	-	-	-	-	1,261,927,035	1,261,927,035	-	1,257,958,050	-	1,257,958,050
Derivative financial liabilities	27	-	3,883	-	-	-	-	3,883	3,883	-	-	3,883
Debt securities issued	37	-	-	-	-	-	13,233,595	13,233,595	-	13,165,000	-	13,165,000
Other borrowed funds	40	-	-	-	-	-	233,040,108	233,040,108	-	233,881,975	-	233,881,975
Other liabilities	38	-	-	-	-	-	49,008,466	49,008,466	-	49,008,466	-	49,008,466
		-	**3,883**	**-**	**-**	**-**	**1,557,297,933**	**1,557,301,816**	**3,883**	**1,554,102,220**	**-**	**1,554,106,103**

Fair value of loans and advances

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

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

Fair value of customers' deposits

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

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 June-2014	Group June-2013	Parent June-2014	Parent June-2013
Loans and advances to banks	285,807	156,732	16,250	2,113
Loans and advances to customers	67,355,153	56,510,285	61,616,480	53,115,597
	67,640,960	56,667,017	61,632,730	53,117,710
Cash and cash equivalents	3,049,060	2,057,250	2,706,350	1,451,161
Financial assets held for trading	978,146	2,090,922	879,847	2,090,918
Investment securities:				
– Available for sale	21,496,075	20,844,414	21,209,441	20,844,414
– Held to maturity	5,264,284	9,360,226	2,627,109	7,795,569
Assets pledged as collateral	1,287,367	980,566	1,287,367	980,566
	99,715,892	92,000,395	90,342,844	86,280,338

Geographical location

Interest income earned in Nigeria	90,080,937	84,876,337	90,127,724	84,917,431
Interest income earned outside Nigeria	9,634,955	7,124,058	215,120	1,362,907
	99,715,892	92,000,395	90,342,844	86,280,338

Interest income for the period ended 30 June 2014 includes N819,744,000 (June 2013:N1,655,839,000) accrued on impaired financial assets.

10 Interest expense

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Deposit from banks	421,087	475,535	3,051	306,814
Deposit from customers	20,245,758	17,607,084	17,591,263	16,143,194
	20,666,845	18,082,619	17,594,314	16,450,008
Other borrowed funds	1,446,915	1,532,012	6,535,041	4,468,175
Debt securities	6,039,301	3,845,980	881,334	881,320
Total interest expense	28,153,061	23,460,611	25,010,689	21,799,503
Geographical location				
Interest expense paid in Nigeria	18,675,384	17,668,775	18,673,525	17,657,736
Interest expense paid outside Nigeria	9,477,677	5,791,836	6,337,164	4,141,767
	28,153,061	23,460,611	25,010,689	21,799,503

11 Loan impairment charges

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Loans and advances to banks (Note 24)	**1**	**(232)**	**1**	**(232)**
Increase in collective impairment	1	-	1	-
Increase in specific impairment	-	-	-	-
Reversal of collective impairment	-	(229)	-	(229)
Reversal of specific impairment	-	(3)	-	(3)
Loans and advances to customers (Note 25)	**5,338,867**	**1,317,764**	**5,252,073**	**1,108,109**
Increase in collective impairment	119,809	2,451,002	-	2,356,531
Increase in specific impairment[1]	7,362,585	1,123,196	7,125,338	939,794
Reversal of collective impairment	(1,625,879)	-	(1,523,482)	-
Reversal of specific impairment	(464,957)	(2,206,701)	(287,083)	(2,138,482)
Amounts written off during the period as uncollectible	70,990	1,243	473	1,243
Income received on claims previously written off	(123,681)	(50,976)	(63,173)	(50,977)
	5,338,868	**1,317,532**	**5,252,074**	**1,107,877**

12 Fee and commission income

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Credit related fees and commissions	6,624,737	7,207,641	5,754,629	6,079,011
Commission on turnover	6,710,453	7,115,710	6,352,193	6,802,106
Corporate finance fees	712,304	1,513,297	712,304	1,051,225
Commission on foreign exchange deals	1,837,841	2,098,686	1,837,841	2,098,686
Income from financial guarantee contracts issued	3,741,544	2,826,116	3,221,644	2,683,380
Other fees and commissions	5,134,834	4,286,715	3,531,511	2,900,794
	24,761,713	25,048,165	21,410,122	21,615,202

13 Fee and commission expense

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Bank charges	407,097	400,067	385,928	399,833
Other fees and commission expense[1]	560,577	90,756	440,487	52,705
	967,674	490,823	826,415	452,538

[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 June-2014	Group June-2013	Parent June-2014	Parent June-2013
Bonds trading	140,428	768,031	99,393	768,031
Treasury bills trading	399,947	853,921	399,947	853,921
Foreign exchange	5,394,942	1,895,173	4,195,522	1,089,231
Net trading income	5,935,317	3,517,125	4,694,862	2,711,183

Notes to the financial statements

15 Other income

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Mark to market gains on trading investments	12,576	(153,753)	12,576	(153,753)
Foreign exchange gain/(loss)	996,267	3,568,303	771,700	3,562,977
Gain on disposal of fixed assets	188,018	53,902	45,142	39,552
Net portfolio (loss)/gain on SMEEIS investments	1,348,263	-	1,348,263	-
Dividends income	26,964	168,226	1,501,889	1,105,606
	2,572,088	3,636,678	3,679,570	4,554,382

16 Net impairment reversal on other financial assets

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Written off charges on equities	30,000	-	30,000	-
Reversal of specific impairment for equities	(264,201)	-	(264,201)	-
	(234,201)	-	(234,201)	-

Write offs and reversals relates to Patrick Speech and ICHL respectively.

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Note	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Wages and salaries		12,764,261	10,763,466	10,042,526	9,235,354
Contributions to defined contribution plans		443,324	394,286	342,686	338,981
Defined benefit costs	39	(306,770)	-	(306,770)	-
Cash-settled share-based payments (see 17(b) below)		137,267	(452,833)	-	-
Other staff cost		411,708	271,366	172,747	131,049
		13,449,790	10,976,285	10,251,189	9,705,384

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.

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group June-2014	Group June-2013
Effect of changes in the fair value of SARs		(882,259)	(1,563,728)
Expense from rights exercised during the period		200,079	403,370
Dividend payment to members of the scheme		819,447	707,525
Total expense recognized as personnel expenses		137,267	(452,833)

In thousands of Nigerian Naira		Group June-2014	Group Dec-2013
Total carrying amount of liabilities for cash-settled arrangements	38	8,154,705	7,463,681

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

In thousands of Nigerian Naira	Note	Group June-2014	Group Dec-2013
Balance, beginning of period		7,463,681	7,340,059
Effect of changes in fair value of SAR at period end		(882,259)	(1,504,505)
Options exercised during the period		(93,103)	(137,381)
Share rights granted during the period		1,666,386	1,765,508
Balance, end of period	38	8,154,705	7,463,681

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 2014	404,029
SARs granted to senior management employees at 31 December 2013	406,626

Notes to the financial statements

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

	Group June-2014 Number	Group June-2013 Number	Parent June-2014 Number	Parent June-2013 Number
Executive directors	6	6	6	6
Management	195	141	54	56
Non-management	4,692	3,613	3,266	2,757
	4,893	3,760	3,326	2,819

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

	Group June-2014 Number	Group June-2013 Number	Parent June-2014 Number	Parent June-2013 Number
Abuja Commercial Banking Division	32	32	32	32
Abuja Public Sector Division	44	44	44	44
Communication and External Affairs	116	77	28	20
Corporate Planning and Group Coordination	96	61	57	45
Corporate Services Division	159	137	121	88
Compliance Group	21	12	21	12
E-Business Division	126	108	100	64
Enterprise Risk Management Division	168	98	100	80
Executive	1	1	1	1
Human Resources	32	26	32	26
Institutional Banking Division	366	172	159	162
Lagos Island Division	79	69	79	69
Lagos Island Retail Division	82	85	82	85
Lagos Mainland Division & Agric Banking	117	120	117	120
Lagos Mainland Retail Division	93	75	93	75
North East Division	54	45	54	45
North West Division	56	53	56	53
Operations Division	231	222	231	222
Public Sector South West Division	19	22	19	22
Retail Abuja Division	53	49	53	49
Retail South East Division	61	72	61	72
Retail South West Division	85	82	85	82
SME Abuja Division	24	21	24	21
SME Lagos Island	31	23	31	23
SME Lagos Mainland	37	22	37	22
SME South East Division	27	18	27	18
South East Division	35	40	35	40
South South Division	61	56	61	56
Systems and Control Division	144	109	112	88
Technology Division	219	120	160	87
Transaction Services	1,540	1,226	1,179	963
Wholesale Banking Division	46	33	35	33
Commercial Banking Subsidiaries	95	48	-	-
Retail Subsidiaries	110	127	-	-
Public Sector Subsidiaries	10	7	-	-
Others	423	248	-	-
	4,893	3,760	3,326	2,819

(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 June-2014 Number	Group June-2013 Number	Parent June-2014 Number	Parent June-2013 Number
N720,001 - ₦1,400,000	1,362	715	-	-
N1,400,001 - ₦2,050,000	474	77	436	13
N2,190,001 - ₦2,330,000	51	41	-	2
N2,330,001 - ₦2,840,000	9	12	-	-
N2,840,001 - ₦3,000,000	11	13	-	-
N3,001,001 - N3,830,000	999	827	983	810
N3,830,001 - ₦4,530,000	4	6	-	-
N4,530,001 - ₦5,930,000	552	544	546	540
N6,000,001 - N6,800,000	502	519	497	501
N6,800,001 - ₦7,300,000	9	19	-	-
N7,300,001 - ₦7,800,000	350	414	343	406
N7,800,001 - ₦8,600,000	5	6	-	-
N8,600,001 - ₦11,800,000	362	273	350	266
Above ₦11,800,000	197	288	165	275
	4,887	3,754	3,320	2,813

18 General and administrative expenses

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Stationery and postage	1,306,789	1,277,545	1,192,988	1,177,677
Business travel expenses	451,665	466,310	341,902	432,464
Advert, promotion and corporate gifts	2,602,490	2,603,064	2,362,181	2,441,621
Repairs and maintenance	2,102,435	2,037,884	1,862,341	1,878,221
Occupancy costs	2,152,651	1,807,949	1,512,381	1,508,345
Directors' emoluments	220,013	183,932	139,059	123,589
Contract services	3,627,416	3,455,553	3,269,094	3,162,242
	12,463,459	11,832,237	10,679,946	10,724,159

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Amortisation of intangible assets (see note 32)	507,500	381,403	404,084	295,198
Depreciation of property, plant and equipment (see note 31)	5,346,068	4,521,128	4,789,631	4,163,486
	5,853,568	4,902,531	5,193,715	4,458,684

20 Other operating expenses

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Finance costs	94,948	111,296	94,231	111,191
Deposit insurance premium	2,629,298	2,623,472	2,600,000	2,614,098
Other insurance premium	59,311	789,851	-	780,905
Auditors' remuneration[1]	218,465	193,745	155,000	153,594
Professional fees and other consulting costs	479,584	641,627	333,358	520,040
AMCON expenses	4,522,128	4,039,300	4,522,128	4,039,300
Others[2]	5,139,996	5,048,448	4,024,437	3,948,487
	13,143,730	13,447,739	11,729,154	12,167,615

[1] Auditor's remuneration represents fees for half year audit of the Group and Bank for the period ended 30 June 2014

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

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Current tax expense:				
Company income tax	5,802,399	5,721,394	4,483,695	4,788,179
Education Tax	467,084	453,331	467,084	453,331
NITDA Levy	510,834	554,388	510,834	554,388
	6,780,317	6,729,113	5,461,613	5,795,898
Deferred tax expense:				
Origination of temporary differences	2,608,392	1,620,513	2,493,824	1,530,679
Deferred tax expense transferred to disposal group	-	-	-	-
	9,388,709	8,349,626	7,955,437	7,326,577

Notes to the financial statements

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	**June-2014**	**June-2014**	**June-2013**	**June-2013**
Profit before income tax	53,396,737		57,364,487	
Income tax using the domestic corporation tax rate	16,019,021	30.0%	17,209,346	30.0%
Effect of tax rates in foreign jurisdictions	739,258	1.4%	445,345	0.8%
Tax reliefs/WHT Credits	(196,849)	-0.4%	(248,633)	-0.4%
Net capital allowance	(2,325,721)	-4.4%	(1,763,147)	-3.1%
Non-deductible expenses	(153,250)	-0.3%	1,432,051	2.5%
Education tax levy	467,084	0.9%	453,331	0.8%
NITDEF tax levy	510,834	1.0%	554,388	1.0%
Tax exempt income	(7,253,426)	-13.6%	(9,566,740)	-16.7%
Deductible expenses	1,581,758	3.0%	(166,315)	-0.3%
Total income tax expense in comprehensive income	9,388,709	17.6%	8,349,626	14.6%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**June-2014**	**June-2014**	**June-2013**	**June-2013**
Profit before income tax	51,083,606		54,438,811	
Income tax using the domestic corporation tax rate	15,325,007	30.0%	16,331,643	30.0%
Tax reliefs/WHT Credits	(196,849)	-0.4%	(248,633)	-0.5%
Net capital allowance	(2,325,721)	-4.6%	(1,763,147)	-3.2%
Non-deductible expenses	(153,250)	-0.3%	1,432,051	2.6%
Education tax levy	467,084	0.9%	453,331	0.8%
NITDEF tax levy	510,834	1.0%	554,388	1.0%
Tax exempt income	(7,253,426)	-14.2%	(9,266,740)	-17.0%
Deductible expenses	1,581,758	3.1%	(166,316)	-0.3%
Total income tax expense in comprehensive income	7,955,437	15.6%	7,326,577	13.5%

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Income tax relating to Foreign currency translation differences for foreign operations	(1,107,191)	348,903	-	-
Income tax relating to Net change in fair value of available for sale financial assets	(140,988)	914,971	(126,634)	914,022
	(1,248,179)	1,263,874	(126,634)	914,022

(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 June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Balance, beginning of the period	13,073,847	15,630,973	12,632,975	15,340,116
Exchange difference on translation	(97,788)	(159,848)	-	-
Charge for the period	6,780,317	14,742,185	5,461,613	12,632,978
Payments during the period	(7,505,734)	(17,198,130)	(6,316,486)	(15,340,119)
Liabilities on acquisition of subsidiaries	-	58,667	-	-
Balance, end of the period	12,250,642	13,073,847	11,778,102	12,632,975

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the 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 N43,667,017,000 and a weighted average number of ordinary shares outstanding of 28,190,504,993 and it calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group June-2014**	**Group June-2013**
Net profit attributable to equity holders of the Company	43,667,017	48,819,040
Interest expense on convertible debt (net of tax)	-	-
Net profit used to determine diluted earnings per share	43,667,017	48,819,040

Number of ordinary shares

In thousands of shares	**Group June-2014**	**Group June-2013**
Weighted average number of ordinary shares in issue	28,190,505	28,260,505
Basic earnings per share (expressed in naira per share)	1.55	1.73

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	28,190,505	28,260,505
Adjustment for:		
-Bonus element on conversion of convertible debt	-	-
-Share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,190,505	28,260,505
Diluted earnings per share (expressed in naira per share)	1.55	1.73

Profit attributable to:

In millions of shares	**Group June-2014**	**Group June-2013**
Equity holders of the parent entity (total)	43,667,017	48,819,040

23 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Cash in hand	28,273,264	30,448,221	23,089,061	24,612,167
Balances held with other banks	146,026,508	85,154,356	96,019,115	32,508,143
Unrestricted balances with central banks	12,753,698	32,260,765	2,187,594	23,962,746
Money market placements	179,205,847	159,532,334	167,465,507	147,526,495
	366,259,317	307,395,676	288,761,277	228,609,551

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

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Cash and cash equivalents of continuing operations	366,259,317	307,395,676	288,761,277	228,609,551
	366,259,317	307,395,676	288,761,277	228,609,551

24 Loans and advances to banks

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Loans and advances to banks	6,421,358	5,596,487	26,048	16,987
Less specific allowances for impairment	-	-	-	-
Less collective allowances for impairment	(12)	(11)	(12)	(11)
	6,421,346	5,596,476	26,036	16,976
Current	6,421,346	5,593,976	26,036	14,476
Non-current	-	2,500	-	2,500

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

Group

In thousands of Nigerian Naira	June-2014 Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Dec-2013 Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	11	11	3	238	241
Increase in impairment allowances	-	1	1	-	-	-
Reversal of impairment	-	-	-	(3)	(227)	(230)
	-	12	12	-	11	11

Parent

In thousands of Nigerian Naira	June-2014 Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Dec-2013 Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	11	11	3	238	241
Increase in impairment allowances	-	1	1	-	-	-
Reversal of impairment	-	-	-	(3)	(227)	(230)
	-	12	12	-	11	11

25 Loans and advances to customers

Group June-2014	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Loans to individuals:				
Loans	69,400,354	63,293,748	55,978,423	51,499,867
Overdrafts	5,688,544	6,007,840	4,012,171	3,909,683
Others[1]	3,436	38,312	-	-
Gross loans	75,092,334	69,339,900	59,990,594	55,409,550
Loans	(50,369)	(144,040)	-	(124,096)
Overdrafts	(178,404)	(229,360)	-	(56,483)
Others[1]	(670)	(1,823)	-	-
Specific impairment	(229,443)	(375,223)	-	(180,579)
Loans	(266,250)	(514,115)	(254,042)	(509,659)
Overdrafts	(174,341)	(409,258)	(131,102)	(370,634)
Others[1]	(162)	(407)	-	-
Collective impairment	(440,753)	(923,780)	(385,144)	(880,293)
Loans	(316,619)	(658,155)	(254,042)	(633,755)
Overdrafts	(352,745)	(638,618)	(131,102)	(427,117)
Others[1]	(832)	(2,230)	-	-
Total impairment	(670,196)	(1,299,003)	(385,144)	(1,060,872)
Loans	69,083,735	62,635,593	55,724,381	50,866,112
Overdrafts	5,335,799	5,369,222	3,881,069	3,482,566
Others[1]	2,604	36,082	-	-
Carrying amount	74,422,138	68,040,897	59,605,450	54,348,678
Loans to Non-individuals:				
Loans	710,333,642	681,789,476	692,318,907	663,015,976
Overdrafts	164,965,167	136,981,233	130,089,134	100,729,164
Others[1]	110,068,763	138,076,534	95,749,982	127,811,952
Gross loans	985,367,572	956,847,243	918,158,023	891,557,092
Loans	(11,821,732)	(10,545,114)	(10,486,743)	(9,160,378)
Overdrafts	(9,180,154)	(3,966,149)	(8,788,666)	(3,370,230)
Others[1]	(1,143,742)	(1,536,240)	(661,348)	(417,178)
Specific impairment	(22,145,628)	(16,047,503)	(19,936,757)	(12,947,786)
Loans	(3,966,163)	(4,044,803)	(3,717,425)	(3,830,771)
Overdrafts	(1,258,362)	(2,192,263)	(1,185,419)	(2,100,155)
Others[1]	(149,595)	(232,933)	(59,714)	(59,965)
Collective impairment	(5,374,120)	(6,469,999)	(4,962,558)	(5,990,891)
Loans	(15,787,895)	(14,589,917)	(14,204,168)	(12,991,149)
Overdrafts	(10,438,516)	(6,158,412)	(9,974,085)	(5,470,385)
Others[1]	(1,293,337)	(1,769,173)	(721,062)	(477,143)
Total impairment	(27,519,748)	(22,517,502)	(24,899,315)	(18,938,677)
Loans	694,545,747	667,199,559	678,114,739	650,024,827
Overdrafts	154,526,651	130,822,821	120,115,049	95,258,779
Others[1]	108,775,426	136,307,361	95,028,920	127,334,809
Carrying amount	957,847,824	934,329,741	893,258,708	872,618,415
Total carrying amount (individual and non individual)	**1,032,269,962**	**1,002,370,638**	**952,864,158**	**926,967,093**

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

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Current	606,493,594	578,465,833	543,284,273	529,684,728
Non-current	425,776,368	423,904,805	409,579,885	397,282,365

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

Group

In thousands of Nigerian Naira	June-2014 Specific allowance for impairment	June-2014 Collective allowance for impairment	June-2014 Total allowance for impairment	Dec-2013 Specific allowance for impairment	Dec-2013 Collective allowance for impairment	Dec-2013 Total allowance for impairment
Balance at 1 January	375,223	923,780	1,299,003	901,973	151,058	1,053,031
Foreign currency translation and other adjustments	(2,754)	(970)	(3,724)	(35,823)	(506)	(36,329)
Increase in impairment allowances	65,592	36,113	101,705	122,776	777,965	900,741
Reversal of impairment	(180,512)	(518,170)	(698,682)	(474,754)	(4,729)	(479,483)
Reclassifications	-	-	-	-	(8)	(8)
Write offs	(28,106)	-	(28,106)	(138,949)	-	(138,949)
Balance, end of period	229,443	440,753	670,196	375,223	923,780	1,299,003

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

Parent

In thousands of Nigerian Naira	June-2014 Specific allowance for impairment	June-2014 Collective allowance for impairment	June-2014 Total allowance for impairment	Dec-2013 Specific allowance for impairment	Dec-2013 Collective allowance for impairment	Dec-2013 Total allowance for impairment
Balance at 1 January	180,579	880,293	1,060,872	594,416	128,533	722,949
Increase in impairment allowances	-	-	-	56,483	751,768	808,251
Reversal of impairment	(178,578)	(495,149)	(673,727)	(460,063)	-	(460,063)
Reclassifications	-	-	-	-	(8)	(8)
Write offs	(2,001)	-	(2,001)	(10,257)	-	(10,257)
Balance, end of period	-	385,144	385,144	180,579	880,293	1,060,872

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

Group

In thousands of Nigerian Naira	June-2014 Specific allowance for impairment	June-2014 Collective allowance for impairment	June-2014 Total allowance for impairment	Dec-2013 Specific allowance for impairment	Dec-2013 Collective allowance for impairment	Dec-2013 Total allowance for impairment
Balance at 1 January	16,047,503	6,469,999	22,517,502	14,911,699	3,297,555	18,209,254
Foreign currency translation and other adjustments	(393,260)	(71,866)	(465,126)	(165,898)	(29,448)	(195,346)
Increase in impairment allowances	7,296,993	83,696	7,380,689	5,407,836	3,658,177	9,066,013
Reversal of impairment	(284,445)	(1,107,709)	(1,392,154)	(4,337,852)	(606,821)	(4,944,673)
Reclassifications	-	-	-	78,792	(78,792)	-
Write offs	(521,163)	-	(521,163)	(445,000)	-	(445,000)
Impairment of subsidiary acquired	-	-	-	597,926	229,328	827,254
Balance, end of period	22,145,628	5,374,120	27,519,748	16,047,503	6,469,999	22,517,502

Parent

In thousands of Nigerian Naira	June-2014 Specific allowance for impairment	June-2014 Collective allowance for impairment	June-2014 Total allowance for impairment	Dec-2013 Specific allowance for impairment	Dec-2013 Collective allowance for impairment	Dec-2013 Total allowance for impairment
Balance at 1 January	12,947,786	5,990,891	18,938,677	12,976,805	3,120,345	16,097,150
Foreign currency translation and other adjustments	11	-	11	62	-	62
Increase in impairment allowances	7,125,338	-	7,125,338	3,787,408	3,361,702	7,149,110
Reversal of impairment	(108,505)	(1,028,333)	(1,136,838)	(3,811,334)	(412,364)	(4,223,698)
Reclassifications	-	-	-	78,792	(78,792)	-
Write offs	(27,873)	-	(27,873)	(83,947)	-	(83,947)
Balance, end of period	19,936,757	4,962,558	24,899,315	12,947,786	5,990,891	18,938,677

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.

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

Group

June-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	-	11	11	-	-	-	-	11	11
Increase in impairment allowances	-	-	-	-	1	1	-	-	-	-	1	1
	-	-	-	-	12	12	-	-	-	-	12	12

Group

Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	3	238	241	-	-	-	3	238	241
Reversal of impairment	-	-	-	(3)	(227)	(230)	-	-	-	(3)	(227)	(230)
	-	-	-	-	11	11	-	-	-	-	11	11

Parent

June-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	-	11	11	-	-	-	-	11	11
Increase in impairment allowances	-	-	-	-	1	1	-	-	-	-	1	1
	-	-	-	-	12	12	-	-	-	-	12	12

Parent
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	3	238	241	-	-	-	3	238	241
Reversal of impairment	-	-	-	(3)	(227)	(230)	-	-	-	(3)	(227)	(230)
	-	-	-	-	11	11	-	-	-	-	11	11

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

Group
June-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	144,040	514,115	658,155	229,360	409,258	638,618	1,823	407	2,230	375,223	923,780	1,299,003
Foreign currency translation and other adjustments	(605)	(586)	(1,191)	(2,141)	(384)	(2,525)	(8)	-	(8)	(2,754)	(970)	(3,724)
Increase in impairment allowances	35,930	21,995	57,925	29,470	14,105	43,575	192	13	205	65,592	36,113	101,705
Reversal of impairment	(121,264)	(269,274)	(390,538)	(57,987)	(248,638)	(306,625)	(1,261)	(258)	(1,519)	(180,512)	(518,170)	(698,682)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Write offs	(7,732)	-	(7,732)	(20,298)	-	(20,298)	(76)	-	(76)	(28,106)	-	(28,106)
Balance, end of period	50,369	266,250	316,619	178,404	174,341	352,745	670	162	832	229,443	440,753	670,196

Group
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	712,481	117,646	830,127	187,998	33,015	221,013	1,494	397	1,891	901,973	151,058	1,053,031
Foreign currency translation and other adjustments	(13,752)	(282)	(14,034)	(21,897)	(224)	(22,121)	(174)	-	(174)	(35,823)	(506)	(36,329)
Increase in impairment allowances	25,448	399,383	424,831	96,129	378,570	474,699	1,199	12	1,211	122,776	777,965	900,741
Reversal of impairment	(465,703)	(2,632)	(468,335)	(8,980)	(2,095)	(11,075)	(71)	(2)	(73)	(474,754)	(4,729)	(479,483)
Reclassifications	-	-	-	-	(8)	(8)	-	-	-	-	(8)	(8)
Write offs	(114,434)	-	(114,434)	(23,890)	-	(23,890)	(625)	-	(625)	(138,949)	-	(138,949)
Balance, end of period	144,040	514,115	658,155	229,360	409,258	638,618	1,823	407	2,230	375,223	923,780	1,299,003

Parent
June-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	124,096	509,659	633,755	56,483	370,634	427,117	-	-	-	180,579	880,293	1,060,872
Reversal of impairment	(122,095)	(255,617)	(377,712)	(56,483)	(239,532)	(296,015)	-	-	-	(178,578)	(495,149)	(673,727)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Write offs	(2,001)	-	(2,001)	-	-	-	-	-	-	(2,001)	-	(2,001)
Balance, end of period	-	254,042	254,042	-	131,102	131,102	-	-	-	-	385,144	385,144

Parent
Dec-2013

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	594,416	124,855	719,271	-	3,678	3,678	-	-	-	594,416	128,533	722,949
Increase in impairment allowances	-	384,804	384,804	56,483	366,964	423,447	-	-	-	56,483	751,768	808,251
Reversal of impairment	(460,063)	-	(460,063)	-	-	-	-	-	-	(460,063)	-	(460,063)
Reclassifications	-	-	-	-	(8)	(8)	-	-	-	-	(8)	(8)
Write offs	(10,257)	-	(10,257)	-	-	-	-	-	-	(10,257)	-	(10,257)
Balance, end of period	124,096	509,659	633,755	56,483	370,634	427,117	-	-	-	180,579	880,293	1,060,872

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

Group
June-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	10,545,114	4,044,803	14,589,917	3,966,149	2,192,263	6,158,412	1,536,240	232,933	1,769,173	16,047,503	6,469,999	22,517,502
Foreign currency translation and other adjustments	(86,323)	(43,413)	(129,736)	(305,789)	(28,427)	(334,216)	(1,148)	(26)	(1,174)	(393,260)	(71,866)	-
Increase in impairment allowances	1,500,416	50,559	1,550,975	5,751,906	33,106	5,785,012	44,671	31	44,702	7,296,993	83,696	-
Reversal of impairment	(1,311)	(85,786)	(87,097)	(136,803)	(938,580)	(1,075,383)	(146,331)	(83,343)	(229,674)	(284,445)	(1,107,709)	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Write offs	(136,164)	-	(136,164)	(95,309)	-	(95,309)	(289,690)	-	(289,690)	(521,163)	-	-
Balance, end of period	11,821,732	3,966,163	15,787,895	9,180,154	1,258,362	10,438,516	1,143,742	149,595	1,293,337	22,145,628	5,374,120	22,517,502

Group

Dec-2013

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	13,719,569	2,251,347	15,970,916	1,182,729	573,800	1,756,529	9,401	472,408	481,809	14,911,699	3,297,555	18,209,254
Foreign currency translation and other adjustments	(63,647)	(16,389)	(80,036)	(101,445)	(13,046)	(114,491)	(806)	(13)	(819)	(165,898)	(29,448)	(195,346)
Increase in impairment allowances	622,047	1,869,230	2,491,277	3,256,737	1,616,059	4,872,796	1,529,052	172,888	1,701,940	5,407,836	3,658,177	9,066,013
Reversal of impairment	(3,818,630)	(108,222)	(3,926,852)	(516,664)	(86,148)	(602,812)	(2,558)	(412,451)	(415,009)	(4,337,852)	(606,821)	(4,944,673)
Reclassifications	78,792	(78,792)	-	-	-	-	-	-	-	78,792	(78,792)	-
Write offs	(222,548)	-	(222,548)	(220,698)	-	(220,698)	(1,754)	-	(1,754)	(445,000)	-	(445,000)
Impairment of subsidiary acquired	229,531	127,629	357,160	365,490	101,598	467,088	2,905	101	3,006	597,926	229,328	827,254
Balance, end of period	10,545,114	4,044,803	14,589,917	3,966,149	2,192,263	6,158,412	1,536,240	232,933	1,769,173	16,047,503	6,469,999	22,517,502

Parent

June-2014

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	9,160,378	3,830,771	12,991,149	3,370,230	2,100,155	5,470,385	417,178	59,965	477,143	12,947,786	5,990,891	18,938,677
Foreign currency translation and other adjustments	11	-	11	-	-	-	-	-	-	11	-	11
Increase in impairment allowances	1,462,732	-	1,462,732	5,418,436	-	5,418,436	244,170	-	244,170	7,125,338	-	7,125,338
Reversal of impairment	(108,505)	(113,346)	(221,851)	-	(914,736)	(914,736)	-	(251)	(251)	(108,505)	(1,028,333)	(1,136,838)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Write offs	(27,873)	-	(27,873)	-	-	-	-	-	-	(27,873)	-	(27,873)
Balance, end of period	10,486,743	3,717,425	14,204,168	8,788,666	1,185,419	9,974,085	661,348	59,714	721,062	19,936,757	4,962,558	24,899,315

Parent

Dec-2013

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	12,976,805	2,152,724	15,129,529	-	495,291	495,291	-	472,330	472,330	12,976,805	3,120,345	16,097,150
Foreign currency translation and other adjustments	62	-	62	-	-	-	-	-	-	62	-	62
Increase in impairment allowances	-	1,756,839	1,756,839	3,370,230	1,604,864	4,975,094	417,178	-	417,178	3,787,408	3,361,703	7,149,111
Reversal of impairment	(3,811,334)	-	(3,811,334)	-	-	-	-	(412,365)	(412,365)	(3,811,334)	(412,365)	(4,223,699)
Reclassifications	78,792	(78,792)	-	-	-	-	-	-	-	78,792	(78,792)	-
Write offs	(83,947)	-	(83,947)	-	-	-	-	-	-	(83,947)	-	(83,947)
Balance, end of period	9,160,378	3,830,771	12,991,149	3,370,230	2,100,155	5,470,385	417,178	59,965	477,143	12,947,786	5,990,891	18,938,677

26 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Trading bonds (see note 26(b) below)	638,040	5,143,554	638,040	5,143,554
Trading treasury bills (see note 26(c) below)	15,009,192	12,080,113	11,282,403	8,603,128
	15,647,232	17,223,667	11,920,443	13,746,682
Current	15,009,197	17,160,074	11,282,408	13,683,089
Non-current	638,035	63,593	638,035	63,593

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
8th FGN Bond Series 1 (10.50%)	-	5,079,961	-	5,079,961
6th FGN Bond Series 3 (12.49%)	47,672	44,326	47,672	44,326
4th FGN Bond Series 9 (9.35%)	7,838	7,386	7,838	7,386
10th FGN Bond Series 1 (13.05%)	215,613	-	215,613	-
11th FGN Bond Series 1 (14.20%)	115,457	-	115,457	-
9th FGN Bond Series 1 (16.39%)	128,260	-	128,260	-
9th FGN Bond Series 2 (15.10%)	111,319	-	111,319	-
Local Contractor Bond	11,881	11,881	11,881	11,881
	638,040	5,143,554	638,040	5,143,554

Notes to the financial statements

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Nigerian treasury bills' maturities:				
03-July-2014	658,492	-	658,492	-
10-July-2014	465,833	-	465,833	-
17-July-2014	104,402	-	104,402	-
24-July-2014	30,653	-	30,653	-
31-July-2014	338,800	-	338,800	-
07-August-2014	115,834	-	115,834	-
21-August-2014	114,741	-	114,741	-
28-August-2014	294,254	-	294,254	-
04-September-2014	604,059	-	604,059	-
18-September-2014	170,078	-	170,078	-
25-September-2014	134,590	-	134,590	-
02-October-2014	103,794	-	103,794	-
16-October-2014	2,616,513	-	2,616,513	-
23-October-2014	1,312,702	-	1,312,702	-
30-October-2014	139,536	-	139,536	-
06-November-2014	392,750	-	392,750	-
04-December-2014	6,209	-	6,209	-
22-January-2015	941,982	-	941,982	
05-February-2015	18,184	-	18,184	
19-February-2015	234,529	-	234,529	
19-March-2015	1,819	-	1,819	
23-April-2015	18,332	-	18,332	
04-June-2015	2,085	-	2,085	
18-June-2015	300,276	-	300,276	
02-January-2014	-	269,447	-	269,447
09-January-2014	-	131,160	-	131,160
16-January-2014	-	254,517	-	254,517
23-January-2014	-	295,894	-	295,894
30-January-2014	-	523,483	-	523,483
06-February-2014	-	10,300	-	10,300
13-February-2014	-	11,093	-	11,093
20-February-2014	-	80,005	-	80,005
27-February-2014	-	83,444	-	83,444
06-March-2014	-	224,554	-	224,554
13-March-2014	-	896	-	896
20-March-2014	-	265,510	-	265,510
27-March-2014	-	1,693,042	-	1,693,042

03-April-2014	-	607,173	-	607,173
10-April-2014	-	628,478	-	628,478
17-April-2014	-	211,290	-	211,290
24-April-2014	-	673,214	-	673,214
08-May-2014	-	1,065,371	-	1,065,371
15-May-2014	-	955,945	-	955,945
22-May-2014	-	588,346	-	588,346
05-June-2014	-	1,513	-	1,513
19-June-2014	-	948	-	948
26-June-2014	-	5,641	-	5,641
09-October-2014	2,142,901	895	2,142,901	895
18-December-2014	19,055	20,969	19,055	20,969
Non-Nigerian treasury bills	3,726,789	3,476,985	-	-
	15,009,192	12,080,113	11,282,403	8,603,128

27 Derivative financial instruments

(a) Group

June-2014

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	11,726,159	120,683	(62,279)
Currency swaps	17,928,448	73,249	-
Derivative assets/(liabilities)	29,654,607	193,932	(62,279)

Group

Dec-2013

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	7,171,967	169,677	(3,475)
Currency swaps	7,238,083	424	(408)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)

Parent
June-2014

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	11,726,159	120,683	(62,279)
Currency swaps	17,928,448	73,249	-
Derivative assets/(liabilities)	29,654,607	193,932	(62,279)

Parent
Dec-2013

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	7,171,967	169,677	(3,475)
Currency swaps	7,238,083	424	(408)
Derivative assets/(liabilities)	14,410,050	170,101	(3,883)

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

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designed as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

28 Investment securities

(a) *In thousands of Nigerian Naira*	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
(i) **Available for sale investment securities**				
Treasury bills	335,630,452	360,883,227	315,080,941	352,204,680
Bonds	6,290,926	6,735,679	4,785,489	4,802,488
Corporate bond	1,909,639	-	1,909,639	-
Equity securities (See note 28(a)(ii) below	5,807,547	6,975,141	5,807,547	6,975,141
Unquoted equity securities at cost (see note 28(c) below)	3,029,104	3,293,263	3,024,015	3,288,216
	352,667,668	377,887,310	330,607,631	367,270,525
Specific impairment for equities (see note 28(b) below)	(2,949,962)	(3,214,163)	(2,949,962)	(3,214,163)
Total available for sale investment securities	**349,717,706**	**374,673,147**	**327,657,669**	**364,056,362**
Held to maturity investment securities				
Bonds	13,163,653	15,879,968	3,310,682	5,207,273
Treasury bills	18,203,148	26,744,008	-	-
AMCON bond (see note 28(d) below)	41,622,307	39,359,346	41,622,307	39,359,346
Corporate bond (See note 28(a)(iii) below	2,486,748	2,758,568	1,813,019	2,115,879
Total held to maturity investment securities	**75,475,856**	**84,741,890**	**46,746,008**	**46,682,498**
Total investment securities	**425,193,562**	**459,415,037**	**374,403,677**	**410,738,860**
Current	403,016,909	436,628,559	361,591,147	398,571,494
Non-current	22,176,653	22,786,478	12,812,530	12,167,366

Notes to the financial statements

(ii) Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
SMEEIS investment:				
- Sokoa Chair Centre	95,531	95,531	95,531	95,531
- TerraKulture ltd	829,354	829,354	829,354	829,354
- Iscare Nigeria Ltd	125,687	125,687	125,687	125,687
- Central Securities Clearing System	744,950	106,891	744,950	106,891
- Patrick Speech & Language Centre Ltd	-	31,887	-	31,887
- 3 Peat Investment Ltd	1,945,109	1,945,109	1,945,109	1,945,109
- CRC Credit Bureau	65,166	45,796	65,166	45,796
	3,805,797	**3,180,255**	**3,805,797**	**3,180,255**
Other unquoted equity investment:				
- Kakawa Discount House Limited	-	1,663,576	-	1,663,576
- Unified Payment Services Limited[1]	128,135	124,060	128,135	124,060
- Nigeria Automated Clearing Systems	125,289	115,254	125,289	115,254
- Afrexim	215,483	215,483	215,483	215,483
- Africa Finance Corporation	1,532,843	1,676,513	1,532,843	1,676,513
	2,001,750	**3,794,886**	**2,001,750**	**3,794,886**
Total fair value of equity securities	**5,807,547**	**6,975,141**	**5,807,547**	**6,975,141**

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

(iii) The amount represents the total value of investment in corporate bonds. Of this amount, the sum of N1,800,000,000 (December 2013: N2,100,000,000) represents face value of a 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc to the Bank.

(b) Specific impairment for equities

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
Balance at 1 January	3,214,163	3,464,163	3,214,163	3,464,163
- Reversals	(264,201)	(250,000)	(264,201)	(250,000)
Balance, end of the period	2,949,962	3,214,163	2,949,962	3,214,163

(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 June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	3,024,015	3,024,015	3,024,015	3,024,015
Less specific impairment for equities	(2,949,962)	(2,949,962)	(2,949,962)	(2,949,962)
Carrying value of SMIEES investment	**74,053**	**74,053**	**74,053**	**74,053**
Other unquoted equity investment:				
- ICHL Nigeria Limited	-	264,201	-	264,201
- GIM UEMOA	5,089	5,047	-	-
Cost of other unquoted equity investment	**5,089**	**269,248**	**-**	**264,201**
Less specific impairment for equities	-	(264,201)	-	(264,201)
Carrying value of other unquoted equity investmen	**5,089**	**5,047**	**-**	**-**
Total cost of unquoted equity investment	**3,029,104**	**3,293,263**	**3,024,015**	**3,288,216**
Total impairment of unquoted equity investment	(2,949,962)	(3,214,163)	(2,949,962)	(3,214,163)
Total carrying value of unquoted equity investment	**79,142**	**79,100**	**74,053**	**74,053**

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

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment which technically equates the Adjusted Net Asset value of these entities.

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and safely included in Level 2 of the Fair Value hierarchy table. The outstanding carrying amount on the book for these investments as at 30th June 2014 is N74,053,000 (December 2013: N74,053,000).

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

Also, the Group neither controls nor significantly influences the above SMEEIS and other long term investments because of the following:

• There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.

• The Group does not provide essential technical information to the entities.

• There is no inter-change of personnel between the Group and the entities.

• Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

(d) (i) The AMCON bonds comprise:

	Group	**Group**	**Parent**	**Parent**
In thousands of Nigerian Naira	**June-2014**	**Dec-2013**	**June-2014**	**Dec-2013**
Face value	43,147,617	43,147,618	43,147,617	43,147,617
Unearned interest	(1,525,310)	(3,788,272)	(1,525,310)	(3,788,271)
	41,622,307	39,359,346	41,622,307	39,359,346

(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.

29 **Assets pledged as collateral**

(a)

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
Financial assets held for trading (See note 29(c) below):	**5,479**	**1,682**	**-**	**-**
- Treasury bills	5,479	1,682	-	-
Investment Securities - available for sale (See note (d) below):	**39,608,382**	**28,440,947**	**39,608,382**	**28,440,947**
- Treasury bills	39,608,382	28,440,947	39,608,382	28,440,947
	39,613,861	28,442,629	39,608,382	28,440,947
Current	39,608,382	28,440,947	39,608,382	28,440,947
Non-current	5,479	1,682	-	-

(b) Assets pledged as collateral for both periods relate assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited and Valucard Nigeria Plc for collections and other transactions.

(c) Bonds and Treasury Bills pledged as collateral of N5,479,000 (Parent: nil) (December 2013: N1,682,000) have been reclassified from financial assets held for trading at fair value.

(d) Treasury Bills pledged as collateral of N39,608,382,000 (December 2013: N28,440,947,000) have been reclassified from available for sale investment securities at fair value.

30 **Investment in subsidiaries**

(a) Investment in subsidiaries comprises:

In thousands of Nigerian Naira	**Parent June-2014**	**Parent Dec-2013**
GTB Gambia	574,278	574,278
GTB Sierra Leone	594,109	594,109
GTB Ghana	8,572,446	8,572,446
GTB Finance B.V.	3,220	3,220
GTB UK Limited	7,822,427	7,822,427
GTB Liberia Limited	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	3,485,058	3,485,058
GTB Kenya Limited	17,131,482	17,131,482
	40,130,284	40,130,284
Current	-	-
Non-current	40,130,284	40,130,284

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

In thousands of Nigerian Naira	**Parent June-2014**	**Parent Dec-2013**
Balance, beginning of the period	40,130,284	22,925,088
Disposal during the period	-	-
Additions during the period	-	17,205,196
Transferred to assets classified as held for sale and discontinued operations	-	-
Balance, end of the period	40,130,284	40,130,284

(a) (ii) Additions during the comparative year relate to acquisition of FINA Bank Kenyan an East African Bank with subsidiaries in Uganda and Rwanda in the sum of N17,131,482,000 and additional investment of N73,714,000 in GTBank Ghana.

Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at 30 June 2014, are as follows:

Full year profit and loss

Jun-2014

In thousands of Nigerian Naira	***Group balance***	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Operating income	104,098,476	(1,474,920)	94,524,495	(46,969)	-	4,405,220	1,329,374	681,813	951,559	854,028	96,338	2,777,538
Operating expenses	(45,362,871)	-	(38,188,815)	(137,267)	-	(1,956,224)	(729,032)	(503,271)	(937,559)	(481,280)	(311,951)	(2,117,472)
Loan impairment charges	(5,338,868)	-	(5,252,074)	-	-	(178,841)	1,216	(8,385)	-	(4,387)	-	103,603
Profit before tax from continuing operations	53,396,737	(1,474,920)	51,083,606	(184,236)	-	2,270,155	601,558	170,157	14,000	368,361	(215,613)	763,669
Taxation	(9,388,709)	-	(7,955,437)	-	-	(883,706)	(180,467)	-	-	(117,878)	-	(251,221)
Profit after tax	44,008,028	(1,474,920)	43,128,169	(184,236)	-	1,386,449	421,091	170,157	14,000	250,483	(215,613)	512,448

Condensed financial position

Jun-2014

In thousands of Nigerian Naira	***Group balance***	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Assets												
Cash and cash equivalents	366,259,317	(27,760,855)	288,761,277	22,907	-	24,880,206	6,131,924	3,804,170	54,385,760	2,250,636	1,216,982	12,566,310
Loans and advances to banks	6,421,346	-	26,036	-	-	-	-	465,514	5,929,796	-	-	-
Loans and advances to customers	1,032,269,962	(148,531,605)	952,864,158	-	146,227,654	25,642,327	5,628,181	4,193,259	10,795,216	3,502,587	370,373	31,577,812
Financial assets held for trading	15,647,232	-	11,920,443	-	-	-	-	-	-	3,726,789	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial assets	193,932	-	193,932	-	-	-	-	-	-	-	-	-
Investment securities:												
– Available for sale	349,717,706	(3,987,575)	327,657,669	3,987,575	-	-	4,881,424	-	4,972,359	-	5,089	12,201,165
– Held to maturity	75,475,856	-	46,746,008	-	-	11,039,409	-	848,266	-	-	2,418,457	14,423,716
Investment in subsidiaries	-	(40,130,284)	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	39,613,861	-	39,608,382	-	-	-	-	-	-	-	5,479	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	71,333,820	-	64,713,489	-	-	1,260,633	943,645	720,987	486,463	834,045	868,662	1,505,896
Intangible assets	11,415,072	8,605,986	2,512,590	-	-	91,830	403	2,083	28,321	14,104	87,200	72,555
Deferred tax assets	2,801,978	2,175,524	-	-	-	-	-	-	341,523	-	-	284,931
Restricted deposits and other assets	262,884,059	(814,529)	253,694,582	-	-	1,352,296	522,953	1,754,815	246,832	1,742,940	529,578	3,854,592
Total assets	2,234,034,141	(210,443,338)	2,028,828,850	4,010,482	146,227,654	64,266,701	18,108,530	11,789,094	77,186,270	12,071,101	5,501,820	76,486,977
Financed by:												
Deposits from banks	24,637,167	(24,239,078)	81,965	-	-	2,666,222	-	-	37,493,823	224,031	-	8,410,204
Deposits from customers	1,543,813,494	(495,347)	1,377,036,645	-	-	48,271,229	14,672,525	8,110,767	30,863,852	9,229,899	2,279,842	53,844,082
Derivative financial liabilities	62,279	-	62,279	-	-	-	-	-	-	-	-	-
Debt securities issued	159,296,418	-	13,228,726	-	145,703,493	-	-	-	-	-	-	364,199
Current income tax liabilities	12,250,642	-	11,778,102	-	-	40,403	180,283	-	-	49,275	-	202,579
Deferred tax liabilities	7,325,092	-	7,151,513	-	-	39,075	-	-	36,096	-	-	98,408
Other liabilities	75,041,780	(814,534)	61,267,192	8,154,705	-	1,810,150	483,707	1,214,686	320,099	1,060,685	598,554	946,536
Other borrowed funds	82,958,322	(151,558,038)	228,418,268	2,828,111	-	1,471,962	-	-	1,665,968	-	-	132,051
Total liabilities	1,905,385,194	(177,106,997)	1,699,024,690	10,982,816	145,703,493	54,299,041	15,336,515	9,325,453	70,379,838	10,563,890	2,878,396	63,998,059
Equity and reserve	328,648,947	(33,336,341)	329,804,160	(6,972,334)	524,161	9,967,660	2,772,015	2,463,641	6,806,432	1,507,211	2,623,424	12,488,918
	2,234,034,141	(210,443,338)	2,028,828,850	4,010,482	146,227,654	64,266,701	18,108,530	11,789,094	77,186,270	12,071,101	5,501,820	76,486,977

Condensed cash flow

Jun-2014

In thousands of Nigerian Naira	Group balance	Elimination Entries	*GTBank Plc*	*SIT*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Net cash flow:												
- from operating activities	94,187,760	(2,279,918)	75,552,690	506,969	(234,999)	4,718,515	(309,992)	(273,455)	7,720,637	377,363	395,151	8,014,799
- from investing activities	20,799,754	989,345	31,421,005	(1,940,861)	-	6,193,311	(938,079)	(233,105)	(2,564,586)	59,853	(257,970)	(11,929,159)
Net cash flow from financing activities	-	-	-	-	-	-	-	-	-	-	-	-
- from financing activities	(53,611,499)	(6,242,956)	(47,593,670)	1,453,679	234,999	(1,218,149)	(137,238)	-	-	(112,262)	-	4,098
Increase in cash and cash equivalents	61,376,015	(7,533,529)	59,380,025	19,787	-	9,693,677	(1,385,309)	(506,560)	5,156,051	324,954	137,181	(3,910,262)
Cash balance, beginning of period	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314
Effect of exchange difference	(2,512,374)	(852,493)	771,701	(182)	-	(4,928,443)	116,347	63,697	2,138,488	(2,253)	3,506	177,258
Cash balance, end of period	366,259,317	(27,760,855)	288,761,277	22,907	-	24,880,206	6,131,924	3,804,170	54,385,760	2,250,636	1,216,982	12,566,310

(b) Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2014, are as follows:

Profit and loss
Jun-2014

In thousands of Nigerian Naira	***GT Bank Kenya Group***	***Elimination Entries***	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	2,777,538	(90,655)	1,646,798	925,481	295,914
Operating expenses	(2,117,472)	3,709	(983,496)	(815,009)	(322,676)
Loan impairment charges	103,603	86,349	17,730	(2,210)	1,734
Profit before tax from continuing operations	763,669	(597)	681,032	108,262	(25,028)
Taxation	(251,221)	147	(204,310)	(32,479)	(14,579)
Profit after tax	512,448	(450)	476,722	75,783	(39,607)

Condensed financial position
Jun-2014

In thousands of Nigerian Naira	***GT Bank Kenya Group***	***Elimination Entries***	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets					
Cash and cash equivalents	12,566,310	-	8,074,665	3,113,238	1,378,407
Loans and advances to customers	31,577,812	-	17,923,378	11,027,590	2,626,844
– Available for sale	12,201,165	-	12,201,165	-	-
– Held to maturity	14,423,716	-	7,289,065	5,731,188	1,403,463
Investment in subsidiaries	-	(3,529,525)	3,529,525	-	-
Property and equipment	1,505,896	8,535	454,001	996,641	46,719
Intangible assets	72,555	35,188	15,290	21,215	862
Deferred tax assets	284,931	-	35,331	-	249,600
Restricted deposits and other assets	3,854,592	77,872	2,231,635	1,400,519	144,566
Total assets	76,486,977	(3,407,930)	51,754,055	22,290,391	5,850,461
Financed by:					
Deposits from banks	8,410,204	-	8,199,072	-	211,132
Deposits from customers	53,844,082	-	30,820,298	19,375,381	3,648,403
Debt securities issued	364,199	364,199	-	-	-
Current income tax liabilities	202,579	-	202,579	-	-
Deferred tax liabilities	98,408	-	-	98,408	-
Other liabilities	946,536	61	400,107	479,654	66,714
Other borrowed funds	132,051	-	-	132,051	-
	63,998,059	364,260	39,622,056	20,085,494	3,926,249
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-
Total liabilities	63,998,059	364,260	39,622,056	20,085,494	3,926,249
Equity and reserve	12,488,918	(3,772,190)	12,131,999	2,204,897	1,924,212
	76,486,977	(3,407,930)	51,754,055	22,290,391	5,850,461

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

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***	***GT Bank Kenya***
Condensed profit and loss												
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	49,014,861	(937,379)	47,112,234	414,297	-	1,797,001	379,251	155,850	20,614	231,254	(158,261)	-

Condensed results of the consolidated entities as at 31 December 2013, are as follows:

-

Dec-2013

In thousands of Nigerian Naira	**Group balance**	**Elimination Entries**	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed financial position												
Assets												
Cash and cash equivalents	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314
Loans and advances to banks	5,596,476	-	16,976	-	-	-	-	462,151	5,117,349	-	-	-
Loans and advances to customers	1,002,370,638	(144,273,815)	926,967,093	-	142,993,474	21,979,712	5,087,070	3,824,876	8,375,480	3,521,200	328,184	33,567,364
Financial assets held for trading	17,223,667	-	13,746,682	-	-	-	-	-	-	3,476,985	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial assets	170,101	-	170,101	-	-	-	-	-	-	-	-	-
Investment securities:												
– Available for sale	374,673,147	(2,046,714)	364,056,362	2,046,714	-	-	4,264,130	-	2,300,078	-	5,047	4,047,530
– Held to maturity	84,741,890	-	46,682,498	-	-	24,128,122	-	671,343	-	-	2,249,829	11,010,098
Investment in subsidiaries	-	(40,130,284)	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	28,442,629	-	28,440,947	-	-	-	-	-	-	-	1,682	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	68,306,197	-	61,419,683	-	-	1,886,315	879,050	691,287	493,519	823,738	796,440	1,316,165
Intangible assets	11,214,274	8,605,984	2,256,768	-	-	119,042	396	8,792	33,184	10,834	99,103	80,171
Deferred tax assets	1,945,629	1,066,039	-	-	-	63,307	-	-	326,535	-	-	489,748
Restricted deposits and other assets	200,766,091	(198,779)	191,868,850	-	1,203,390	1,213,055	211,661	2,121,619	257,520	1,588,455	326,861	2,173,459
Total assets	2,102,846,415	(196,352,402)	1,904,365,795	2,050,016	144,196,864	69,504,525	17,843,193	12,027,101	63,994,886	11,349,147	4,883,441	68,983,849
Financed by:												
Deposits from banks	15,208,300	(17,290,573)	88,729	-	-	3,703,584	331,259	-	26,513,988	554,570	-	1,306,743
Deposits from customers	1,427,493,697	(491,410)	1,261,927,035	-	-	48,951,956	14,718,977	8,802,278	29,026,122	9,206,881	1,700,853	53,651,005
Derivative financial liabilities	3,883	-	3,883	-	-	-	-	-	-	-	-	-
Debt securities issued	156,498,167	-	13,233,595	-	142,899,381	-	-	-	-	-	-	365,191
Current income tax liabilities	13,073,847	-	12,632,975	-	-	147,568	113,895	7,855	-	42,787	-	128,767
Deferred tax liabilities	5,065,625	-	4,784,323	-	-	142,608	6,490	-	34,512	-	-	97,692
Other liabilities	61,014,954	(198,781)	49,008,466	7,463,681	782,644	899,777	360,139	901,596	334,307	41,912	366,290	1,054,923
Other borrowed funds	92,134,872	(145,866,665)	233,040,108	1,374,432	-	1,865,971	-	-	1,592,852	-	-	128,174
	1,770,493,345	(163,847,429)	1,574,719,114	8,838,113	143,682,025	55,711,464	15,530,760	9,711,729	57,501,781	9,846,150	2,067,143	56,732,495
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	1,770,493,345	(163,847,429)	1,574,719,114	8,838,113	143,682,025	55,711,464	15,530,760	9,711,729	57,501,781	9,846,150	2,067,143	56,732,495
Equity and reserve	332,353,070	(32,504,973)	329,646,681	(6,788,097)	514,839	13,793,061	2,312,433	2,315,372	6,493,105	1,502,997	2,816,298	12,251,354
	2,102,846,415	(196,352,402)	1,904,365,795	2,050,016	144,196,864	69,504,525	17,843,193	12,027,101	63,994,886	11,349,147	4,883,441	68,983,849

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***	***GT Bank Kenya***
Condensed cash flow												
Net cash flow:												
- from operating activities	220,393,908	3,135,963	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 of the GT Bank Kenya Group as at 30 June 2014, are as follows:

Profit and loss
Jun-2013

In thousands of Nigerian Naira	***GT Bank Kenya Group***	***Elimination Entries***	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	-	-	-	-	-
Operating expenses	-	-	-	-	-
Loan impairment charges	-	-	-	-	-
Profit before tax from continuing operations	-	-	-	-	-
Taxation	-	-	-	-	-
Profit after tax	-	-	-	-	-

Condensed financial position
Dec-2013

In thousands of Nigerian Naira	***GT Bank Kenya Group***	***Elimination Entries***	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets					
Cash and cash equivalents	16,299,314	-	12,209,468	2,917,257	1,172,589
Loans and advances to customers	33,567,364	-	19,200,041	11,172,241	3,195,082
– Available for sale	4,047,530	-	4,047,530	-	-
– Held to maturity	11,010,098	-	7,405,013	2,442,945	1,162,140
Investment in subsidiaries	-	(3,538,225)	3,538,225	-	-
Property and equipment	1,316,165	-	332,958	923,198	60,009
Intangible assets	80,171	40,646	19,232	19,859	434
Deferred tax assets	489,748	-	22,747	-	467,001
Restricted deposits and other assets	2,173,459	2	1,079,006	1,041,845	52,606
Total assets	68,983,849	(3,497,577)	47,854,220	18,517,345	6,109,861
Financed by:					
Deposits from banks	1,306,743	-	1,031,312	545	274,886
Deposits from customers	53,651,005	-	34,374,743	15,816,044	3,460,218
Debt securities issued	365,191	-	365,191	-	-
Current income tax liabilities	128,767	-	128,767	-	-
Deferred tax liabilities	97,692	-	-	97,692	-
Other liabilities	1,054,923	-	604,328	325,273	125,322
Other borrowed funds	128,174	-	-	128,174	-
	56,732,495	-	36,504,341	16,367,728	3,860,426
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-
Total liabilities	56,732,495	-	36,504,341	16,367,728	3,860,426
Equity and reserve	12,251,354	(3,497,577)	11,349,879	2,149,617	2,249,435
	68,983,849	(3,497,577)	47,854,220	18,517,345	6,109,861

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2014	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278
Exchange difference	(157,617)	(85,439)	(228,978)	(76,837)	-	(52,903)	(601,774)
Additions	1,208,425	(23)	2,484,205	934,368	11,994	2,000,748	6,639,717
Disposals	(5,338)	-	(627,125)	(541,212)	-	22,863	(1,150,812)
Transfers	2,059,449	254,001	3,269,846	-	-	(5,583,296)	-
Reclassifications from other assets [2]	-	-	-	-	-	2,561,296	2,561,296
Balance at 30 June 2014	37,938,528	8,295,258	47,434,721	8,094,264	4,194,270	12,538,664	118,495,705
Balance at 1 January 2013	30,944,183	8,041,110	36,223,462	6,791,431	4,113,773	8,295,478	94,409,437
Exchange difference	(22,807)	(119,825)	(108,577)	(61,083)	-	(11,672)	(323,964)
Additions	1,849,537	155,133	3,753,852	1,862,312	68,503	7,130,321	14,819,658
Disposals	(11,347)	(107,374)	(483,615)	(908,669)	-	-	(1,511,005)
Transfers	1,402,835	157,675	1,379,648	243	-	(2,940,401)	-
Reclassifications from other assets	-	-	48,540	-	-	978,572	1,027,112
Assets of subsidiaries acquired	671,208	-	1,723,463	93,711	-	137,658	2,626,040
Balance at 31 December 2013	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

[2] This relates to fixed assets which were initially partly paid for, but have now been fully paid and thus available for use.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2014	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Exchange difference	(41,505)	(3,894)	(164,865)	(41,108)	-	-	(251,372)
Charge for the period	923,332	49,917	3,423,074	697,507	252,238	-	5,346,068
Disposal	-	-	(212,021)	(461,871)	-	-	(673,892)
Balance at 30 June 2014	6,489,972	557,782	32,696,123	5,040,252	2,377,756	-	47,161,885
Balance at 1 January 2013	4,022,731	538,069	22,939,717	4,389,515	1,632,677	-	33,522,709
Exchange difference	(5,866)	(15,025)	(122,744)	(32,414)	-	-	(176,049)
Charge for the period	1,506,792	96,089	6,021,577	1,215,291	492,841	-	9,332,590
Disposal	(80,302)	(107,374)	(361,408)	(789,437)	-	-	(1,338,521)
Assets of subsidiaries acquired	164,790	-	1,172,793	62,769	-	-	1,400,352
Balance at 31 December 2013	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Carrying amounts:							
Balance at 30 June 2014	31,448,556	7,737,476	14,738,598	3,054,012	1,816,514	12,538,664	71,333,820
Balance at 31 December 2013	29,225,464	7,614,960	12,886,838	2,932,221	2,056,758	13,589,956	68,306,197

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2014	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015
Exchange difference	-	-	-	-	-	-	-
Additions	1,006,642	-	1,845,097	664,356	11,994	1,859,802	5,387,891
Disposals	-	-	(7,431)	(416,445)	-	-	(423,876)
Transfers	1,973,860	254,001	3,258,883	-	-	(5,486,744)	-
Reclassifications from other assets [2]	-	-	-	-	-	2,704,248	2,704,248
Balance at 30 June 2014	33,599,968	7,734,316	42,827,689	7,026,356	4,194,270	12,024,679	107,407,278
Balance at 1 January 2013	27,597,533	7,270,014	33,145,122	5,963,590	4,113,773	7,920,000	86,010,032
Exchange difference	-	-	-	-	-	-	-
Additions	1,862,876	160,000	3,298,246	1,608,653	68,503	6,676,561	13,674,839
Disposals	(40)	(107,374)	(23,216)	(793,798)	-	-	(924,428)
Transfers	1,159,097	157,675	1,310,988	-	-	(2,627,760)	-
Reclassifications from other assets	-	-	-	-	-	978,572	978,572
Balance at 31 December 2013	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

[2] This relates to fixed assets which were initially partly paid for, but have now been fully paid and thus available for use.

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2014	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
Exchange difference	-	-	-	-	-	-	-
Charge for the period	774,455	50,834	3,100,428	611,676	252,238	-	4,789,631
Disposal	-	-	(7,431)	(407,743)	-	-	(415,174)
Balance at 30 June 2014	5,613,723	492,529	29,678,390	4,531,391	2,377,756	-	42,693,789
Balance at 1 January 2013	3,503,994	451,917	21,050,096	3,874,540	1,632,677	-	30,513,224
Exchange difference	-	-	-	-	-	-	-
Charge for the period	1,335,274	97,152	5,557,663	1,145,012	492,841	-	8,627,942
Disposal	-	(107,374)	(22,366)	(692,094)	-	-	(821,834)
Balance at 31 December 2013	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
Carrying amounts:							
Balance at 30 June 2014	27,986,245	7,241,787	13,149,299	2,494,965	1,816,514	12,024,679	64,713,489
Balance at 31 December 2013	25,780,198	7,038,620	11,145,747	2,450,987	2,056,758	12,947,373	61,419,683

(c) The Bank had capital commitments of N399,823,000,000 (31 December 2013: N465,295,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2013: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2014	8,646,631	7,529,614	16,176,245
Exchange translation differences	(100)	(44,878)	(44,978)
Additions	-	736,212	736,212
Balance at 30 June 2014	8,646,531	8,220,948	16,867,479
Balance at 1 January 2013	50,923	5,608,778	5,659,701
Exchange translation differences	(50)	(2,675)	(2,725)
Additions	-	1,589,242	1,589,242
Goodwill on subsidiaries acquired	8,555,062	-	8,555,062
Assets of subsidiaries acquired	40,696	334,269	374,965
Balance at 31 December 2013	8,646,631	7,529,614	16,176,245
Amortization and impairment losses			
Balance at 1 January 2014	-	4,961,971	4,961,971
Exchange translation differences	-	(17,064)	(17,064)
Amortization for the period	-	507,500	507,500
Balance at 30 June 2014	-	5,452,407	5,452,407
Balance at 1 January 2013	-	3,887,525	3,887,525
Exchange translation differences	-	(3,550)	(3,550)
Amortization for the period	-	783,270	783,270
Assets of subsidiaries acquired	-	294,726	294,726
Balance at 31 December 2013	-	4,961,971	4,961,971
Carrying amounts		200,898	
Balance at 30 June 2014	8,646,531	2,768,541	11,415,072
Balance at 31 December 2013	8,646,631	2,567,643	11,214,274

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 2014 (2013: nil).

Notes to the financial statements

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2014	6,639,769
Additions	659,906
Balance at 30 June 2014	7,299,675
Balance at 1 January 2013	5,277,464
Additions	1,362,305
Balance at 31 December 2013	6,639,769
Amortization and impairment losses	
Balance at 1 January 2014	4,383,001
Amortization for the period	404,084
Balance at 30 June 2014	4,787,085
Balance at 1 January 2013	3,737,747
Amortization for the period	645,254
Balance at 31 December 2013	4,383,001
Carrying amounts	
Balance at 30 June 2014	2,512,590
Balance at 31 December 2013	2,256,768

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira		**June-2014**			**Dec-2013**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	341,523	-	341,523	398,346	-	398,346
Fair value reserves	35,331	-	35,331	22,747	-	22,747
Allowances for loan losses	249,600	-	249,600	4,312	-	4,312
Other assets	-	-	-	1,520,224	-	1,520,224
Foreign currency translation difference	2,175,524	-	2,175,524	-	-	-
Net deferred tax assets/(liabilities)	2,801,978	-	2,801,978	1,945,629	-	1,945,629

In thousands of Nigerian Naira	**June-2014**	**Dec-2013**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,460,455	1,547,283
-Deferred tax assets to be recovered after more than 12 months	341,523	398,346
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	-	-
-Deferred tax liabilities to be recovered after more than 12 months	-	-

Notes to the financial statements

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**June-2014**			**Dec-2013**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	7,769,901	7,769,901	-	6,526,882	6,526,882
Fair value reserves	-	1,112,202	1,112,202	-	1,310,829	1,310,829
Allowances for loan losses	1,303,931	-	(1,303,931)	2,897,696	-	(2,897,696)
Mark to market loss on valuation of securities	-	235,283	235,283	37,857	-	(37,857)
Defined benefit obligation	396,696	-	(396,696)	495,061	-	(495,061)
Other assets	91,667	-	(91,667)	348,903	658,528	309,625
Foreign currency translation difference	-	-	-	-	348,903	348,903
Net deferred tax (assets)/liabilities	1,792,294	9,117,386	7,325,092	3,779,517	8,845,142	5,065,625

In thousands of Nigerian Naira	**June-2014**	**Dec-2013**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	1,792,294	3,779,517
-Deferred tax assets to be recovered after more than 12 months	-	-
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,347,485	2,318,260
-Deferred tax liabilities to be recovered after more than 12 months	7,769,901	6,526,882

Notes to the financial statements

Parent
Deferred Tax Liabilities

In thousands of Nigerian Naira	**June-2014**			**Dec-2013**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	7,596,322	7,596,322	-	6,219,780	6,219,780
Fair value reserves	-	1,112,202	1,112,202	-	1,238,836	1,238,836
Allowances for loan losses	1,303,931	-	(1,303,931)	2,808,099	-	(2,808,099)
Mark to market loss on valuation of securities	-	235,283	235,283	37,857	-	(37,857)
Defined benefit obligation	396,696	-	(396,696)	495,061	-	(495,061)
Other assets	91,667	-	(91,667)	-	666,724	666,724
Net deferred tax (assets)/liabilities	1,792,294	8,943,807	7,151,513	3,341,017	8,125,340	4,784,323

In thousands of Nigerian Naira	**June-2014**	**Dec-2013**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	1,792,294	3,341,017
-Deferred tax assets to be recovered after more than 12 months	-	-
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,347,485	1,905,560
-Deferred tax liabilities to be recovered after more than 12 months	7,596,322	6,219,780

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

Group
June-2014

In thousands of Nigerian Naira	Balance at Jan-2013	Exchange Difference	Recognised in Profit or loss	Recognised in Other comprehensive income	Asset of subsidiaries acquired	Balance at June-2014
Property and equipment, and software	6,128,536	(38,317)	1,338,159	-	-	7,428,378
Fair value reserves	1,288,082	14	(70,237)	(140,988)	-	1,076,871
Allowances for loan losses	(2,902,008)	(9,597)	1,358,074	-	-	(1,553,531)
Mark to market loss on valuation of securities	(37,857)	94,269	178,871	-	-	235,283
Defined benefit obligation	(495,061)	-	98,365	-	-	(396,696)
Other assets	204,343	(3,464)	(294,840)	-	-	(93,961)
Foreign currency translation difference	(1,066,039)	-	-	(1,107,191)	-	(2,173,230)
	3,119,996	42,905	2,608,392	(1,248,179)	-	4,523,114

Group
Dec-2013

In thousands of Nigerian Naira	Balance at Jan-2013	Exchange Difference	Recognised in Profit or loss	Recognised in Other comprehensive income	Asset of subsidiaries acquired	Balance at Dec-2013
Property and equipment, and software	4,876,869	(43,286)	1,279,796	-	15,157	6,128,536
Fair value reserves	72,689	10	-	1,224,129	(8,746)	1,288,082
Allowances for loan losses	(2,832,792)	(10,297)	(58,919)	-	-	(2,902,008)
Mark to market loss on valuation of securities	(108,779)	12,544	58,378	-	-	(37,857)
Defined benefit obligation	701,231	-	(1,393,023)	196,731	-	(495,061)
Other assets	(352,390)	(2,660)	1,043,439	-	(485,978)	202,411
Foreign currency translation difference	(752,214)	-	-	(311,893)	-	(1,064,107)
	1,604,614	(43,689)	929,671	1,108,967	(479,567)	3,119,996

Notes to the financial statements

Parent
June-2014

In thousands of Nigerian Naira	Balance at Jan-2013	Recognised in Profit or loss	Recognised in Other comprehensive income	Balance at June-2014
Property and equipment, and software	6,219,780	1,474,907	-	7,694,687
Fair value reserves	1,238,836	-	(126,634)	1,112,202
Allowances for loan losses	(2,808,099)	1,504,168	-	(1,303,931)
Mark to market loss on valuation of securities	(37,857)	273,140	-	235,283
Defined benefit obligation	(495,061)	-	-	(495,061)
Other assets	666,724	(758,391)	-	(91,667)
	4,784,323	2,493,824	(126,634)	7,151,513

Parent
Dec-2013

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	4,974,376	1,245,404	-	6,219,780
Fair value reserves	72,689	-	1,166,147	1,238,836
Allowances for loan losses	(2,822,084)	13,985	-	(2,808,099)
Mark to market loss on valuation of securities	(108,779)	70,922	-	(37,857)
Defined benefit obligation	709,997	(1,401,789)	196,731	(495,061)
Other assets	(292,572)	959,296	-	666,724
	2,533,627	887,818	1,362,878	4,784,323

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Prepayments	14,440,091	16,627,738	8,685,837	11,550,186
Foreign Banks - Cash Collateral	31,688,122	30,071,679	31,697,687	30,071,679
Restricted deposits with central banks	210,947,492	148,592,788	207,502,704	144,773,099
Recognised assets for defined benefit obligations (See note 39)	6,113,910	5,779,442	6,113,910	5,779,442
	263,189,615	**201,071,647**	**254,000,138**	**192,174,406**
Impairment on other assets	(305,556)	(305,556)	(305,556)	(305,556)
	262,884,059	200,766,091	253,694,582	191,868,850
Current	40,813,877	158,830,104	37,800,895	155,670,938
Non-current	222,070,182	41,935,987	215,893,687	36,197,912

Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N197,902,945,000 with the Central Bank of Nigeria (CBN) as at 30th June 2014 (December 2013: N144,773,099,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 15% of non-government deposits and 75% of government deposit (December 2013: 12% non-government, 50% government deposit) which should be held with the Central Bank of Nigeria as a regulatory requirement. The additional N9,599,990,000 represents balances held with the Central Bank of Nigeria in readiness for RDAS transaction of 2nd July, 2014.

As at 30 June 2014, GTB Liberia, Cote d'ivoire and Gambia had restricted balances of N1,136,751,000, N82,436,000 & N1,415,935 respectively (December 2013: N1,623,503,000, N71,001,000 and N1,327,426,000) respectively with the Central Bank of Liberia, the BCEAO and Central Bank of Gambia. The Cash Reserve Ratio in Liberia, Cote divoire and Gambia represents a mandatory 15%, 5% and 15% (December 2013: 22%, 5% and 15%) of local deposit which should be held with their respective Central Banks as a regulatory requirement. In the same period, GTBank Kenya, Rwanda and Uganda had restricted deposits of N809,665,000 2013 N797,759,000).

Movement in impairment of other assets:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Opening Balance	305,556	981,617	305,556	981,617
Write off	-	(676,061)	-	(676,061)
Closing Balance	305,556	305,556	305,556	305,556

35 Deposits from banks

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Money market deposits	10,884,160	5,463,518	186	294
Other deposits from banks	13,753,007	9,744,782	81,779	88,435
	24,637,167	15,208,300	81,965	88,729
Current	24,637,167	15,208,300	81,965	88,729
Non-current	-	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Retail customers:				
Term deposits	169,471,319	162,898,145	146,205,464	142,938,282
Current deposits	252,507,017	318,123,500	221,667,270	289,234,905
Savings	256,633,499	243,148,396	223,464,220	213,323,827
Corporate customers:				
Term deposits	246,370,809	195,144,884	225,343,286	170,424,225
Current deposits	618,830,850	508,178,772	560,356,405	446,005,796
	1,543,813,494	1,427,493,697	1,377,036,645	1,261,927,035
Current	1,540,211,280	1,423,715,711	1,377,030,421	1,261,920,726
Non-current	3,602,214	3,777,986	6,224	6,309

37 Debt securities issued

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Debt securities at amortized cost:				
Eurobond debt security	145,703,493	142,899,381	-	-
Corporate bonds	13,592,925	13,598,786	13,228,726	13,233,595
	159,296,418	156,498,167	13,228,726	13,233,595
Current	13,228,726	13,233,595	13,228,726	13,233,595
Non-current	146,067,692	143,264,572	-	-

Debt securities of N145,703,493,000 (USD 894,271,000) (December 2013: N142,899,381,000 (USD 900,367,000))represents amortised cost of dollar guaranteed note issued by GTB B.V., Netherlands. The note of USD 500,000,000 (principal) was issued in May 2011 for a period of 5 years at 7.5% per annum payable semi-annually while the second tranche of 400,000,000 (principal was issued in November 2013 for a period of 5 years at 6% .

The amount of N13,228,726,000 (December 2013: N13,233,595,000) represents amortised cost of 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	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Cash settled share based payment liability (Note 38(d))	8,154,705	7,463,681	-	-
Liability for defined contribution obligations (Note 38(a))	17,535	50,569	-	-
Deferred income on financial guarantee contracts	205,178	256,823	150,476	181,296
Certified cheques	11,647,610	8,071,482	9,877,457	7,552,390
Lease obligation (Note 38(b))	2,522,402	2,769,235	2,522,402	2,769,235
Customers' deposit for foreign trade (Note 38(c))	31,688,304	30,071,820	31,697,869	30,071,820
Other current liabilities	16,697,124	12,022,944	12,916,634	8,131,777
Deposit for shares	4,108,922	308,400	4,102,354	301,948
	75,041,780	61,014,954	61,267,192	49,008,466
Current	58,297,515	51,295,821	53,203,374	46,798,094
Non-current	16,744,265	9,719,133	8,063,818	2,210,372

(a) The Bank and its employees each contributes a minimum of 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators. The amount not yet transferred as at period end of nil (December 2013: 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 N1,816,514,000 (December 2013: N2,056,758,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2013:Nil)

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

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Not more than one year	781,978	768,168	781,978	768,168
Over one year but less than five years	2,085,274	2,432,531	2,085,274	2,432,531
Over five years	-	-	-	-
Less future finance charges	(344,850)	(431,464)	(344,850)	(431,464)
	2,522,402	2,769,235	2,522,402	2,769,235

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

Notes to the financial statements

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	June-2014		Dec-2013	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	17.13	406,626	17.13	428,420
Granted	9.75	11,688	9.26	12,060
Forfeited	-	-	-	-
Exercised	20.18	(14,285)	21.31	(33,853)
Expired	-	-	-	-
At at end of the period	**20.18**	**404,029**	**18.36**	**406,626**

Out of the 404,029,000 outstanding SARs (2013: 406,626,000 SARs), 270,701,992 SARs (2013: 207,229,682) were exercisable. SARs exercised in 2014 resulted in 14,285,000 shares (2013:33,853,000) being issued at a weighted average price of N20.18 each (2013: N21.31 each). The related weighted average share price at the time of exercise was N20.18 (2013: N21.31) per share.

39 Defined benefit obligations

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

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

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Unfunded obligations	-	-	-	-
Present value of funded obligations	(1,937,605)	(1,780,666)	(1,937,605)	(1,780,666)
Total present value of defined benefit obligations	(1,937,605)	(1,780,666)	(1,937,605)	(1,780,666)
Fair value of plan assets	8,051,515	7,560,108	8,051,515	7,560,108
Present value of net asset/(obligations)	6,113,910	5,779,442	6,113,910	5,779,442
Unrecognized actuarial gains and losses	-	-	-	-
Recognized asset/(liability) for defined benefit obligations	6,113,910	5,779,442	6,113,910	5,779,442

The bank's surplus in defined benefit plan is the same as figure determined using asset ceiling.

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

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

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
(Deficit)/surplus on defined benefit obligations, beginning of period	5,779,442	4,672,628	5,779,442	4,672,628
Interest cost on Net defined benefit obligation[1]	371,543	558,923	371,543	558,923
Current service costs	(64,773)	(156,586)	(64,773)	(156,586)
Actuarial gains/(losses) recognised in Other Comprehensive income[2]	-	655,768	-	655,768
Contributions paid	27,698	48,709	27,698	48,709
(Deficit)/surplus for defined benefit obligations, end of period	6,113,910	5,779,442	6,113,910	5,779,442

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

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Interest income on assets	491,408	-	491,408	-
Interest cost on defined benefit obligation	(119,865)	-	(119,865)	-
	371,543	-	371,543	-

[2]Actuarial gains/(losses) recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	**Group June-2014**	**Group June-2013**	**Parent June-2014**	**Parent June-2013**
Net actuarial gain/(loss) for the year - Plan Assets	-	-	-	-
Net actuarial gain/(loss) for the year - Obligations	-	-	-	-
		-		-
	-	-	-	-

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
Equity securities	2,812,446	2,662,989	2,812,446	2,662,989
Government securities	227,935	99,623	227,935	99,623
Offshore investments	1,382,363	1,267,974	1,382,363	1,267,974
Cash and bank balances	3,628,771	3,529,522	3,628,771	3,529,522
	8,051,515	7,560,108	8,051,515	7,560,108

Group

In thousands of Nigerian Naira	**June-2014**		**Dec-2013**	
Equity securities	2,812,446	34%	2,662,989	34%
Government securities	227,935	3%	99,623	1%
Offshore investments	1,382,363	17%	1,267,974	17%
Cash and bank balances	3,628,771	45%	3,529,522	47%
	8,051,515	100%	7,560,108	100%

Parent

In thousands of Nigerian Naira	**June-2014**		**Dec-2013**	
Equity securities	2,812,446	34%	2,662,989	34%
Government securities	227,935	3%	99,623	1%
Offshore investments	1,382,363	17%	1,267,974	17%
Cash and bank balances	3,628,771	45%	3,529,522	47%
	8,051,515	100%	7,560,108	100%

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited and First Pension Custodian Nigeria Limited.

Notes to the financial statements

Plan assets include the Group's ordinary shares with a fair value of N2,630,443,000 (2013: N2,480,521,000).

Expected contributions to post-employment benefit plans for the period ending 30 June 2015 are N66,148,000 (December 2013: N132,297,000) while gratuity payments are estimated to be N66,148,000 (December 2013: N132.297,000)

(d) Defined benefit cost for period ending June 2015 is expected to be as follows:

	Group June-2015	Parent June-2015
Current service cost	64,773	64,773
Net Interest on Net benefit liability	(371,543)	(371,543)
Expense/(Income) recognised in profit or loss	(306,770)	(306,770)

Components of net interest on defined benefit liability for period ending June 2015 is estimated to be a s follows:

	Group June-2015	Parent June-2015
Interest cost on defined benefit obligation	119,865	119,865
Interest income on assets	(491,407)	(491,407)
Total net interest cost	(371,542)	(371,542)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Fair value of plan assets, beginning of the period	7,560,108	6,613,483	7,560,108	6,613,483
Contributions paid into/(withdrawn from) the plan	27,698	48,709	27,698	48,709
Benefits paid by the plan	(27,698)	(48,709)	(27,698)	(48,709)
Actuarial gain/(loss)	-	132,505	-	132,505
Expected return on plan assets	491,407	814,120	491,407	814,120
Fair value of plan assets, end of the period	8,051,515	7,560,108	8,051,515	7,560,108

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

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Present value of obligation, beginning of the period	1,780,666	1,940,855	1,780,666	1,940,855
Interest cost	119,865	255,197	119,865	255,197
Current service cost	64,772	156,586	64,772	156,586
Benefits paid	(27,698)	(48,709)	(27,698)	(48,709)
Actuarial (gain)/loss on obligation	-	(523,263)	-	(523,263)
Present value of obligation at end of the period	1,937,605	1,780,666	1,937,605	1,780,666

(g) Expense recognised in profit or loss:

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Current service costs	(64,773)	-	(64,773)	-
Interest on obligation	371,543	-	371,543	-
To profit or loss	306,770	-	306,770	-

(h) Actuarial assumptions

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

	2014	2013
Discount rate	13.00%	13.00%
Salary increase rate	10%	10%
Inflation	10%	10%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 14%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 2% per annum. The inflation component has been worked out at 10% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(i) Reasonably possible changes at the reporting date of one of the principal actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Group

June-2014

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	28,580	(28,580)
Salary increase rate	0.50%	324	(324)
Inflation	0.25%	(4,844)	4,844

Group

June-2013

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(42,994)	42,994
Salary increase rate	0.50%	783	(783)
Inflation	0.25%	(4,452)	4,452

Parent

June-2014

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	28,580	(28,580)
Salary increase rate	0.50%	324	(324)
Inflation	0.25%	(4,844)	4,844

Parent

June-2013

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(42,994)	42,994
Salary increase rate	0.50%	783	(783)
Inflation	0.25%	(4,452)	4,452

In practice, changing an actuarial assumptio while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

Notes to the financial statements

(j) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

40 Other borrowed funds

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Due to IFC (see note (i) below)	25,154,898	26,987,714	25,154,898	26,987,714
Due to ADB (see note (ii) below)	11,656,169	12,969,344	11,656,169	12,969,344
Due to FMO	-	207,544	-	-
Due to BOI (see note (iii) below)	36,776,736	40,236,112	36,776,736	40,236,112
Due to GTBV (see note (iv) below)	-	-	145,703,493	142,899,381
Due to CAC (see note (v) below)	5,500,000	5,500,000	5,500,000	5,500,000
Due to Proparco (see note (vi) below)	3,626,972	4,447,557	3,626,972	4,447,557
Due to KfW (see note (vii) below)	132,050	128,174	-	-
Due to EDIF (see note (viii) below)	111,497	458,033	-	-
Due to SCHT	-	1,200,394	-	-
	82,958,322	92,134,872	228,418,268	233,040,108
Current	10,773,183	12,325,555	10,639,686	11,888,623
Non-current	72,185,139	79,809,317	217,778,582	221,151,485

i). The amount of N25,154,898,000 (USD 154,391,000) (December 2013: N26,987,714,000 ; USD 168,618,000) represents the balan on various facilities granted by the International Finance Corporation (IFC) between January 2007 and December 2011, repayable over 7 to 9 years at interest rates varying from 2.75% to 3.5% above LIBOR rates.

ii). The amount of N11,656,169,000 (USD 71,541,000) (December 2013: N12,969,344,000; USD81,032,000) represents the outstanding balance on a dollar facility of $130,000,000 by the African Development Bank (ADB) between September 2007 and December 2011 repayable over 7 years. Interest is payable half yearly at a rate per annum determined by the Bank to range between the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum and 5.157%.

iii). The amount of N36,776,736,000 (December 2013: N40,236,112,000) represents the outstanding balance on a naira facility granted (BOI) in August 2010 for a period of 15 years. The facility (an on-lending loan) is an initiative of the Central Bank of Nigeria to unlock the credit market in the country through the revamping of power projects and the refinancing and restructuring of bank loans. The principal amount is repayable in quarterly instalments as specified against each beneficiary customer in the schedule attached to the offer letter. There is no interest repayable on the facility.

iv). The amount of N145,703,493,000 (USD 894,271,000) (December 2013: N142,899,381,000; USD892,828,000)represents amortise cost of dollar guaranteed notes issued by GTB Finance B.V., Netherlands. It represents the 2nd tranche of $500,000,000 issued in May 2011 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.5% per annum and . $400,000,000 (principal) was issued in November 2013 for a period of 5 years at 6% .

v). The amount of N5,500,000,000 (December 2013: N5,500,000,000) represents the outstanding balance on a facility granted by the Debt Management Office in tranches between April and August 2010 for 7 years. It is an initiative of Central Bank of Nigeria and Federal Ministry of Agriculture and Water resources aimed at the growth and development of commercial agriculture enterprise in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agriculture enterprise at a maximum rate of 9.00% p.a.

vi). The amount of N3,626,312,000 (USD 22,251,000) (December 2013: N4,447,557,000; USD27,788,000)represents the outstanding balance on a dollar term loan facility granted by Proparco in December 2011 for a period of 5 years. Interest is payable half yearly at 4.46% over the tenure of the facility.

vii). The amount of N132,050,000 (USD 810,000) (December 2013: N128,174,000; USD801,000) represents outstanding balance on borrowing by GTBank Rwanda from KfW (Kreditanstalt für Wiederaufbau) at 10.5% per annum for the financing of small and medium-sized enterprises located in the urban centres as well as semi-urban and rural areas of Rwanda. The borrowing has a maturity date 1 April 2016.

viii). The amount of N111,497,000 (USD 684,000) (December 2013: N458,033,000; USD2,862,000)represents borrowing from Export Development and Investment Fund .to support Corporate Customers in Export Sector.

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 June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
(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 June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2013: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
26,175,339,687 ordinary shares of 50k each (31 December 2013: 26,046,264,387)	13,087,670	13,023,133	13,087,670	13,023,133
3,255,839,537 ordinary shares (GDR) of 50k each (31 December 2013: 3,384,914,837)	1,627,920	1,692,457	1,627,920	1,692,457
	14,715,590	14,715,590	14,715,590	14,715,590

Notes to the financial statements

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

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
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 2013	29,431,180	14,715,590	123,471,114	(2,046,714)
Proceeds from shares issued	-	-	-	-
Bonus capitalised	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	(1,940,861)
At 31 December 2013/1 January 2014	**29,431,180**	**14,715,590**	**123,471,114**	**(3,987,575)**
Bonus capitalised	-	-	-	-
Proceeds from shares issued	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	-
At 30 June 2014	**29,431,180**	**14,715,590**	**123,471,114**	**(3,987,575)**

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 N12,938,451,000 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 Centr of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer

Notes to the financial statements

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

(iii) **Treasury shares**

Treasury shares represent the Bank's shares of 1,240,674,231 units (31 December 2013 : 1,170,674,231 units) held by the Staff Investment Trust as at 30 June 2014.

(iv) **Bonus reserves**

Subsequent to the balance sheet date, the Board of Directors has approved the transfer of Nil (2012: Nil) bonus shares.

(v) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) **Regulatory risk reserve**

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria as opposed to the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines is the inclusion of 1% General Loan Loss provisioning of performing loans in the entity impairment figures, this 1% provision amounting to N9,321,495,000 is not required by IAS 39. The total Parent's balance in regulatory risk reserve is N16,900,397,000.

(vii) **Retained earnings**

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

(viii) **Non-controlling interest**

The entities accounting for the non-controlling interest balance is shown below:

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
GTB (Gambia) Limited	341,268	372,727	-	-
GTB (Sierra Leone) Limited	427,219	360,971	-	-
GTB (Ghana) Limited	518,728	659,825	-	-
GTB Liberia	13,998	13,285	-	-
GTB Kenya Limited	3,763,445	3,676,769	-	-
	5,064,658	5,083,577	-	-

42 Dividends

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

In thousands of Nigerian Naira	**Group June-2014**	**Group Dec-2013**	**Parent June-2014**	**Parent Dec-2013**
Balance, beginning of period	-	-	-	-
Final dividend declared	42,675,210	38,260,533	42,675,210	38,260,533
Interim dividend declared	-	7,357,795	-	7,357,795
Payment during the period	(42,675,210)	(45,618,328)	(42,675,210)	(45,618,328)
Balance, end of period	-	-	-	-

Subsequent to the balance sheet date, the board of directors proposed an interim dividend of 25k per share subject to the approval of the shareholders at the next annual general meeting. (30 June 2013: 25k per share on the issued ordinary shares of 29,431,179,224 of 50k each. The dividend proposed is subject to the approval of shareholders at the next annualgeneral meeti

43. Leasing

As lessor

The Group acts as lessor under finance leases, providing financing for its customers and leasing assets for their own use. In addition, assets leased by the Group may be sublet to other parties.

The income from the lease is recognized as interest income on the Group's income statement, representing the Group's return on investment in the capital lease while a receivable is recognized for the Lease amount outstanding at the reporting period.

As lessee

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognized on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable.
For finance lease agreements in which the group is lessee, details of the resulting commitments have been included in other liabilities.

44. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 372 cases as a defendant (31 December 2013: 365) and 185 cases as a plaintiff (31 December 2013: 159). The total amount claimed in the 372 cases against the Bank is estimated at N357.44 Billion and $138.75 Million (31 December 2013: N386.67 Billion and $136.81 million) while the total amount claimed in the 185 cases instituted by the Bank is N67.9 Billion (31 December 2013: N55.1Billion). 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 N51,709,200 (31 December 2013: N56,500,000). 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.

Notes to the financial statements

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties, are on production of documents, which usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	-	-	-
Transaction related bonds and guarantees	464,912,305	438,406,221	458,763,099	431,691,415
	464,912,305	438,406,221	458,763,099	431,691,415
Commitments:				
Short term foreign currency related transactions	38,903,761	28,169,581	38,903,761	27,469,212
Clean line facilities and letters of credit	136,347,429	91,820,634	123,448,584	77,388,975
Other commitments	8,816,894	8,727,345	-	-
	184,068,084	128,717,560	162,352,345	104,858,187

b. 61% of all the transaction related bonds and guarantees are collaterised (December 2013: 65%). The cash component of the balance was ₦70,375,670,000 (31 December 2013: N48,301,206,000).

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 2014**	**Ownership interest December 2013**
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	77.81%
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	84.24%	84.24%
3	Guaranty Trust Bank Ghana Limited	Ghana	95.37%	95.37%
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	100.00%	100.00%
8	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	70.00%
	Special purpose entities:			
	Staff Investment Trust	Nigeria	100.00%	100.00%
	Guaranty Trust Bank Finance BV	Netherlands	100.00%	100.00%

The remaining interests in the Group are held by minority shareholders.

(a) GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.

(b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.

(c) Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.

(d) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.
On the 8th of August, 2013, GTB UK, a subsidiary of Guaranty Trust Bank Plc received a final notice for a financial penalty of £525,000 from the Financial Conduct Authority (FCA). The FCA, in its review of the Bank's controls in the early years of the Bank's operation (between 19 May 2008 and 19 July 2010) found that GTB UK did not take reasonable care to establish and maintain effective anti-money-laundering (AML) systems and controls in relation to customers that were identified by the Bank as presenting a higher risk of money-laundering for the purposes of the 2007 regulations, including those customers deemed to be a politically exposed person (PEP).

(e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(f) Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank has been licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and is situated at an ultra-modern office at 11, Rue du Senateur, LAGAROSSE, Abidjan-Plateau. Banking operations commenced at the new subsidiary on April 16, 2012.

(g) In December 2013, the Group extended its regional presence in Africa by acquiring a 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been rebranded as Guaranty Trust Bank Kenya Limited.

(h) GTB Finance B.V was incorporated in December 2006 as a special purpose entity with the principal purpose of providing funding, through the international capital markets, to the ultimate parent. A share premium obligation of N417.4 million ($2,608,000) exists between GTB Finance B.V. and the Bank. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

Non controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for period ended June 30, 2014:

Significant subsidiaries		Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
			Jun-2014	Dec-2013	Jun-2014	Jun-2013
1	Guaranty Trust Bank Gambia Limited	Gambia	341,268	372,727	55,589	51,322
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	427,219	360,971	66,344	59,752
3	Guaranty Trust Bank Ghana Limited	Ghana	518,728	659,825	64,704	83,864
4	Guaranty Trust Bank Liberia Limited	Liberia	13,998	13,285	964	883
5	Guaranty Trust Bank Kenya Limited	Kenya	3,763,445	3,676,769	153,409	-

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Gambia) Limited paid dividend in the sum of N123,694,000, N28,090,000 and N31,879,000 respectively to non-controlling interest.

47. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the entity	Terra Kulture Limited	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	96%	70%	51%
Nature of entity	Arts & Culture	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment	Government-induced investment
Activities of entity	Promotion of Nigerian culture and art through its gallery, restaurant, language and craft book, reading room and multi-purpose hall	Provision of hospitality services	Rearing of birds and production of table eggs
*Carrying amount	N829,353,865 (Dec-2013 N829,353,865)	N1,945,108,572 (Dec-2013: N1,945,108,572)	N40,500,000 (Dec-2013: N40,500,000)
Line item in SOFP	Investment securities-AFS	Investment securities-AFS	Investment securities-AFS
Loans granted	N33,049,369 (Dec-2013: N43,657,177)	N2,058,620,550 (Dec-2013: N2,167,093,184)	-
**Maximum exposure to loss	N862,403,234 (Dec-2013: N873,011,042)	N4,003,729,122 (Dec-2013: N4,112,201,756)	N40,500,000 (Dec-2013: N40,500,000)
Source of Financing	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions

* Carrying amount is investment amount net of impairment or where information is available, represents fair value
** Maximum exposure comprises the carrying amount and total facilities granted at arm's length to the entity.

The Bank holds 80 per cent interest in Forillon Translantic Limited, a company involved in General Commercial business. This Available for Sale investment in the sum of N1,080,851,000 has been fully impaired by the Bank. The Bank does not provide financial support to these unconsolidated structured entities and has no plans to provide financial support to these entities in the future.

48. Fina Bank Acquisition

In the prior year, GTBank Plc acquired a 70% shareholding in Fina Bank Limited, a commercial bank incorporated in Kenya which operates two subsidiaries in Rwanda and Uganda.

The acquisition was based on completion accounts as of October 31, 2013 and represents a stepping stone to the Group's entry into the East African market through a multi-country platform thus achieving a significant presence in the region. In addition, this acquisition would help in further diversifying the Group's revenue stream by leveraging on the growth potential of the East African banking industry fuelled by rapid GDP expansion.

The transaction took the form of an offer for subscription resulting in a capital injection of USD30 million and an offer for sale from existing shareholders resulting in GTBank acquiring a 70% stake.

The initial acquisition accounting for the business combination is yet to be finalized. This is as a result of an on-going exercise to assess the fair value of certain items of the opening balance sheet; Property and Equipment in particular. However, we estimate that the fair value of the financial assets and liabilities of the acquiree, except those held to maturity, approximate their carrying value due to the generally short periods to contractual repricing or maturity dates.

Where applicable, the Group will adjust the provisional amounts initially recognized as permitted and required by IFRS 3. Such adjustments result in retrospective changes to the provisional amounts recorded in the business combination. The measurement period, which cannot exceed one year, ends when an acquirer obtains the additional information that it was seeking about facts and circumstances that existed as of the acquisition date or it concludes that such information is not obtainable. This period comes to an end in December 2014.

The preliminary allocation of the consideration to the carrying value of net assets resulted in an initial positive goodwill of N8.5 billion; this goodwill is not deductible for tax purposes. The main reasons for the recognition of this goodwill are the expected synergies, anticipated additional income as well as market presence in the commercial banking landscape in Kenya, Rwanda and Uganda. The goodwill has been allocated to GTBank's business operating segments which constitute cash generating units that are likely to benefit from the synergies of the business combination. The goodwill was allocated as follows: Corporate Banking – 50 per cent, Commercial Banking – 24 per cent, Retail Banking – 17 per cent, SME Banking – 5 per cent and Public sector – 4 per cent. Non controlling interest (NCI) in the acquiree at the acquisition date has been determined as NCI' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

The acquiree has contributed revenues of ₦794 million and net profit after tax of ₦112 million respectively in the Group's income statement in the period since acquisition. If acquisition had been as of the beginning of the annual reporting period, the acquiree would have contributed revenues of ₦4.8 billion and net profit after tax of ₦672 million respectively in the Group's income statement for the year.

Notes to the financial statements

Differences in accounting policies were deemed immaterial to the GTBank Group. The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

In thousands of Nigerian naira

Assets acquired

	Fair Value
Cash and cash equivalents	6,509,601
Investment securities:	
– Available for sale	10,667,896
– Held to maturity	4,754,108
Loans and advances to customers	31,633,118
Current income tax assets	21,626
Property and equipment	1,225,687
Intangible assets	80,238
Deferred tax assets	515,075
Other assets	805,336
Assets	**56,212,685**

Liabilities assumed:

Deposits from banks	1,192,160
Deposits from customers	46,295,649
Other borrowed funds	502,072
Deferred tax liabilities	35,509
Current income tax liabilities	58,667
Other liabilities	756,415
Liabilities	**48,840,472**
Net assets	**7,372,213**
Cash on subscription shares	**4,868,729**
Net assets acquired	**12,240,942**
Non-controlling interest (@ approx. 30 per cent)	3,664,522
Net assets acquired (@ approx. 70 per cent)	**8,576,420**

*The fair values of the acquired net assets have been determined provisionally as at 31 October 2013 and are subject to change, as the Group has yet to finalise the fair value of all the net identifiable assets acquired due to the timing of the completion of the acquisition.

Contingent assets and liabilities as at acquisition date amounted to ₦4.69 billion. These relate to Acceptances and letter of credit and Guarantees in the sum of ₦1.95 billion and Guarantees and performance bonds in the sum of ₦2.73 billion.

As part of the acquisition, the Group acquired loans and advances with a fair value of ₦31,633,118,000 with gross contractual amount receivable of ₦35,290,715,000. Discounting this contractual cash flows receivable to present value, management's estimate an amount in the sum of ₦828,271,000 might not be collectible. Acquisition related costs in the sum of ₦250,000,000 have been included under other operating expenses as part of professional fees and other consulting cossts.

Net cash flow on acquisition of subsidiaries is analyzed below:

In thousands of Nigerian naira	
Cash outflow on acquisition of subsidiary	17,131,482
Cash and cash equivalent at acquisition date:	
- Cash and cash equivalent (without inflow on subscription share)	(6,509,601)
- Cash and cash equivalent (Inflow to acquired entity on subscription shares)	(4,868,729)
Cash Outflow on acquisition of subsidiaries (net of cash acquired)	**5,753,152**

Details of goodwill are as follows:

In thousands of Nigerian naira	**On acquisition**
Purchase consideration (cash)	17,131,482
Share of fair value of net assets acquired (see below)	8,576,420
Goodwill	**8,555,062**

Acquisition related costs in the sum of ₦ 250,000,000 have been included under other operating expenses as part of Professional fees and other consulting costs.

49. Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) **Subsidiaries**

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the period, the Bank received Dividends from subsidiaries totalling ₦ 1,474,924,000. Of this amount, dividend from GTBank Ghana was ₦ 1,227,708,000, dividend from GTBank Sierra Leone was ₦ 134,814,000, while dividend from GTBank Gambia accounted for ₦ 112,401,000.

The Bank also has receivables from GTBank Ghana, GTBank Sierra Leone, GTBank Cote D'Ivoire Limited, GTBank Liberia Limited and GTBank UK limited in the sum of ₦ 429,133,000, ₦ 219,289,000, ₦155,091,000, ₦ 2,599,000 and ₦ 87,000 respectively as at 30th June 2014.

(c)(i) **Transactions with key management personnel**

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(c)(ii) **Directors' interest in Contracts**

Agusto & company Limited carried out an issuer risk rating on GTBank's Plc's ₦ 13.165 Billion 3-year fixed rate senior unsecured non convertible corporate bonds issued in 2010. The transaction during the period relates to payment of annual monitoring fee of ₦ 2,100,000 to this firm in respect of the bond rating.

Notes to the financial statements

(d) Risk assets outstanding 30 June 2014

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N2,270,143,000 (31 December 2013:N2,371,690,000) was outstanding on these facilities at the end of the period. The status of performance of each facility is as shown below:

Name of company /individual	Relationship	Facility type	Status	Nature of Security	**Parent**	**Parent**
In thousands of Nigerian Naira					**June-2014**	**Dec-2013**
Afren Resources Limited	Director Related	Custom Duty Bond	Performing	Corporate Guarantee / Cash	831,674	831,674
Emzor Pharmaceuticals	Director Related	Letter Of Credit/Overdraft/T	Performing	Tripartite Legal Mortgage, Cash	887,477	715,999
International Travel Express Ltd	Director Related	Overdraft	Performing	Personal Guarantee, Domiciliat	131,599	149,429
Olanrewaju Kalejaiye	Insider Related	Gt Mortgage/Max Advance/(	Performing	Legal Mortgage, Domiciliation	103,403	86,153
IBFC Agusto	Director Related	Bond Line	Performing	Personal Guarantee, Cash	3,204	-
Ademola Kuye & Company	Insider Related	Time Loan	Performing	Equitable Mortgage	-	50,000
Discovery House Mont.Sch. Ltd	Insider Related	Term Loan	Performing	Tripartite Legal Mortgage	-	41,667
Jaykay Pharmacy Ltd	Director Related	Overdraft/Term Loan	Performing	Asset Debenture/Real Estate	39,358	40,187
Polystyrene Industries Ltd	Director Related	Term Loan	Performing	Mortgage Debenture/Corporat	75,373	35,667
Mediabloc Consulting Nigeria Ltd.	Insider Related	Overdraft	Performing	Personal Guarantee, Domiciliat	18,750	21,937
Enwereji Nneka Stella	Director Related	Gt Mortgage	Performing	Legal Mortgage	19,800	21,600
Cubic Contractors Limited	Director Related	Overdraft	Performing	Mortgage Debenture, Personal	120,019	15,294
Payless Butchers And Supermart	Director Related	Overdraft	Performing	Tripartite Legal Mortgage	8,389	10,197
Adam And Eve Nigeria Ltd.	Insider Related	Overdraft	Performing	Tripartite Legal Mortgage	7,963	7,088
Augusto Enterprises	Director Related	Term Loan	Performing	Equitable Mortgage	4,667	5,667
Touchdown Travels Limited	Director Related	Performance Bond	Performing	Cash	1,875	1,875
Jumoke Ogundare	Ex-Director Related	GT Auto	Performing	Chattle Mortgage	-	-
Adeola, Razack Adeyemi	Director Related	Time Loan	Performing	Equitable Mortgage	-	250,000
Agbaje, Olufemi Augustus	Director Related	Maxplus	Performing	Domiciliation	16,593	18,450
Adeoye, Busola	Insider Related	Max Advance	Performing	Domiciliation	-	2,453
Kresta Laurel Ltd.	Director Related	Bond Line	Performing	Personal Guarantee, Cash	-	66,353
					2,270,143	2,371,690

Notes to the financial statements

(e) Director/insiders related deposit liabiilties

Name of company/Individual *In thousands of Nigerian Naira*	*Relationship*	*Type of Deposit*	***Parent*** **June-2014**	***Parent*** **Dec-2013**
Agusto & Co. Limited	Director related	Demand Deposit	44,168	33,695
Alliance Consulting	Director related	Demand Deposit	4,219	761
Comprehensive Project Mgt. Servic	Director related	Demand Deposit	-	8,466
Cubic Contractors Limited	Director related	Demand Deposit	18,421	2,625
Eterna Plc	Director related	Demand Deposit	6,627	7,411
F & C Securities Limited	Director related	Demand Deposit	7,200	11,540
IBFC Agusto Training	Director related	Demand Deposit	441	4,975
IBFC Limited	Director related	Demand Deposit	6	6
Jaykay Pharmacy Limited	Director related	Demand Deposit	12	14
Kresta Laurel Limited	Director related	Demand Deposit and Time Deposit	4,150	11,661
Main One Cable Company Ltd	Director related	Demand Deposit	28,520	39,986
Mayfield Finance Company	Director related	Demand Deposit	135	85
Mayfield Ventures Limited	Director related	Demand Deposit	174	11
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	235	210
Emzor Pharmaceutical Ind.Ltd	Director related	-	22,290	-
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	3	3
Comprehensive Project Mgt.Ser	Director related	-	6,069	-
WSTC Financial Services Ltd	Director related	Demand Deposit and Time Deposit	215,547	190,692
WSTC Nominee Limited	Director related	Demand Deposit	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	-	53
International Travel Express Ltd	Director related	Demand Deposit	9	9
Afren Onshore Ltd	Director related	Demand Deposit	1	1
Afren Resources Limited	Director related	Demand Deposit and Time Deposit	12,885	12,428
Mediabloc Consulting Nig Ltd	Insider Related	-	5	-
Ademola Kuye & Company	Insider Related	Demand Deposit and Time Deposit	12,189	61,322
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	72	71
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	1,620	794
Polystyrene Industries Ltd	Director related	Demand Deposit	9,266	21,853
Touchdown Travels Limited	Insider Related	Demand Deposit and Time Deposit	6,985	13,297
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	5,500	7,925
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	-	2
			407,180	430,327

Notes to the financial statements

(f) Subsidiaries' deposit account balances

In thousands of Nigerian Naira

Name of company/Individual	*Relationship*	*Type of Deposit*	**June-2014**	**Dec-2013**
GTB Sierra Leone	Subsidiaries	Domicilliary	572	592
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	-	278
			-	-
			4,034	4,333

Notes to the financial statements

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

Loans and advances:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Secured loans	2,270,143	2,371,690	2,270,143	2,371,690

Deposits:

In thousands of Nigerian Naira	Group June-2014	Group Dec-2013	Parent June-2014	Parent Dec-2013
Total deposits	407,180	430,327	407,180	430,327

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

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

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Wages and salaries	867,080	1,004,170	720,373	863,055
Post-employment benefits	-	11,056	-	11,056
Share-based payments	139,229	380,980	-	-
Increase /(decrease) in share appreciation rights	652,054	10,646	-	-
	1,658,362	1,406,852	720,373	874,111

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

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

In thousands of Nigerian Naira	Group June-2014	Group June-2013	Parent June-2014	Parent June-2013
Fees as directors	90,502	86,692	45,500	43,000
Other allowances	129,511	97,240	93,559	80,589
	220,013	183,932	139,059	123,589
Executive compensation	292,457	298,988	287,663	292,467
	512,470	482,920	426,722	416,056

Notes to the financial statements

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent June-2014	Parent June-2013
Chairman	15,062	13,741
Highest paid director	183,412	72,704

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

	Parent June-2014	Parent June-2013
N 6,500,001 - N11,000,000	1	2
N11,000,001 - N11,500,000	3	-
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	1	-
N13,500,001 - N22,500,000	4	5
Above N22,500,001	6	6
	15	14

50 Contraventions

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

51 Subsequent events

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

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

(b) The non distributable reserve should be classified under Tier 1 as part of core capital.

The group has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. **Loans other than Specialized Loans**

The provisioning policy for 'loans other than specialized loans' covers the following:

i. Commercial Loans
ii. Commodities Financing
iii. Corporate Loans
iv. Retail & Consumer Credits
v. Neither past due nor impaired
vi. Facilities granted to federal, state and local governments and their parastatals.
vii. Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

No of Days Overdrawn	Classification	% Provision taken
90 – 180	Substandard	10
180 – 360	Doubtful	50
Over 360	Lost	100

As soon as an account is classified as non-performing, the interest is accounted for on non-accrual basis i.e. interest is not recognized as income but suspended.

Furthermore, if the occurrence of a loss event is certain, appropriate provisions will be made regardless of the fact that such loans does not fall in any of the above categories.

2. Specialized Loans

The provisioning policy for specialized loans covers the following:

i. Agriculture Finance
ii. Margin Loans
iii. Project Finance
iv. Object Finance
v. Real Estate Loans (Commercial and Residential)
vi. SME Loans

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

i. Agriculture Finance

a. Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance

4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

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

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

ii. Mortgage Loans

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

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

iii. Margin Loans

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlining shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation 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. Object Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. SME

a. SME Loans - SME short term facilities (Maturities of 1 year)

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

Operational risk Management

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as “the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events”. This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

- **Loss Incident Reporting** – Loss incidents are reported to OpRisk Group by all business areas in the Bank. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has a robust OpRisk loss database detailing relevant OpRisk loss data for four years. Information collated is analyzed for identification of risk concentrations and appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide all branches and Head-Office departments are required to complete related templates at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. These assessments enable risk profiling and risk mapping of prevalent operational risks.

  Risk Assessments of the Bank’s new and existing products and services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Other Risk Assessments conducted include Process Risk Assessments, Product Risk Assessments, Vendor Risk Assessments, and Fraud Risk Assessments.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with BS 25999 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP). This plan assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. It is reviewed monthly and when necessary, it is updated to ensure reliability and relevance of information contained.

  Plans are underway for the Bank to be certified by globally recognized Business Continuity standards organizations.

- **Compliance and Legal Risk Management** – Compliance Risk Management involves close monitoring of KYC compliance by the Bank, escalation of Audit Non-conformances, Complaints Management, and observance of the Bank's zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

  Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium – High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors

  As a result, the following are conducted and monitored: Fire Risk Assessments, Quarterly Fire Drills, Burglaries and Injuries that occur within the Bank's premises.

- **Operational Risk Capital Calculation** – The Bank has adopted the Basel II Pillar 1 defined "Standardized Approach" for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to the Advanced Measurement Approach, it is mindful of investing in the additional resources required especially as the Central Bank of Nigeria has recommended the Basic Indicator Approach for all banks in Nigeria. The Estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

- **Operational Risk Reporting** – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

  To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk application – OFSAA, has been acquired by the Bank, and is currently being implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Operational Risk Management Philosophy and Principles

Governance Structure

- The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.

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

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

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

Approach to Managing OpRisk

- Guaranty Trust Bank adopts operational risk procedures and practices that are "fit for purpose" and will increase the efficiency and effectiveness of the bank's resources, minimise losses and utilize opportunities.

- This outlook embeds OpRisk practices in the bank's day-to-day business activities.

- It also aligns with the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organisations (COSO) / Sarbanes-Oxley (SOX) standards, and some internationally accepted British Standards such as the BS 25999 for Business Continuity Management.

Principles

- Operational risks inherent in all products, activities, processes and systems are assessed periodically for timely identification of new risks and trending of prevalent risks. The Bank ensures that before any new products, processes, activities and systems are introduced or undertaken, the operational risks inherent are assessed and likely risks mitigated.

- In accordance with this, the Bank ensures regular monitoring of its operational risk profile and material exposure to losses.

- Pertinent information is reported regularly to Senior Management and the Board to ensure proactive management of operational risk bankwide.

- Furthermore, the Bank's Business Continuity Plan outlines the Bank's requirements for contingency and business continuity procedures to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Treatment of Operational Risks

- The OpRisk identification and assessment process provides a guide on the decision-making process for the extent and nature of risk treatment to be employed by the Bank. In line with best practices, the cost of risk treatments introduced must not exceed the reward.

- The following comprise the OpRisk treatments adopted by the Bank:

  - **Risk Acceptance and Reduction**: The Bank accepts the risk because the reward of engaging in the business activity far outweighs the cost of mitigating the risk. Residual risks retained by the business after deploying suitable mitigants are accepted

  - **Risk Transfer (Insurance)**: This involves another party or parties bearing the risk, by mutual consent. Relationships are guided by the use of contracts and insurance arrangements

  - **Risk Sharing (Outsourcing)**: Risk is shared with other parties that provide expert solutions required to mitigate risk or reduce risk burden whether operationally or financially

  - **Risk Avoidance**: Requires discontinuance of the business activity that gives rise to the risk

Strategy Risk Management

Strategic Risk Management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

In Guaranty Trust Bank, it is also regarded as the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process or the inadequate implementation of such strategies. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances.

A specialized template for monitoring Strategic Risk is deployed for tracking key business activities designed or defined by the Bank to monitor performance in the achievement of its strategic intent in the short, medium and long term.

Reputational Risk Management

Guaranty Trust Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly.

A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

List of Agents and Locations

S/N	Name	Location
1	Prince Ebeano Supermarket	No 9, Northern Business District, Lekki Phase 1, Lagos

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have our presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for the period ended 30th June 2014.

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

N'000	Volume of Transactions	Value of Intl. Transactions	Value of Local Transactions (N'000)
Naira Denominated Debit Cards	67,033,791	93,194,255	701,355,955
FCY Denominated Credit Cards	46,320	3,690,757	-
FCY Denominated Debit Cards	185,483	6,183,837	-

Breakdown of transactions done on GTBank Naira MasterCard (number of transactions)

	International Transactions		Local Transactions	
	ATM	POS/WEB	ATM	POS/WEB
January	164,453	283,679	9,405,674	450,705
February	151,093	282,300	9,357,508	546,686
March	164,872	318,373	10,377,631	593,110
April	170,823	342,285	10,407,244	663,395
May	178,337	353,548	10,821,649	562,635
June	166,451	349,311	10,310,376	611,653

Breakdown of transactions done on GTBank Naira MasterCard (Value of Transactions)

N'000	INTERNATIONAL TRANSACTIONS		LOCAL TRANSACTIONS	
	ATM	POS/WEB	ATM	POS/WEB
January	9,354,187,223	6,748,965,727	105,844,449,574	6,069,651,041
February	7,770,663,736	6,081,440,780	102,895,929,000	6,509,050,652
March	8,709,919,142	6,465,544,000	112,833,097,100	6,811,894,891
April	8,919,219,484	7,175,660,866	113,355,507,900	7,482,623,728
May	9,169,779,878	7,144,419,750	115,901,965,200	6,589,963,690
June	8,443,868,961	7,133,292,421	109,880,714,200	7,181,107,919

Breakdown of transactions done on GTBank Visa Classic Cards (number of transactions)

	Visa Classic Credit Cards		Visa Classic Debit Cards	
	ATM	POS/WEB	ATM	POS/WEB
January	739	4,694	5,334	18,419
February	647	3,956	4,416	16,556
March	754	5,087	4,917	18,217
April	808	5,687	5,048	17,782
May	937	5,657	5,119	17,994
June	886	5,759	5,249	19,957

Breakdown of transactions done on GTBank Visa Classic Cards (value of transactions)

N'000	Visa Classic Credit Cards		Visa Classic Debit Cards	
	INTERNATIONAL TRANSACTIONS			
	ATM	POS/WEB	ATM	POS/WEB
January	68,492,955	408,983,911	253,800,027	560,865,271
February	61,577,577	239,295,853	182,708,069	448,233,109
March	77,293,014	296,705,200	243,069,317	531,507,489
April	106,529,993	309,455,760	235,242,795	524,249,212
May	120,582,388	321,519,027	202,288,264	541,354,775
June	107,546,326	356,635,281	211,663,609	591,654,922

Type and number of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES	NO OF COMPLAINTS
Secure Code/ Online Registration (Required for Card Safety and Fraud Prevention)	Inability to generate secure code.	Wrong Input of Secure code. Card Activation Code not uploaded.	Redesign of the Secure Code Platform on Internet Banking. Daily Reconciliation of activation code records.	4,152
Settlement Issues with Card Transactions.	Debited and Blocked Funds	Funds not released after settlement of transaction.	Technology upgrade implemented; Complaints eliminated.	4458
Dispense Error	Cash Not Dispensed	Cash not presented due to network issues.	Implement Acquirer Initiated Refunds	222,936

Value Added Statements

For the period ended 30 June 2014

Group

	Jun-2014				June-2013			
In thousands of Nigerian Naira	Continuing operations	Discontinued operations	Total	%	Continuing operations	Discontinued operations	Total	%
Gross earnings	132,985,010	-	132,985,010		124,202,363	-	124,202,363	
Interest expense:								
-Local	(18,675,384)	-	(18,675,384)		(17,668,775)	-	(17,668,775)	
- Foreign	(9,477,677)	-	(9,477,677)		(5,791,836)	-	(5,791,836)	
Premium ceded	-	-	-		-	-	-	
	104,831,949	-	104,831,949		100,741,752	-	100,741,752	
Loan impairment charges / Net impairment loss on financial assets	(5,104,667)	-	(5,104,667)		(1,317,532)	-	(1,317,532)	
	99,727,282	-	99,727,282		99,424,220	-	99,424,220	
Bought in materials and services								
- Local	(26,735,859)	-	(26,735,859)		(25,854,137)	-	(25,854,137)	
- Foreign	(291,328)	-	(291,328)		(326,780)	-	(326,780)	
Value added	72,700,095	-	72,700,095	100	73,243,303	-	73,243,303	100
Distribution								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	13,449,790	-	13,449,790	19	10,976,285	-	10,976,285	15
Government								
- Taxation	9,388,709	-	9,388,709	13	8,349,626	-	8,349,626	11
Retained in the Group								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	5,853,568	-	5,853,568	8	4,902,531	-	4,902,531	7
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	44,008,028	-	44,008,028	60	49,014,861	-	49,014,861	67
	72,700,095	-	72,700,095	100	73,243,303	-	73,243,303	100

Value Added Statements

For the period ended 30 June 2014

Parent

In thousands of Nigerian Naira	Jun-2014 Continuing operations	Jun-2014 Discontinued operations	Jun-2014 Total	%	June-2013 Continuing operations	June-2013 Discontinued operations	June-2013 Total	%
Gross earnings	120,127,398	-	120,127,398		115,161,105	-	115,161,105	
Interest expense:								
-Local	(18,673,525)	-	(18,673,525)		(17,657,736)	-	(17,657,736)	
- Foreign	(6,337,164)	-	(6,337,164)		(4,141,767)	-	(4,141,767)	
	95,116,709	-	95,116,709		93,361,602	-	93,361,602	
Loan impairment charges / Net impairment loss on financial assets	(5,017,873)	-	(5,017,873)		(1,107,877)	-	(1,107,877)	
	90,098,836	-	90,098,836		92,253,725	-	92,253,725	
Bought in materials and services								
- Local	(23,278,998)	-	(23,278,998)		(23,324,066)	-	(23,324,066)	
- Foreign	(291,328)	-	(291,328)		(326,780)	-	(326,780)	
Value added	66,528,510	-	66,528,510	100	68,602,879	-	68,602,879	100
Distribution								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	10,251,189	-	10,251,189	15	9,705,384	-	9,705,384	14
Government								
- Taxation	7,955,437	-	7,955,437	12	7,326,577	-	7,326,577	11
Retained in the Bank								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	5,193,715	-	5,193,715	8	4,458,684	-	4,458,684	6
- Profit for the year (including statutory and regulatory risk reserves)	43,128,169	-	43,128,169	65	47,112,234	-	47,112,234	69
	66,528,510	-	66,528,510	100	68,602,879	-	68,602,879	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Jun-2014	Dec-2013	Dec-2012	Dec-2011	Dec-2010
Assets					
Cash and cash equivalents	366,259,317	307,395,676	276,856,206	349,060,323	273,074,591
Loans and advances to banks	6,421,346	5,596,476	4,864,824	158,616	186,480
Loans and advances to customers	1,032,269,962	1,002,370,638	779,050,018	706,893,133	603,906,669
Financial assets held for trading	15,647,232	17,223,667	271,073,896	173,297,556	148,872,254
Derivative financial assets	193,932	170,101	-	-	-
Investment securities:					
– Available for sale	349,717,706	374,673,147	15,765,789	3,744,970	10,629,568
– Held to maturity	75,475,856	84,741,890	129,490,810	161,196,356	22,896,774
Assets pledged as collateral	39,613,861	28,442,629	31,203,230	45,588,084	29,481,804
Investment properties	-	-	-	-	7,349,815
Property and equipment	71,333,820	68,306,197	60,886,728	57,510,622	47,092,669
Intangible assets	11,415,072	11,214,274	1,772,176	1,006,470	1,956,459
Deferred tax assets	2,801,978	1,945,629	991,791	96,820	587,881
Other assets	262,884,059	200,766,091	162,922,392	100,320,495	22,017,933
	2,234,034,141	2,102,846,415	1,734,877,860	1,598,873,445	1,168,052,897
Assets classified as held for sale and discontinued operations	-	-	-	9,779,201	-
Total assets	2,234,034,141	2,102,846,415	1,734,877,860	1,608,652,646	1,168,052,897
Liabilities					
Deposits from banks	24,637,167	15,208,300	23,860,259	37,229,029	26,026,980
Deposits from customers	1,543,813,494	1,427,493,697	1,148,197,165	1,026,119,419	753,088,230
Derivative financial liabilities	62,279	3,883	-	-	-
Other liabilities	75,041,780	61,014,954	83,278,066	52,323,162	65,037,039
Current income tax liabilities	12,250,642	13,073,847	15,630,973	14,062,596	9,529,921
Deferred tax liabilities	7,325,092	5,065,625	2,596,405	3,407,652	4,884,484
Liabilities on insurance contracts	-	-	-	-	2,926,322
Debt securities issued	159,296,418	156,498,167	86,926,227	145,767,516	66,886,763
Other borrowed funds	82,958,322	92,134,872	92,561,824	93,230,139	23,033,947
	1,905,385,194	1,770,493,345	1,453,050,919	1,372,139,513	951,413,686
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	6,119,979	-
Total liabilities	1,905,385,194	1,770,493,345	1,453,050,919	1,378,259,492	951,413,686
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	11,658,594
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	119,076,565
Treasury shares	(3,987,575)	(2,046,714)	(2,046,714)	(2,046,714)	(1,562,603)
Retained earnings	42,216,756	55,205,142	39,766,597	25,130,520	13,329,100
Other components of equity	147,168,404	135,924,361	104,651,663	67,121,427	68,106,870
Total equity attributable to owners of the Bank	323,584,289	327,269,493	280,558,250	228,391,937	210,608,526
Non-controlling interests in equity	5,064,658	5,083,577	1,268,691	2,001,217	6,030,685
Total equity	328,648,947	332,353,070	281,826,941	230,393,154	216,639,211
Total equity and liabilities	2,234,034,141	2,102,846,415	1,734,877,860	1,608,652,646	1,168,052,897

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	Jun-2014	Jun-2013	Jun-2012	Jun-2011	Jun-2010
Interest income	99,715,892	92,000,395	83,176,926	61,466,364	61,071,790
Interest expense	(28,153,061)	(23,460,611)	(18,785,450)	(11,942,656)	(19,637,037)
Net interest income	**71,562,831**	**68,539,784**	**64,391,476**	**49,523,708**	**41,434,753**
Loan impairment charges	(5,338,868)	(1,317,532)	(2,410,863)	(7,526,168)	(2,892,173)
Net interest income after loan impairment charges	**66,223,963**	**67,222,252**	**61,980,613**	**41,997,540**	**38,542,580**
Fee and commission income	24,761,713	25,048,165	24,809,180	22,078,092	17,939,270
Fee and commission expense	(967,674)	(490,823)	(783,073)	(1,438,544)	(1,472,424)
Net fee and commission income	**23,794,039**	**24,557,342**	**24,026,107**	**20,639,548**	**16,466,846**
Net gains/(losses) on financial instruments classified as held for trading	5,935,317	3,517,125	2,981,141	1,965,034	1,308,881
Other income	2,572,088	3,636,678	2,559,255	4,753,613	2,642,698
Other income	**8,507,405**	**7,153,803**	**5,540,396**	**6,718,647**	**3,951,579**
Operating income	98,525,407	98,933,397	91,547,116	69,355,735	58,961,005
Net impairment reversal on financial assets	234,201	-	-	(1,181,354)	-
Net operating income after net impairment loss on financial assets	98,759,608	98,933,397	91,547,116	68,174,381	58,961,005
Personnel expenses	(13,449,790)	(10,976,285)	(10,400,084)	(11,097,798)	(9,301,615)
General and administrative expenses	(12,463,459)	(11,832,237)	(11,097,511)	(11,110,830)	(12,816,236)
Operating lease expenses	(452,324)	(410,118)	(638,698)	(373,072)	(288,587)
Depreciation and amortization	(5,853,568)	(4,902,531)	(4,187,943)	(3,586,036)	(3,307,360)
Other operating expenses	(13,143,730)	(13,447,739)	(11,586,796)	(9,092,123)	(7,361,260)
Operating expenses	(45,362,871)	(41,568,910)	(37,911,032)	(35,259,859)	(33,075,058)
Profit before income tax	53,396,737	57,364,487	53,636,084	32,914,522	25,885,947
Income tax expense	(9,388,709)	(8,349,626)	(8,693,445)	(6,075,516)	(7,497,416)
Profit for the period from continuing operations	**44,008,028**	**49,014,861**	**44,942,639**	**26,839,006**	**18,388,531**
Profit for the period from discontinued operations	-	-	609,077	811,186	-
Profit for the period	**44,008,028**	**49,014,861**	**45,551,716**	**27,650,192**	**18,388,531**
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	1.55	1.73	1.59	0.95	0.77
– Diluted	1.55	1.73	1.59	0.95	0.77
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	0.02	0.02	-
– Diluted	0.00	0.00	0.02	0.02	-

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	Jun-2014	Dec-2013	Dec-2012	Dec-2011	Dec-2010
Assets					
Cash and cash equivalents	288,761,277	228,609,551	210,300,286	311,072,270	226,123,548
Loans and advances to banks	26,036	16,976	177,985	158,616	186,480
Loans and advances to customers	952,864,158	926,967,093	742,436,944	679,358,919	574,255,521
Financial assets held for trading	11,920,443	13,746,682	267,417,182	151,819,087	131,189,143
Derivative financial assets	193,932	170,101	-	-	-
Investment securities:			-	-	-
– Available for sale	327,657,669	364,056,362	10,138,761	3,744,970	6,919,692
– Held to maturity	46,746,008	46,682,498	118,897,917	163,914,120	23,443,181
Assets pledged as collateral	39,608,382	28,440,947	31,203,230	45,588,084	29,481,804
Investment in subsidiaries	40,130,284	40,130,284	22,925,088	16,233,581	30,115,862
Property and equipment	64,713,489	61,419,683	55,496,808	52,494,230	42,538,693
Intangible assets	2,512,590	2,256,768	1,539,717	762,709	1,374,207
Other assets	253,694,582	191,868,850	159,783,305	94,880,959	17,675,985
	2,028,828,850	1,904,365,795	1,620,317,223	1,520,027,545	1,083,304,116
Assets classified as held for sale and discontinued operations	-	-	-	3,500,000	-
Total assets	2,028,828,850	1,904,365,795	1,620,317,223	1,523,527,545	1,083,304,116
Liabilities					
Deposits from banks	81,965	88,729	7,170,321	21,636,242	5,361,654
Deposits from customers	1,377,036,645	1,261,927,035	1,054,122,573	962,486,292	711,038,787
Derivative financial liabilities	62,279	3,883	-	-	-
Other liabilities	61,267,192	49,008,466	72,178,426	45,275,666	47,761,799
Current income tax liabilities	11,778,102	12,632,975	15,340,116	13,760,343	8,686,276
Deferred tax liabilities	7,151,513	4,784,323	2,533,627	3,308,557	4,708,122
Debt securities issued	13,228,726	13,233,595	13,238,291	13,233,169	68,370,952
Other borrowed funds	228,418,268	233,040,108	169,194,418	229,647,220	20,931,341
	1,699,024,690	1,574,719,114	1,333,777,772	1,289,347,489	866,858,931
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	-
Total liabilities	1,699,024,690	1,574,719,114	1,333,777,772	1,289,347,489	866,858,931
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	11,658,594
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	119,076,565
Retained earnings	42,593,625	55,079,117	45,944,146	31,560,746	19,976,375
Other components of equity	149,023,831	136,380,860	102,408,601	64,432,606	65,733,651
Total equity attributable to owners of the Bank	329,804,160	329,646,681	286,539,451	234,180,056	216,445,185
Total equity	329,804,160	329,646,681	286,539,451	234,180,056	216,445,185
Total equity and liabilities	2,028,828,850	1,904,365,795	1,620,317,223	1,523,527,545	1,083,304,116

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	Jun-2014	Jun-2013	Jun-2012	Jun-2011	Jun-2010
Interest income	90,342,844	86,280,338	79,179,733	57,800,758	56,068,095
Interest expense	(25,010,689)	(21,799,503)	(17,677,481)	(10,595,000)	(17,849,268)
Net interest income	**65,332,155**	**64,480,835**	**61,502,252**	**47,205,758**	**38,218,827**
Loan impairment charges	(5,252,074)	(1,107,877)	(1,707,356)	(7,478,091)	(2,796,976)
Net interest income after loan impairment charges	**60,080,081**	**63,372,958**	**59,794,896**	**39,727,667**	**35,421,851**
Fee and commission income	21,410,122	21,615,202	22,012,856	19,793,874	16,640,666
Fee and commission expense	(826,415)	(452,538)	(747,079)	(1,436,180)	(1,467,085)
Net fee and commission income	**20,583,707**	**21,162,664**	**21,265,777**	**18,357,694**	**15,173,581**
Net gains/(losses) on financial instruments classified as held for trading	4,694,862	2,711,183	2,069,859	1,071,840	820,414
Other income	3,679,570	4,554,382	2,859,975	6,102,985	1,868,972
Other income	**8,374,432**	**7,265,565**	**4,929,834**	**7,174,825**	**2,689,386**
Total Operating income	89,038,220	91,801,187	85,990,507	65,260,186	53,284,818
Net impairment reversal on financial asse	234,201	-	-	(1,181,354)	-
Net operating income after net impairment loss on financial assets	89,272,421	91,801,187	85,990,507	64,078,832	53,284,818
Personnel expenses	(10,251,189)	(9,705,384)	(8,213,674)	(7,751,433)	(7,789,496)
General and administrative expenses	(10,679,946)	(10,724,159)	(10,299,338)	(10,229,594)	(11,773,823)
Operating lease expenses	(334,811)	(306,534)	(383,482)	(275,359)	(252,016)
Depreciation and amortization	(5,193,715)	(4,458,684)	(3,767,274)	(3,176,182)	(2,894,881)
Other operating expenses	(11,729,154)	(12,167,615)	(10,478,913)	(8,176,290)	(6,570,807)
Total expenses	(38,188,815)	(37,362,376)	(33,142,681)	(29,608,858)	(29,281,023)
Profit before income tax	51,083,606	54,438,811	52,847,826	34,469,974	24,003,795
Income tax expense	(7,955,437)	(7,326,577)	(8,141,325)	(5,126,280)	(7,080,479)
Profit for the period from continuing operations	**43,128,169**	**47,112,234**	**44,706,501**	**29,343,694**	**16,923,316**
Profit for the period from discontinued operations	-	-	-	-	-
Profit for the period	**43,128,169**	**47,112,234**	**44,706,501**	**29,343,694**	**16,923,316**
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	1.47	1.60	1.52	1.00	0.73
– Diluted	1.47	1.60	1.52	1.00	0.73
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

Share Capitalisation History

YEAR	AUTHORISED		ISSUED			
	INCREASE	CUMULATIVE	INCREASE	CUMMULATIVE	NO. OF SHARES	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	CASH
1992	35,000,000	60,000,000	NIL	25,000,000	25,000,000	NIL
1993	NIL	60,000,000	25,000,000	50,000,000	50,000,000	SCRIP
1994	40,000,000	100,000,000	NIL	50,000,000	50,000,000	NIL
1995	NIL	100,000,000	50,000,000	100,000,000	100,000,000	SCRIP
1996	100,000,000	200,000,000	300,000,000	400,000,000	400,000,000	CASH
1997	300,000,000	500,000,000	600,000,000	1,000,000,000	1,000,000,000	SCRIP
1998	250,000,000	750,000,000	500,000,000	1,500,000,000	1,500,000,000	SCRIP
1999	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2000	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2001	250,000,000	1,000,000,000	500,000,000	2,000,000,000	2,000,000,000	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
2014	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

Dividend History

Ten-year dividend and unclaimed dividend history as at 31st December 2013

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31/12/2013	Percentage Dividend Amount Unclaimed
Payment 22	Interim	2/28/2003	625,000,000.00	25 kobo	5,037,186.08	0.81%
Payment 23	Final	2/28/2003	875,000,000.00	35 kobo	31,731.63	0.00%
Payment 24	Interim	2/29/2004	750,000,000.00	25 kobo	4,935,020.80	0.66%
Payment 25	Final	2/29/2004	1,350,000,000.00	45 kobo	46,641,711.78	3.45%
Payment 26	Interim	2/28/2005	1,000,000,000.00	25 kobo	56,564,383.05	5.66%
Payment 27	Final	2/28/2005	2,700,000,000.00	45 kobo	81,050,876.48	3.00%
Payment 28	Interim	2/28/2006	1,500,000,000.00	25 kobo	67,047,825.06	4.47%
Payment 29	Final	2/28/2006	4,200,000,000.00	70 kobo	168,368,440.47	4.01%
Payment 30	Interim	2/28/2007	2,000,000,000.00	25 kobo	196,009,367.69	9.80%
Payment 31	Final	2/28/2007	4,000,000,000.00	50 kobo	221,427,478.68	5.54%
Payment 32	Interim	2/28/2008	3,419,853,912.50	25 kobo	258,715,699.45	7.57%
Payment 33	Final	2/28/2008	9,575,590,955.00	70 kobo	625,182,694.78	6.53%
Payment 34	Final	12/31/2008	14,922,998,891.00	100 kobo	967,151,724.76	6.48%
Payment 35	Final	12/31/2009	13,990,311,460.50	75 kobo	935,893,169.59	6.69%
Payment 36	Interim	12/31/2010	5,829,296,441.75	25 kobo	369,383,827.96	6.34%
Payment 37	Final	12/31/2010	17,487,889,325.37	75 kobo	1,124,332,561.32	6.43%
Payment 38	Interim	12/31/2011	7,286,620,552.30	25 Kobo	455,911,028.47	6.26%
Payment 39	Final	12/31/2011	25,016,502,340.40	85 Kobo	1,516,699,032.49	6.06%
Payment 40	Interim	12/31/2012	7,357,794,806.00	25 Kobo	445,936,355.77	6.06%
Payment 41	Final	12/31/2012	38,260,532,991.20	130 kobo	2,380,895,667.08	6.22%
Payment 42	Interim	12/31/2013	7,357,794,806.00	25 Kobo	647,465,527.42	8.80%
Payment 43	Final	12/31/2013	42,675,209,874.80	145 kobo		