Guaranty Trust Bank Plc and Subsidiary Companies

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

June 2015

Introduction

Guaranty Trust Bank’s Consolidated 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 period ended 30 June 2015. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior period figures have been presented in line with the reporting periods’ figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Corporate Governance

Introduction

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

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

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

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

The Bank complies with the requirements of the Central Bank of Nigeria (CBN), for the internal review of its compliance status with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN and the Nigeria Deposit Insurance Corporation. In compliance with the requirement of the CBN Code in respect of Board Appraisal, the Board engaged KPMG Professional Services, an Independent Consultant to conduct the annual Board Appraisal for the financial year ended December 31, 2014. The report of the Appraisal has been submitted to the CBN and also presented to Shareholders at the Annual General Meeting of the Bank which held on March 31, 2015.

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

Governance Structure

The Board

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

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

In addition to the Board's direct oversight, the Board exercises its oversight responsibilities through six (6) Committees, namely, Board Risk Management, Board Credit, Board Human Resources and Nominations, Board Remuneration, Board Information Technology Strategy, and the Board Audit, as well as the Statutory Audit Committee established in compliance with Companies and Allied Matters Act (2004). The Statutory Audit Committee of the Bank, which comprises equal numbers of representatives of the Board and Shareholders, also performs its statutory role as stipulated by the Companies and Allied Matters Act (2004).

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

The Bank's Board is made up of seasoned professionals, who have excelled in various sectors including banking, accounting, 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.

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

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

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met three (3) times during the half year period ended June 30, 2015.

Responsibilities of the Board

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

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

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

Roles of Chairman and Chief Executive

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

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

Director Nomination Process

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

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

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

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

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

Induction and Continuous Training

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

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

Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the Bank's business and operating environment. The Bank attaches great premium to training its Directors; the Bank's four (4) Non-Executive Directors attended foreign and/or local courses during the course of the 2015 financial year.

Changes on the Board

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

Mrs. Demuren was appointed a Non-Executive Director of the Bank in 2013, and served as a member of the Board Risk Management Committee from April 2013 and became the Chairman of the Committee in July, 2014. She was also a member of the Board Remuneration Committee and the Board Information Technology Strategy Committee.

Mrs. Demuren had a successful career with the Central Bank of Nigeria which spanned over 33 years, during which she served as Director, Trade and Exchange Department and was deployed to serve as the Director, Human Resources Department in 2004, a position which she held until her retirement from the Central Bank of Nigeria in December 2009. She was the first female Director of the Central Bank of Nigeria.

She holds a Masters Degree in Economics and Statistics from the Moscow Institute of Economics and Statistics, Moscow, and a Diploma in Russian Language and Preliminary Studies from the Kiev State University, Kiev.

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

Also at the Annual General Meeting, shareholders approved the appointment of Mr. Hezekiah Adesola Oyinlola as a Non-Executive Director.

Mr. Oyinlola is a seasoned professional with over 33 years' work experience in the Oil and Gas industry, having worked with Schlumberger Group from 1984 till date. He was the first Nigerian Managing Director of Schlumberger Group in Nigeria and rose through the ranks to become the Chairman Africa, Schlumberger Group, a position he has held from 2011 till date.

He is also a Fellow of the Institute of Petroleum Studies, University of Port Harcourt, Nigeria.

Retirement by Rotation

In compliance with the provisions of Article 84(b) of the Articles of Association of the Bank which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Olabode Mubasheer Agusto and Mr. Kadri Adebayo Adeola retired at the 25th Annual General Meeting and were re-elected by shareholders having met the requirements of Section 2.6.2 of the revised CBN Code in respect of attendance of Board and Board Committee Meetings.

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 -- of this half year report.

Board Committees

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

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

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

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

Board Risk Management Committee

This Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market 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 half year period ended June 2015.

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

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

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

Board Credit Committee

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

- To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time

- To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;

- To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;

- To notify all Director related loans to the Board;

- To monitor and notify the top debtors to the attention of the Board
- To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;

- To review the Asset and Liability Management of the Bank;

- To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;

- To handle any other issue referred to the Committee from time to time by the Board.

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

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met two (2) times during the half year ended June 2015.

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

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

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met once during the half year ended June 30, 2015.

Board Remuneration Committee

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

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

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

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

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

Board Information Technology Strategy Committee

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

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

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

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

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

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

The Committee is required to hold its Meetings bi-annually or at such other frequency as may be required. The Committee met once during the half year ended June 30, 2015.

Board Audit Committee

The Board Audit Committee which was established in July 2014, is responsible for committee responsible for oversight of audit functions, without prejudice to the statutory Audit Committee established in compliance with CAMA which is not considered a board committee.

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

- To keep the effectiveness of the Bank's system of accounting, reporting and internal control under review and to ensure compliance with legal and agreed ethical requirements;
- To review the activities, findings, conclusions and recommendations of the external auditors relating to the Bank's annual audited financial statements;
- To review the Management Letter of the External Auditor and Management's response thereto;
- To review the appropriateness and completeness of the Bank's statutory accounts and its other published financial statements;
- To oversee the independence of the external auditors;
- To receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit;
- To ensure that the Bank's Investment Valuation Policy is updated to take into account changes in International Financial Reporting Standards (IFRS) as issued and/or amended from time to time by the International Accounting Standards Board and/or in valuation techniques as recommended by the European Venture Capital Association and best practices.

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

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

The Committee is required to hold its Meetings once every quarter. The Committee met once during the half year ended June 30, 2015

Statutory Audit Committee of the Bank

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

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

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

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

The Statutory Audit Committee of the Bank met two (2) times during the period.

The following members served on the Committee during the half year ended June 30, 2015:

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 half year ended June 2015.

S/n	Directors	Board	Board Credit Committee	Board Risk Management Committee	Board Human Resources & Nomination Committee	Board Remuneration Committee	Board I. T. Strategy	Board Audit Committee
	Date Of Meetings	**28- Jan-15 30-Mar-15 15-Apr-15**	**27-Jan-15 14-Apr-15**	**27-Jan-15 14-Apr-15**	**30-Mar-15 9-Apr-15**	**29-Jan-15**	**13-Apr-15**	**13-Apr-15**
	NUMBER OF MEETINGS	**3**	**2**	**2**	**2**	**1**	**1**	**1**
1	Mr. E. U. Imomoh[1]	2	N/A	N/A	N/A	N/A	N/A	N/A
2	Mrs. O. A. Demuren[2]	3	N/A	2	N/A	1[2]	N/A	N/A
3	Mr. J. K. O Agbaje	2	N/A	1	2	N/A	1	N/A
4	Mrs. C. N. Echeozo	3	2	N/A	N/A	N/A	N/A	N/A
5	Mr. A O. Akintoye	3	2	N/A	2	1	N/A	N/A
6	Mr. A. F. Alli	2	N/A	1	2	N/A	N/A	0
7	Mr. O. M. Agusto	3	2	N/A	N/A	1	N/A	1
8	Mr. K. A. Adeola	3	2	N/A	N/A	1	1	N/A
9	Mr. I. Hassan	3	2	N/A	2	N/A	N/A	1
10	Mr. H. A. Oyinlola	3	N/A	1[3]	2	N/A	N/A	N/A
11	Mr. A. A. Odeyemi	3	N/A	2	N/A	N/A	1	N/A
12	Mr. O. Ohiwerei	3	2	N/A	N/A	N/A	1	N/A
13	Mrs. O. O. Omotola	3	N/A	2	2	N/A	N/A	N/A
14	Mr. A. Oyedeji	3	2	N/A	N/A	N/A	N/A	N/A

[1] Retired from the Board on March 31, 2015
[2] Ceased to be a member of the Committee in April 2015 in compliance with the CBN Code which prohibits the Chairman of the Board from being a member of any Board Committee
[3] Became a member of the Committee in January 2015
N/A -Not Applicable

Tenure of Directors

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

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

Board Appraisal

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

The Annual Board and Director Review/Appraisal Report for the 2014 financial year was presented to shareholders at the 25th Annual General Meeting and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

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

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

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

Protection of Shareholders' Rights

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

Communication Policy

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

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

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

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

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

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

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

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

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

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

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

Information Flows

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

The Company Secretary

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

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

Independent Advice

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

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

Insider Trading and price sensitive information

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

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

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

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

Management Committees

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

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

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

The mandate of the Committee includes;

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

Management Credit Committee

This is the Committee responsible for ensuring that the Bank complies fully with the Credit

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. **Planning, Budgeting and Monitoring**

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

2. **Ensuring Operational Excellence**

- Provide recommendations to Management on strategies for new technology and systems.
- Review and approve changes to IT structure, key accountabilities, and practices.

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

3. IT Risk Assurance

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

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

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

Whistle Blowing procedures

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

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

Code of Professional Conduct for Employees

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

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

Human Resources Policy

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

Employee Share-ownership Scheme

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

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

Internal Management Structure

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

Subsidiary Governance

Subsidiary governance is an integral part of a company's risk management framework. It provides the structure through which the performance objectives of the subsidiaries are set, the means of achieving those objectives are defined and the performance monitoring conducted.

GTBank's governance strategy is implemented through the establishment of systems and processes which will assure the Board that the subsidiaries reflect the same values, ethics, control and processes as that of the parent while remaining independent in the conduct of their business and abiding within the confines of local extant regulations.
The operations and management of the subsidiaries are monitored and controlled by GTBank Plc as described below.

Oversight function

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

Subsidiary Board Representation

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

Local Board and Board Committees

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

Management of Subsidiaries

A limited number of experienced executives are seconded by the parent to oversee the operations of the Group's subsidiaries. The objective is to ensure that the essence of the brand's core values is preserved across all the Group's entities and that the tried and tested approach to corporate governance, systems and controls, technology, credit approval processes and customer service excellence is applied in a seamless manner.

Monthly Management Reporting

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

Business Performance Review Session

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

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

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

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

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

Sustainability Report

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

Guaranty Trust Bank business practices conform to the Nigerian Sustainable Banking Principles. Consequently, during the half year period (January to June 2015), the Bank neither engaged in nor provided finances for any project that had negative impact on the environment. During the stated period, the Bank ensured the monitoring of all recommended action plans from Environmental and Social Risk Assessments carried out, based on agreed timelines.

In line with the Bank's continuous commitment to gender equality and women economic empowerment, the ratio of women in the employment of the Bank remained at 45% while the ratio of women in the Senior Management cadre increased from 31%, as at 31st December 2014, to 32% as at end of June 2015. This is a clear indication that women play a prominent role in the affairs of the Bank.

The drive for a safe and healthy work environment was further sustained by inculcating a culture that encourages staff to undertake full medical check-up. This complements other initiatives, such as the set-up of a staff gymnasium and a crèche, designed to promote work-life balance and ease the work pressure on nursing mothers.

As part of its continuous drive to reach the un-banked and under-banked in the community, the Bank launched its GTeasysavers product which enables customers to save for financial and non-financial goals. The account is available to all customers who fall within the CBN level 1 KYC requirement. In addition, the Bank's Agent banking outlets has continued to grow with an addition of six (6) new branches in the last six months to encourage financial inclusion.

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

Treating Customer Fairly (TCF)

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

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

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

Complaints and Feedback Channels

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

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

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

Customers' opinion on products, services and processes

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

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

Resolution Structure

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

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

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

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

Utilization of Feedback

We value customer feedback, understanding that our relationship with stakeholders impact directly or indirectly our business activities and reputation. Customers' feedback is pivotal to the success of the bank as it provides information that enable us build processes to prevent customer dissatisfaction and drive cross-selling opportunities.

Feedback on customers' complaints to the Bank

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

The feedback gathered ensures that:

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

Reports to the Central Bank of Nigeria

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

The table below shows the status of customer complaints in pursuant to CBN circular dated August 16, 2011.

	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
		Jun-15	Dec-14	Jun-15	Dec-14	Jun-15	Dec-14
1	Pending Complaints brought forward from prior period	129	97	2,976,536	515,671	-	-
2	Received Complaints	3,033	5,772	221,801	8,531,677	-	-
3	Resolved Complaints	3,004	5,740	2,190,583	5,552,958	67,636	94,282
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward	158	129	1,007,754	2,976,536		

*Some of the outstanding complaints also include complaints on excess charges, complaints on loan and facilities availed by the Bank.

** Majority of outstanding complaints as at June 30, 2015 also constitute international dispense errors or international card unauthorized transactions that are yet to be resolved by international card operators. International dispense errors require a minimum of 45 days for resolution. The outstanding also include feedback where the Bank is currently liaising with the customers.

The tables below show the status of customers' complaints in other currencies as at the periods specified.

RECEIVED COMPLAINTS (Per Currency)

	CURRENCY	Amount Claimed	
		Jun-15	Dec-14
1	United States Dollars	$263,004	$78,688,778
2	Great Britain Pounds	£19,280	£75,991
3	Euros	£3,240	£32,306
4	Canadian Dollars	-	-

RESOLVED COMPLAINTS (Per Currency)

	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		Jun-15	Dec-14	Jun-15	Dec-14
1	United States Dollars	$263,004	$78,668,354	$155,570	$288,221
2	Great Britain Pounds	£19,280	£35,986	£19,995	£32,391
3	Euros	£3,240	£32,306	£3,240	£13,106.25
4	Canadian Dollars	-	-	-	-

UNRESOLVED COMPLAINTS (Per Currency)

	Description	Amount Claimed	
		2015	2014
1	United States Dollars	$5,006	$20,424
2	Great Britain Pounds	-	£1,500
3	Euros	-	-
4	Canadian Dollars	-	-

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

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

Structure of the framework

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

Scope of the framework

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

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

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

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

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

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

(iv) Transaction Monitoring:

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

(v) Transaction Reporting:

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

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

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

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

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

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

(vi) Relationship with Regulators and Law Enforcement Agencies:

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

(vii) Sanctions Compliance Management:

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

(viii) Politically Exposed Persons (PEPs)

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

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

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

(ix) AML/CFT principles for Correspondent Banking:

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

(x) Training:

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

(xi) AML/CFT Audits:

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

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

(xii) Record Retention:

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

Subsidiaries

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

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

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

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

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

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

Control Environment

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

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

Risk Assessment

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

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

Control Activities

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

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

Top Management Reviews

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

Activity Control

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

Physical Controls

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

Compliance with Limits

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

Approval and Authorisation Limits

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

Verifications and Reconciliations

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

Whistle Blowing

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

Information and Communication/ Monitoring

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

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

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

Directors' Report

For the period ended June 30, 2015

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the period ended June 30, 2015.

Legal form and principal activity

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

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

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

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

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

Operating results

The Group's Gross earnings increased by 15%. Highlights of the Group's operating results for the period ended 30 June 2015 are as follows:

	Group Jun-2015 N'000	Group Jun-2014 N'000	Parent Jun-2015 N'000	Parent Jun-2014 N'000
Gross Earnings	152,995,735	132,985,010	137,685,110	120,127,398
Profit before income tax	63,111,967	53,396,737	59,202,112	51,083,606
Taxation	(9,738,386)	(9,388,709)	(8,267,256)	(7,955,437)
Profit for the period	52,966,833	43,667,017	50,934,856	43,128,169
Non-controlling interests	406,748	341,011	-	-
Profit attributable to equity holders of the Bank	**53,373,581**	**44,008,028**	**50,934,856**	**43,128,169**
Earnings Per Share (Kobo) - Basic	188	155	173	147
Earnings Per Share (Kobo) - Diluted	188	155	173	147

Directors and their interest

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

	Names	**Direct Holding June 15**	***Indirect Holding June 15**	**Direct Holding June 14**	***Indirect Holding June 14**
			Shares of 50k each	**Shares of 50k each**	
1	Mr. Egbert Imomoh	1,102,972	6,243,128	1,102,972	6,243,128
2	Mr. Olusegun Agbaje	32,146,651	9,481,350	32,146,651	9,481,350
3	Mrs. Cathy Echeozo	2,505,118	2,940,300	2,505,118	2,940,300
4	Mr. Andrew Alli	1,163,975	-	1,163,975	-
5	Mr. Akindele Akintoye	13,800	-	13,800	-
6	Mr. H. A. Oyinlola	-	-	-	-
7	Mr. Adebayo Adeola	4,869,492	-	4,869,492	-
8	Mr. Ibrahim Hassan	630,838	-	1,130,838	-
9	Mr. Olabode Agusto	200,000	-	200,000	-
10	Mrs. Olutola Omotola	452,531	234,350	452,531	234,350
11	Mr. Demola Odeyemi	7,661,601	1,688,550	7,661,601	899,200
12	Mr. Wale Oyedeji	492,787	-	492,787	-
13	Mr. Ohis Ohiwerei	2,000,000	-	2,000,000	-
14	Mrs. O. A. Demuren	356,581	-	148,427	-

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

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

Directors' Remuneration

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

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

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

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004, Mr. Agusto disclosed to the Board his interest as a director of Agusto & Company Limited (a credit rating company), which provided services to the Bank in the course of the period ended June 2015 .

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

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at June 30, 2015, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	252,008	74.8678	788,196,792	2.6781
10,001	-	50,000	63,209	18.7784	1,369,273,701	4.6525
50,001	-	100,000	10,125	3.008	711,342,591	2.417
100,001	-	500,000	8,916	2.6488	1,814,913,228	6.1666
500,001	-	1,000,000	1,044	0.3102	728,350,252	2.4748
1,000,001	-	5,000,000	990	0.2941	1,974,961,558	6.7104
5,000,001	-	10,000,000	144	0.0428	979,164,300	3.327
10,000,001	-	50,000,000	111	0.033	2,424,115,611	8.2366

50,000,001	-	100,000,000	25	0.0074	1,767,695,132	6.0062
100,000,001	-	500,000,000	25	0.0074	5,674,964,282	19.2822
500,000,001	-	1,000,000,000	2	0.0006	1,488,635,580	5.058
1,000,000,001	-	2,000,000,000	3	0.0009	4,352,937,516	14.7902
2,000,000,001	-	5,000,000,000	2	0.0003	2,211,060,894	7.5126
SUB TOTAL :-			336,603	99.9997	26,285,611,437	89.3121
GTBANK GDR UNDERLYING SHARES			1	**0.0003**	1	0.0003
TOTAL			337,845	100	29,431,179,224	100

According to the Register of Members as at June 30, 2015, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

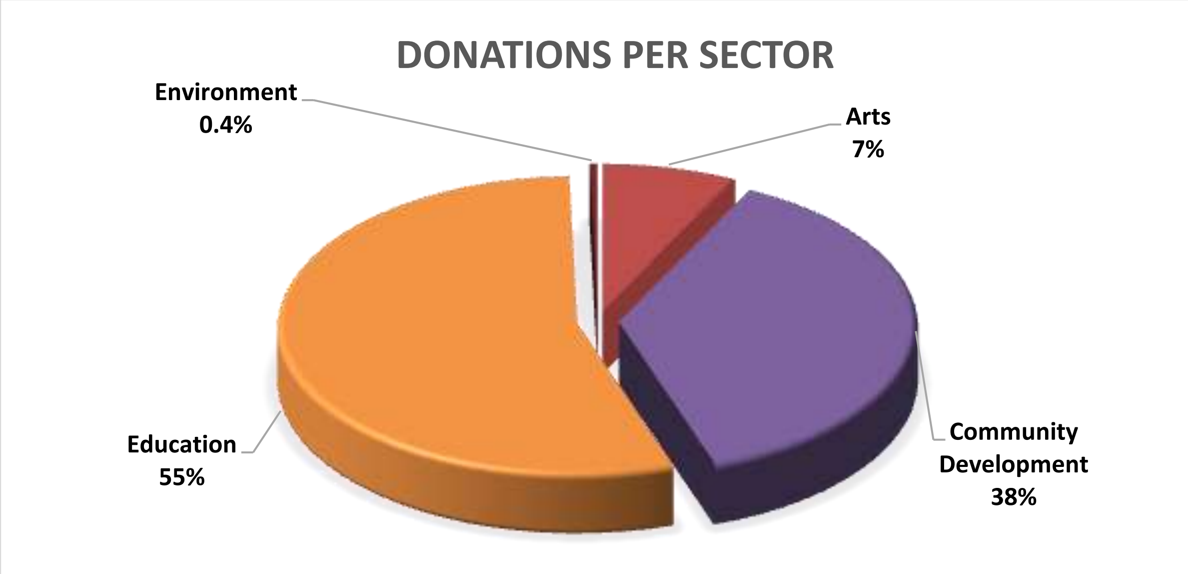
SHAREHOLDER	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
GTBank GDR (underlying shares)*	3,145,567,787	10.68%
Stanbic Nominees Nigeria Limited**	7,978,575,463	27.11%

* Citibank Nigeria Limited held the 3,145,567,787 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 27.11% 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 N241, 666, 961 (Jun. 2014: ₦183, 063,041) as donations and charitable contributions during the period. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others. The distribution of these donations is shown below:



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

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
Arts	Support for Judita Silva show	2,000,000.00
	Tate Partnership	12,199,830.75
	Virtual Arts Gallery	3,450,000.00
Community Development	Ebola Intervention Support	39,896,102.40
	Lagos Motor Boat Club Support	2,000,000.00
	Massey Hospital Support	35,175.00
	Orange Valentine Initiative	52,500.00
	Sickle Cell Support	700,000.00
	Special Olympics	2,500,000.00
	Support for Chike Okoli Foundation health programme	1,000,000.00
	Support for special persons association	50,000.00
	Swiss Red Cross	28,494,518.67
	Orange Ribbon Initiative - Autism	15,893,070.00
Education	Adopt-a-school	157,104.99
	Financial Literacy Day Initiative	1,857,450.00
	Financial Literacy for Schools	6,000,000.00
	Holy Child College Support	1,000,000.00
	JAMB Support	1,800,000.00
	Masters Cup	16,607,638.34
	OMR forms Donation	468,000.00
	Principals Cup	81,240,070.99
	Stellenbosch Business School Support	227,000.00
	Support for St. Augustine University	2,500,000.00
	Support for Table Tennis	500,000.00

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
	Day Waterman College	19,999,999.98
Environment	Roundabout Maintenance	471,000.00
	Global Reporting Initiative	567,499.98
Grand Total		241,666,961.10

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, 2015 and profit attributable to equity holders on the date other than as disclosed in the financial statements.

Research and development

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

Gender Analysis

The average number and percentage of males and females employed during the period ended June 30, 2015 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Employees	1,824	1,508	**3,332**	55%	45%

Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Board	11	3	14	79%	21%
Top Management (AGM - GM)	39	18	57	68%	32%
Total	**50**	**21**	**71**	**70%**	**30%**

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

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	16	8	24	67%	33%
Deputy General Manager	15	4	19	79%	21%
General Manager	8	6	14	57%	43%
Executive Director & Deputy Managing Director	3	2	5	60%	40%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	7	1	8	88%	13%
Total	**50**	**21**	**71**	**70%**	**30%**

Human Resources Policy

(1) Recruitment

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

(2) Diversity and Inclusion

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

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

(3) Employment of Disabled Persons

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

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

(4) Employee Involvement and Training

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

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

(5) Health, Safety and Welfare of Employees

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

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

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

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

BY ORDER OF THE BOARD

Olutola Omotola
Company Secretary
Plot 635, Akin Adesola Street, Victoria Island, Lagos
29 July, 2015

Statement of Directors' Responsibilities in Relation to the Financial Statements for period ended June 30, 2015

The Directors accept responsibility for the preparation of the financial statements set out from pages 46-301 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 interim financial statements.

SIGNED ON BEHALF O F THE DIRECTORS BY:

CATHY ECHEOZO
29 July, 2015

SEGUN AGBAJE
29 July, 2015

Report of the Audit Committee

For the period ended 30 June, 2015

To the members of Guaranty Trust Bank Plc

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

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

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 30 June, 2015 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N467,079,000 (31 December, 2014: N881,920,000) was outstanding as at 30 Jun, 2015. The status of performance of insider related credits is as disclosed in Note 48(d).

- We have deliberated with the External Auditors, who have confirmed that necessary co-operation 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
27 July, 2015

Members of the Audit Committee are:

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

In attendance:
Mr. Segun Fadahunsi - Secretary

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 2015 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 2015 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.

pwc

Report on other legal requirements

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

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

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

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

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 47 to the financial statements;

v) there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria except as disclosed in Note 48 to the financial statements.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 0872297

Daniel Asapokhai

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

11 August 2015

Engagement Partner Daniel Asapokhai
FRC/2013/ICAN/00000000946

Financial statements

Statements of financial position
As at 30 June 2015

In thousands of Nigerian Naira	***Notes***	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Assets					
Cash and cash equivalents	4, 8, 23	275,637,936	246,939,868	172,715,917	161,778,647
Financial assets held for trading	4, 8, 24	16,342,429	9,415,919	9,380,731	5,675,545
Derivative financial assets	25	1,679,868	529,732	1,679,868	529,732
Investment securities:					
– Available for sale	4, 8, 26	368,336,473	344,701,935	345,322,999	317,749,878
– Held to maturity	4, 8, 26	25,972,329	35,160,640	3,963,698	4,511,342
Assets pledged as collateral	4, 8, 27	57,918,713	39,179,198	57,910,022	39,173,640
Loans and advances to banks	4, 8, 28	356,598	5,695,592	17,960	30,815
Loans and advances to customers	4, 8, 29	1,299,151,371	1,275,681,135	1,203,235,305	1,182,393,874
Investment in subsidiaries	30	-	-	41,905,781	40,130,284
Property and equipment	31	78,409,150	76,236,447	69,787,376	68,042,098
Intangible assets	32	12,535,428	12,516,219	2,494,385	2,417,700
Deferred tax assets	33	2,775,689	2,358,280	-	-
Restricted deposits and other assets	34	405,677,454	307,461,561	399,224,034	304,174,757
Total assets		**2,544,793,438**	**2,355,876,526**	**2,307,638,076**	**2,126,608,312**
Liabilities					
Deposits from banks	4, 8, 35	20,666,747	31,661,622	97,024	143,713
Deposits from customers	4, 8, 36	1,704,669,096	1,618,208,194	1,518,861,493	1,439,522,070
Financial liabilities held for trading	4, 8, 37	310,296	-	310,296	-
Derivative financial liabilities	25	-	253,374	-	253,374
Other liabilities	8, 39	93,889,088	57,200,461	77,011,028	47,714,495
Current income tax liabilities	21	6,106,411	11,208,907	7,896,557	12,657,634
Deferred tax liabilities	34	5,462,082	4,391,668	5,091,738	3,955,805
Debt securities issued	4, 8, 38	179,410,048	167,321,207	-	-
Other borrowed funds	4, 8, 41	149,282,305	91,298,545	319,699,470	252,830,895
Total liabilities		**2,159,796,073**	**1,981,543,978**	**1,928,967,606**	**1,757,077,986**

Statements of financial position (Continued)
As at 30 June 2015

In thousands of Nigerian Naira	***Notes***	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Equity	42				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(3,987,575)	(3,987,575)	-	-
Retained earnings		53,246,005	61,043,431	49,950,009	58,442,378
Other components of equity		191,458,423	173,410,666	190,533,757	172,901,244
		378,903,557	**368,653,226**	**378,670,470**	**369,530,326**
Non-controlling interests in equity		6,093,808	5,679,322	-	-
Total equity		**384,997,365**	**374,332,548**	**378,670,470**	**369,530,326**
Total equity and liabilities		**2,544,793,438**	**2,355,876,526**	**2,307,638,076**	**2,126,608,312**

Approved by the Board of Directors on 29 July 2015:

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

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

J. K. Agbaje

Group Managing Director
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 2015

In thousands of Nigerian Naira	***Notes***	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Interest income	9	113,884,461	99,715,892	103,006,457	90,342,844
Interest expense	10	(33,764,800)	(28,153,061)	(30,096,854)	(25,010,689)
Net interest income		**80,119,661**	**71,562,831**	**72,909,603**	**65,332,155**
Loan impairment charges	11	(5,950,749)	(5,338,868)	(6,001,644)	(5,252,074)
Net interest income after loan impairment charges		**74,168,912**	**66,223,963**	**66,907,959**	**60,080,081**
Fee and commission income	12	24,609,003	24,761,713	20,692,826	21,410,122
Fee and commission expense	13	(1,090,768)	(967,674)	(958,982)	(826,415)
Net fee and commission income		**23,518,235**	**23,794,039**	**19,733,844**	**20,583,707**
Net gains/(losses) on financial instruments classified as held for trading	14	7,596,332	5,935,317	6,211,074	4,694,862
Other income	15	6,905,939	2,572,088	7,774,753	3,679,570
Net impairment reversal on financial assets	16	3,000	234,201	3,000	234,201
Personnel expenses	17	(15,108,949)	(13,449,790)	(11,042,124)	(10,251,189)
Operating lease expenses	18	(535,361)	(452,324)	(337,919)	(334,811)
Depreciation and amortization	19	(6,123,906)	(5,853,568)	(5,335,802)	(5,193,715)
Other operating expenses	20	(27,312,235)	(25,607,189)	(24,712,673)	(22,409,100)
Profit before income tax		**63,111,967**	**53,396,737**	**59,202,112**	**51,083,606**
Income tax expense	21	(9,738,386)	(9,388,709)	(8,267,256)	(7,955,437)
Profit for the period		**53,373,581**	**44,008,028**	**50,934,856**	**43,128,169**
Profit attributable to:					
Equity holders of the parent entity		52,966,833	43,667,017	50,934,856	43,128,169
Non-controlling interests		406,748	341,011	-	-
		53,373,581	**44,008,028**	**50,934,856**	**43,128,169**
Earnings per share for the profit attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	22	1.88	1.55	1.73	1.47
– Diluted	22	1.88	1.55	1.73	1.47

The accompanying notes are an integral part of these financial statements

Statements of comprehensive income

For the period ended 30 June 2015

In thousands of Nigerian Naira	***Notes***	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Profit for the period		53,373,581	44,008,028	50,934,856	43,128,169
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		(1,317,430)	(3,690,637)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	395,229	1,107,191	-	-
Net change in fair value of available for sale financial assets		3,223,917	(469,960)	3,117,291	(422,114)
Income tax relating to Net change in fair value of available for sale financial assets	21	(797,223)	140,988	(765,235)	126,634
		1,504,493	(2,912,418)	2,352,056	(295,480)
Other comprehensive income for the period, net of tax		1,504,493	(2,912,418)	2,352,056	(295,480)
Total comprehensive income for the period		**54,878,074**	**41,095,610**	**53,286,912**	**42,832,689**
Total comprehensive income attributable to:					
Equity holders of the parent entity		54,397,099	40,930,867	53,286,912	42,832,689
Non-controlling interests		480,975	164,743	-	-
Total comprehensive income for the period		**54,878,074**	**41,095,610**	**53,286,912**	**42,832,689**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
June 2015
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	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2015	**14,715,590**	**123,471,114**	**28,540,673**	**148,413,152**	**(3,987,575)**	**127,688**	**(3,670,847)**	**61,043,431**	**368,653,226**	**5,679,322**	**374,332,548**
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	52,966,833	52,966,833	406,748	53,373,581
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(924,597)	-	(924,597)	2,396	(922,201)
Fair value adjustment	-	-	-	-	-	2,354,863	-	-	2,354,863	71,831	2,426,694
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,354,863**	**(924,597)**	**-**	**1,430,266**	**74,227**	**1,504,493**
Total comprehensive income	-	-	-	-	-	**2,354,863**	**(924,597)**	**52,966,833**	**54,397,099**	**480,975**	**54,878,074**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	366,407	16,251,084	-	-	-	(16,617,491)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(44,146,768)	(44,146,768)	(66,489)	(44,213,257)
	-	**-**	**366,407**	**16,251,084**	**-**	-	-	**(60,764,259)**	**(44,146,768)**	**(66,489)**	**(44,213,257)**
Balance at 30 June 2015	**14,715,590**	**123,471,114**	**28,907,080.00**	**164,664,236.00**	**(3,987,575)**	**2,482,551.00**	**(4,595,444)**	**53,246,005**	**378,903,557**	**6,093,808**	**384,997,365**

Consolidated Statement of Changes in Equity
Jun-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	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2014	14,715,590	123,471,114	17,075,575	118,309,456	(2,046,714)	3,025,907	(2,486,577)	55,205,142	327,269,493	5,083,577	332,353,070
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	43,667,017	43,667,017	341,011	44,008,028
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(2,407,178)	-	(2,407,178)	(176,268)	(2,583,446)
Fair value adjustment	-	-	-	-	-	(328,972)	-	-	(328,972)	-	(328,972)
Total other comprehensive income	-	-	-	-	-	**(328,972)**	**(2,407,178)**	-	(2,736,150)	**(176,268)**	**(2,912,418)**
Total comprehensive income	-	-	-	-	-	**(328,972)**	**(2,407,178)**	**43,667,017**	**40,930,867**	**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)	-	(1,940,861)
Dividends to equity holders	-	-	-	-	-	-	-	(42,675,210)	(42,675,210)	(183,662)	(42,858,872)
	-	**-**	**-**	**13,980,193**	**(1,940,861)**	-	-	**(56,655,403)**	**(44,616,071)**	**(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**	**323,584,289**	**5,064,658**	**328,648,947**

Statement of Changes in Equity
June 2015
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2015	**14,715,590**	**123,471,114**	**28,349,056**	**144,619,327**	**-**	**(67,139)**	**58,442,378**	**369,530,326**
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	50,934,856	50,934,856
Other comprehensive income, net of tax								
Fair value adjustment	-	-	-	-	-	2,352,056	-	2,352,056
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,352,056**	**-**	**2,352,056**
Total comprehensive income	-	-	-	-	-	**2,352,056**	**50,934,856**	**53,286,912**
Transactions with equity holders, recorded directly in equity:								
Transfers for the period	-	-	-	15,280,457	-	-	(15,280,457)	-
Dividend to equity holders	-	-	-	-	-	-	(44,146,768)	(44,146,768)
	-	**-**	**-**	**15,280,457**	**-**	-	**(59,427,225)**	**(44,146,768)**
Balance at 30 June 2015	**14,715,590**	**123,471,114**	28,349,056	**159,899,784**	**-**	**2,284,917**	**49,950,009**	**378,670,470**

Statement of Changes in Equity
Jun-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)
	-	**-**	**-**	**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**

Statements of cash flows

For the period ended 30 June 2015

In thousands of Nigerian Naira	***Notes***	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Cash flows from operating activities					
Profit for the period		53,373,581	44,008,028	50,934,856	43,128,169
Adjustments for:					
Depreciation of property and equipment	19, 31	5,555,584	5,346,068	4,886,524	4,789,631
Amortisation of Intangibles		568,322	507,500	449,278	404,084
Gain on disposal of property and equipment		(216,204)	(188,018)	(27,000)	(45,142)
Impairment on financial assets		6,178,551	5,462,549	6,024,900	5,315,247
Net interest income		(80,119,661)	(71,562,831)	(72,909,603)	(65,332,155)
Foreign exchange gains	15	(6,558,081)	(996,267)	(6,327,711)	(771,700)
Fair value changes for FVTPL		15,710	(12,576)	15,710	(12,576)
Derivatives fair value changes		(1,403,510)	34,565	(1,403,510)	34,565
Dividend received		(77,545)	(26,964)	(1,435,752)	(1,501,889)
Income tax expense	21, 34	9,738,386	9,388,709	8,267,256	7,955,437
Other non-cash items		(724)	537,579	(724)	538,571
		(12,945,591)	(7,501,658)	(11,525,776)	(5,497,758)
Changes in:					
Financial assets held for trading		(6,372,890)	1,584,739	(3,720,896)	1,838,815
Assets pledged as collateral		(18,739,604)	(11,171,218)	(18,736,382)	(11,167,435)
Loans and advances to banks		5,840,717	(581,662)	12,854	(9,061)
Loans and advances to customers		27,122,998	(38,200,259)	22,072,723	(31,212,311)
Other assets		(95,757,516)	(64,932,432)	(92,756,408)	(64,529,981)
Deposits from banks		(13,215,958)	9,198,783	(46,689)	(6,764)
Deposits from customers		62,513,797	127,766,524	51,481,151	115,109,610
Financial liabilities held for trading		310,296	-	310,296	-
Other liabilities		32,824,987	14,511,288	25,071,033	12,555,346
		(5,473,173)	38,175,763	(16,312,318)	22,578,219
Interest received		108,000,193	99,760,387	97,122,189	90,387,340
Interest paid		(33,210,810)	(28,740,998)	(29,542,864)	(25,598,625)
		56,370,619	101,693,494	39,741,231	81,869,176
Income tax paid		(14,350,523)	(7,505,734)	(12,657,635)	(6,316,486)
Net cash/(used in) provided by operating activities		**42,020,096**	**94,187,760**	**27,083,596**	**75,552,690**

Statements of cash flows

For the period ended 30 June 2015

In thousands of Nigerian Naira	***Notes***	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Cash flows from investing activities					
Sale / redemption of investment securities		516,405,122	568,345,443	505,501,344	568,345,443
Purchase of investment securities		(529,004,919)	(540,861,662)	(529,004,919)	(532,432,374)
Dividends received		77,545	26,964	1,435,752	1,501,889
Purchase of property and equipment	31	(7,870,550)	(6,639,717)	(6,737,983)	(5,387,891)
Proceeds from the sale of property and equipment		307,762	664,938	78,624	53,844
Purchase of intangible assets	32	(623,123)	(736,212)	(525,964)	(659,906)
Additional investment in subsidiary		-	-	(1,775,497)	-
Net cash provided by/(used in) investing activities		(20,708,163)	20,799,754	(31,028,643)	31,421,005
Cash flows from financing activities					
Increase in debt securities issued		428,245	235,897	-	-
Repayment of long term borrowings		(13,093,461)	(8,751,043)	(5,159,776)	(4,621,840)
Increase in long term borrowings		57,423,934	-	57,423,934	-
Finance lease repayments		(388,378)	(296,620)	(388,378)	(296,620)
Purchase of treasury shares		-	(1,940,861)	-	-
Dividends paid to owners	43	(44,146,768)	(42,675,210)	(44,146,768)	(42,675,210)
Dividends paid to non-controlling interest		(66,489)	(183,662)	-	-
Net cash provided by financing activities		157,083	(53,611,499)	7,729,012	(47,593,670)
Net (decrease) /increase in cash and cash equivalents		21,469,016	61,376,015	3,783,965	59,380,025
Cash and cash equivalents at beginning of period		246,939,868	307,395,676	161,778,647	228,609,551
Effect of exchange rate fluctuations on cash held		7,229,052	(2,512,374)	7,153,305	771,701
Cash and cash equivalents at end of the period		275,637,936	366,259,317	172,715,917	288,761,277

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Guaranty Trust Bank Plc ("the Bank" or "the Parent") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the period ended 30 June 2015, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The Consolidated and separate interim financial statements of the parent and the Group have been prepared in accordance with IAS 34 "Interim financial reporting" as issued by the IASB, the requirements of the Companies and Allied Matters Act and with the Banks and Other Financial Institutions Act.

These Consolidated and Separate interim financial statements have been audited and were authorised for issue by the directors on 29 July, 2015.

3. (a) Significant Accounting Policies

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

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

(b) Basis of measurement
These financial statements have been prepared on the historical cost basis except for the following:

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

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

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

Standards and interpretations issued/amended but not yet effective

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

Standard	*Content*	*Effective Year*
Amendments to IFRS 11	Joint arrangements	1-Jan-16
Amendments to IAS 1	Presentation of financial statements	1-Jan-16
Amendments to IAS 27	Separate financial statements	1-Jan-16
Amendments to IFRS 7	Financial Instruments: Disclosures	1-Jul-16
Amendments to IAS 19	Employee Benefits	1-Jul-16
Amendments to IAS 34	Interim Financial Reporting	1-Jul-16
Amendments to IFRS 14	Regulatory deferral accounts	1-Jan-16

Amendments to IFRS 5	Non Current Asset Held for Sale and Discontinued Operations	1-Jul-16
Amendments to IAS 38	Intangible Assets	1-Jan-16
Amendments to IAS 41	Agriculture	1-Jan-16
Amendments to IAS 16	Property, Plant and Equipment	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-17
IFRS 9	Financial instruments	1-Jan-18

Commentaries on these new standards/amendments are provided below.

- **Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations**
  Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:
  - apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
  - disclose the information required by IFRS 3 and other IFRSs for business combinations.

  The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments do not have any impact on the Group as it does not have interest in any joint operation.

- **Amendments to IAS 1 - Presentation of financial statements**
  Amends IAS 1 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **Amendments to IAS 27 - Separate financial statements**
  Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Group is assessing the potential impact of these amendments on its financial statements.

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

  On servicing contract, it clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs

IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The Group is assessing the potential impact of these amendments on its financial statements.

- **Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions**
  Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **Amendments to IAS 34 – Interim Financial Reporting**
  Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report). The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **IAS 16 – Property, Plant and Equipment**
  Ammends IAS 16 to clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **IAS 38 – Intangible Assets**
  Ammends IAS 38 to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is required to overcome the presumption. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

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

- **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. The Group is assessing the potential impact (if any) of IFRS 15 on its financial statements.

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

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

- **IFRS 9 - Financial instruments**
IFRS 9 is part of the IASB's project to replace IAS 39. It addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

  The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2016, as shown on page 58, 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. The Group is assessing the potential impact of IFRS 9 on its financial statements.

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.

Acquisition of subsidiaries

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Parent. The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

(ii) Structured entity

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

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

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

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

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

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

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

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

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

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

(d) Fees and commission

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

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

(e) Net trading income

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

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

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

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

(g) Dividend income

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

(h) Leases

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

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

(i) Operating lease

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

(ii) Finance lease

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

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

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

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

(i) Income Tax

(a) **Current income tax**

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

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

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

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

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

However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

(i) Recognition

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

(ii) Classification

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

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

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

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

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

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.
Cash and cash equivalents include notes and coins on hand, Unrestricted balances held with central banks, 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) <u>Available-for-sale investments</u>

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

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

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

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

c) Held-to-maturity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii)Measurement

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

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

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

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

a) Amortised cost measurement

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

b) Fair value measurement

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

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

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

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

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

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

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

(iv) Offsetting

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

(v) De-recognition

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

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

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

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

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

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

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

(vi) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Assets classified as available for sale

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any) in the separate financial statement of the Bank.

(n) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(o) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

(p) Impairment of non-financial assets

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

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

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

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

(q) Deposits, debt securities issued

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

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

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

(r) Provisions

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

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

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

(s) Financial guarantees

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

(t) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

(iii)Termination Benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv)Short-term employee benefits

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

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

(v) Share-based payment transactions

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

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

(u) Discontinued operations

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

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

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

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

(v) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank’s ordinary shares

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

(iii)Treasury shares

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

(w) Earnings per share

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

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

(x) Segment reporting

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

4. Financial risk management

(a) Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risks

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

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

(b) Risk Management Philosophy

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

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

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

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

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

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

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

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

Risk Appetite

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

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

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

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

(c) Risk Management Framework

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

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

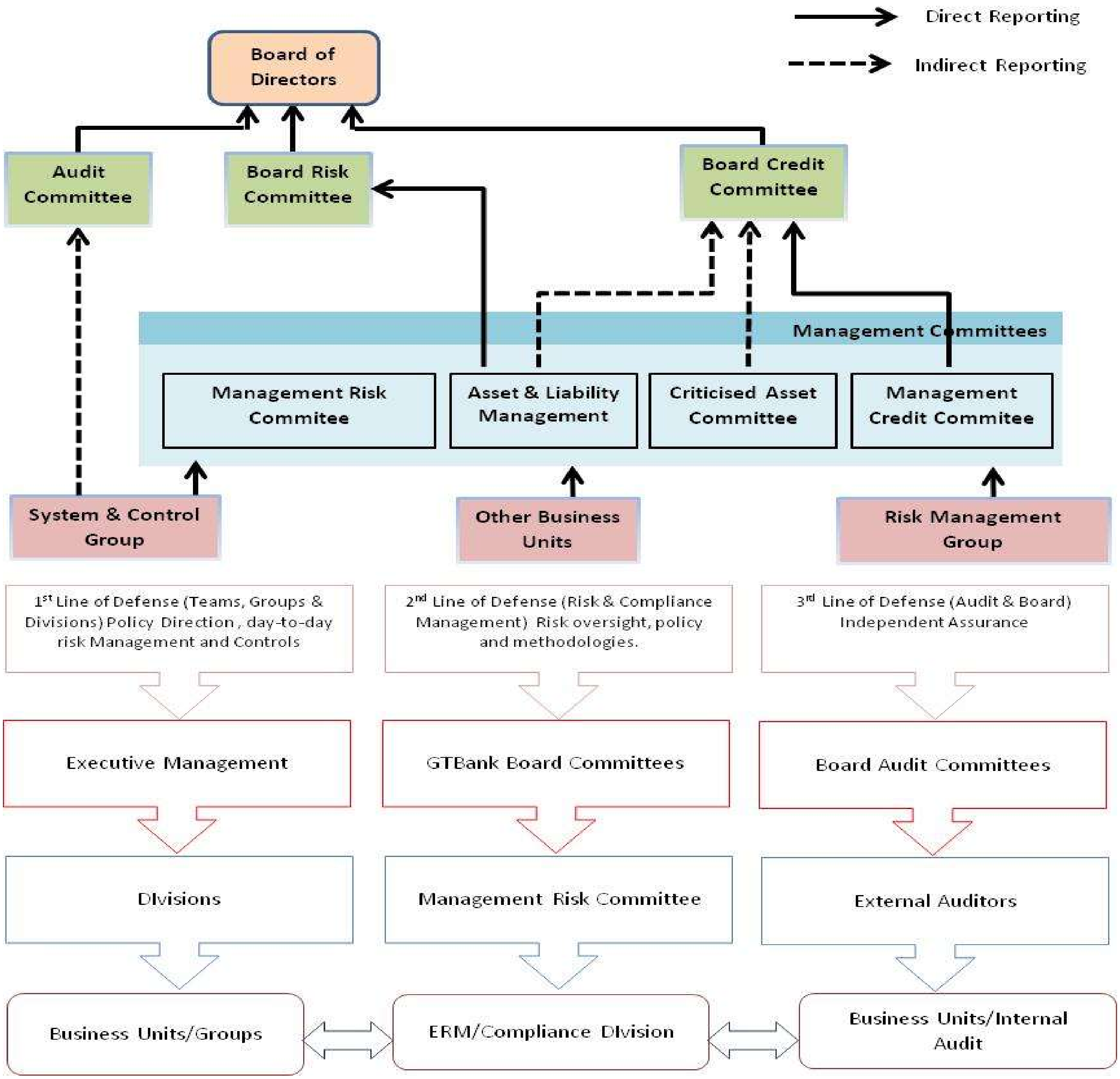
The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees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

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

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

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

The Risk Governance Structure of the Group



The three lines of defence model differentiated among the three groups involved in effective risk management include:

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

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

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

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

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

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

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

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

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

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

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

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

(d) Risk Management Methodology

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

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

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

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

(e) Risk Management Overview

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

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

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

(f) Credit risk

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

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

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

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

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

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

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

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

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

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

The Group is currently implementing Internal Rating Based – Advanced measurement approach for credit risk using Probabbility of Default, Loss Given Default and Exposure at Default as the input parameters.

(i) Management of Credit Risk

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

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

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

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

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

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

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

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

(ii) Credit Risk Measurement

In line with IAS 39, the Group adopted incurred loss approach and intends to migrate to the expected loss approach outlined under IFRS 9. The Group will adapt its existing internal rating models when it adopts IFRS 9.

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

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

		• Management and owners are good or passable • Typically borrowers in declining markets or with small market share and operating in cyclical industries
7 (CCC)	Watch-list	• Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment • Typically start- ups / declining markets/deteriorating industries with high industry risk • Financial fundamentals below average • Weak management • Poor information disclosure
8 (CC)	Substandard Risk	• Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat • Continued strength is on collateral or residual repayment capacity of obligor • Partial losses of principal and interest possible if weaknesses are not promptly rectified • Questionable management skills
9 (C)	Doubtful Risk	• High probability of partial loss • Very weak credit fundamentals which make full debt repayment in serious doubt • Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status • Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile
10 (D)	Lost	• A definite loss of principal and interest • Lack of capacity to repay unsecured debt • Bleak economic prospects • Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

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

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

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

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

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

(1) Probability of Default (PD)

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

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

(2) Exposure at Default (EAD)

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

(3) Loss Given Default (LGD)

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

(4) Emergence Period (EP)

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

(iii) Risk Limit Control and Mitigation Policies

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

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

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

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

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

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

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

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity)
Management Credit Committee	Up to N2 Billion
Managing Director	Up to N500 Million
Deputy Managing Director	Up to N350 Million
Other Approving Officers	as delegated by the Managing Director

The above limits are subject to the following overriding approvals:

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

Master Netting Arrangements

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

Off-balance sheet engagements

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

Contigencies

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

Placements

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

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 30 June 2015 and 31 December 2014.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Cash and cash equivalents:				
- Unrestricted balances with central ba	17,920,319	33,346,313	2,388,516	19,823,983
- Balances held with other banks	84,420,054	91,993,886	85,647,996	42,561,912
- Money market placements	141,770,981	88,484,240	58,596,577	74,476,317
Loans and advances to banks	356,598	5,695,592	17,960	30,815
Loans and advances to customers[1]:				
- Loans to individuals	84,149,625	86,807,479	63,357,908	70,451,246
- Loans to non-individuals	1,215,001,746	1,188,873,656	1,139,877,397	1,111,942,628
Financial assets held for trading				
- Debt securities	16,342,429	9,415,919	9,380,731	5,675,545
- Derivative financial instruments	1,679,868	-	1,679,868	-
Investment securities:				
- Debt securities	390,088,624	376,211,822	345,071,599	318,615,630
Assets pledged as collateral:				
- Debt securities	57,918,713	39,179,198	57,910,022	39,173,640
Restricted deposits and other assets[2]	369,227,198	285,852,911	366,538,949	288,505,504
Total	**2,378,876,155**	**2,205,861,016**	**2,130,467,523**	**1,971,257,220**
Loans exposure to total exposure	55%	58%	56%	60%
Debt securities exposure to total exposure	20%	19%	19%	18%
Other exposures to total exposure	25%	23%	25%	22%

As shown above, 55% (Parent: 56%) of the total maximum exposures is derived from loans and advances to banks and customers (2014: 58% ; Parent: 60%); while 20% (Parent: 19%) represents exposure to investments in debt securities (2014: 19% ; Parent: 18%). 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**	
	Jun-2015	**Dec-2014**	**Jun-2015**	**Dec-2014**
Financial guarantees	452,430,536	497,857,280	445,000,090	483,566,238
Other contingents	108,207,303	185,066,483	81,630,979	165,573,399
Total	**560,637,839**	**682,923,763**	**526,631,069**	**649,139,637**

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**	
	Jun-2015	**Dec-2014**	**Jun-2015**	**Dec-2014**
Loans to individuals:				
Overdraft	7,479,402	7,857,152	5,231,798	5,477,656
Loans	76,527,424	78,944,450	58,126,110	64,973,590
Others	142,799	5,877	-	-
	84,149,625	86,807,479	63,357,908	70,451,246
Loans to non-individuals:				
Overdraft	194,918,116	165,556,533	152,855,482	133,888,888
Loans	943,340,067	927,699,201	930,915,109	890,481,755
Others	76,743,563	95,617,922	56,106,806	87,571,985
	1,215,001,746	1,188,873,656	1,139,877,397	1,111,942,628

Credit quality of Financial Assets

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

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

Unrestricted balances with central banks

The credit quality of Unrestricted balances with central banks are assessed by reference to external credit ratings infor about counterparty default rates.

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Sovereign Ratings				
Nigeria (B+) S&P	2,388,516	19,823,983	2,388,516	19,823,983
B	6,900,523	6,007,747		
BB-	2,692,852	2,344,456		
unrated	5,938,428	5,170,127	-	-
	17,920,319	**33,346,313**	**2,388,516**	**19,823,983**

Balances held with other banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Counterparties with external credit rating (S&P)				
A-1	73,308,886	83,589,454	73,308,886	30,852,822
A-1+	34,748	24,996	34,748	3,725
A-2	55,359	95,733	55,359	55,909
B	-	39,510	-	39,510
Unrated	11,021,061	8,244,193	12,249,003	11,609,946
	84,420,054	**91,993,886**	**85,647,996**	**42,561,912**

Restricted and Unrestricted balances with Central Bank of Nigeria have Sovereign rating of B+ from S&P

Money Market placements

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Counterparties with external credit rating (S&P)				
A-1+	1,264,559	19,496,575	1,264,559	19,496,575
A-1	41,156,501	28,757,263	41,156,501	28,757,263
Unrated	5,006,575	-	5,006,575	-
	47,427,635	**48,253,838**	**47,427,635**	**48,253,838**
Counterparties with external credit rating (Fitch)				
B	-	-	-	10,005,753
	-	**-**	**-**	**10,005,753**
Sovereign Ratings				
Nigeria (B+) S&P	7,502,260	7,502,260	7,502,260	7,502,260
A-1+	60,342,990	22,741,700	-	-
B	12,237,070	4,611,833	-	-
BB-	13,176,966	4,966,055	-	-
Unrated	1,084,060	408,554	-	-
	94,343,346	**40,230,402**	**7,502,260**	**7,502,260**
Counterparties without external credit rating				
Foreign Subsidiaries	-	-	3,666,682	8,714,466
	-	**-**	**3,666,682**	**8,714,466**
	141,770,981	**88,484,240**	**58,596,577**	**74,476,317**

Financial Assets Held for trading

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Soverign Ratings				
Nigeria (B+) S&P	9,368,851	5,675,545	9,368,851	5,675,545
Unrated	6,961,698	3,740,374	-	-
	16,330,549	**9,415,919**	**9,368,851**	**5,675,545**
Counterparties without external credit rating :				
Agency bonds (Contractor)	11,880	-	11,880	-
	11,880	**-**	**11,880**	**-**
	16,342,429	**9,415,919**	**9,380,731**	**5,675,545**

Investment Securities

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

	Credit quality		Credit quality	
	Group		Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Counterparties with external credit rating (S&P):				
B	7,366,883	320,159,469	-	310,734,048
B+	334,723,092	-	334,723,092	
A-1+	6,696,702	8,567,971		
BB-	20,399,167	26,099,333		
unrated	10,554,273	13,503,467		
Counterparties with external credit rating (Fitch):				
B+	6,384,808	-	6,384,808	-
Counterparties with external credit rating (Agusto):				
A	-	1,511,342	-	1,511,342
B	-	3,370,240	-	3,370,240
BBB-	755,425	3,000,000	755,425	3,000,000
Counterparties without external credit rating :				
Sub-National Bonds	3,208,274	**-**	3,208,274	**-**
	390,088,624	**376,211,822**	**345,071,599**	**318,615,630**

Of the Parent's Investment Securities of N345,071,599,000 (Dec 2014: N318,615,630,000) the sum of N334,128,328,00
(2014: N310,734,048,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria
and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a forei
long term issuer credit rating of B+ (S&P).

Assets pledged as collateral

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Soverign Ratings				
Nigeria (B+) S&P	57,910,022	39,173,640	57,910,022	39,173,640
B	8,691	5,558	-	-
	57,918,713	**39,179,198**	**57,910,022**	**39,173,640**

Restricted deposits and other assets

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Soverign Ratings				
Nigeria (B+) S&P	356,703,857	257,098,961	356,703,857	257,098,961
B	115,476	167,997	-	-
BB-	1,106,493	1,609,747	-	-
Unrated	1,466,280	2,133,172	-	-
Counterparties with external credit rating (S&P)				
A-1	8,480,870	23,229,921	4,958,342	28,092,916
A-1+	320,881	327,795	320,881	327,795
A-2	567,697	718,254	567,697	718,254
B	-	101,421	-	101,421
Unrated	465,644	465,643	3,988,172	2,166,157
	369,227,198	**285,852,911**	**366,538,949**	**288,505,504**

Rating Legend:

External credit rating (S&P)

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

External credit rating (Fitch)

B : Speculative credit rating

External credit rating (Agusto):

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

Credit Concentration

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

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

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

Credit risk exposure relating to On-Balance Sheet

Group

Jun-2015

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central ba	2,388,516	15,531,803	-	17,920,319
- Balances held with other banks	52,450	31,931,839	52,435,765	84,420,054
- Money market placements	19,511,986	26,498,165	95,760,830	141,770,981
Loans and advances to banks	17,960	338,638	-	356,598
Loans and advances to customers [1] *:*				
- Loans to individuals	63,357,908	5,766,167	15,025,550	84,149,625
- Loans to non-individuals	1,138,449,822	76,551,924	-	1,215,001,746
Financial assets held for trading				
- Debt securities	9,380,731	6,961,698	-	16,342,429
- Derivative financial instruments	1,679,868	-	-	1,679,868
Investment securities:				
- Debt securities	345,071,599	38,320,416	6,696,609	390,088,624
Assets pledged as collateral:				
- Debt securities	57,910,022	8,691	-	57,918,713
Restricted deposits and other assets[2]	364,511,144	4,319,662	396,392	369,227,198
	2,002,332,006	**206,229,003**	**170,315,146**	**2,378,876,155**

[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
Jun-2015

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	445,000,090	7,075,482	354,964	452,430,536
Other contingents	81,630,979	20,365,868	6,210,456	108,207,303
	526,631,069	**27,441,350**	**6,565,420**	**560,637,839**

Classification of Credit Concentration on Loans to Customers by Product

Group
Jun-2015

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	5,231,799	2,247,603	-	7,479,402
Loans	58,126,109	3,375,765	15,025,550	76,527,424
Others	-	142,799	-	142,799
	63,357,908	5,766,167	15,025,550	84,149,625
Loans to non-individuals:				
Overdraft	151,427,908	43,490,208	-	194,918,116
Loans	930,915,107	12,424,960	-	943,340,067
Others	56,106,807	20,636,756	-	76,743,563
	1,138,449,822	76,551,924	-	1,215,001,746

Credit risk exposure relating to On-Balance Sheet

Group

Dec-2014

In thousands of Nigerian naira

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2014

Group

In thousands of Nigerian naira

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

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

Credit risk exposure relating to On-Balance Sheet

Parent

Jun-2015

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central ba	2,388,516	-	-	2,388,516
- Balances held with other banks	-	20,861,562	64,786,434	85,647,996
- Money market placements	19,511,986	-	39,084,591	58,596,577
Loans and advances to banks	17,960	-	-	17,960
Loans and advances to customers [1] :				
- Loans to individuals	63,357,908	-	-	63,357,908
- Loans to non-individuals	1,139,877,397	-	-	1,139,877,397
Financial assets held for trading:				
- Debt securities	9,380,731	-	-	9,380,731
- Derivative financial instruments	1,679,868	-	-	1,679,868
Financial assets designated at fair value:				
- Debt securities	-	-	-	-
- Loans and advances to banks	-	-	-	-
- Loans and advances to customers	-	-	-	-
Hedging derivatives				
Investment securities:				
- Debt securities	345,071,599	-	-	345,071,599
Assets pledged as collateral:				
- Debt securities	57,910,022	-	-	57,910,022
Restricted deposits and other assets[2]	366,538,949	-	-	366,538,949
	2,005,734,936	**20,861,562**	**103,871,025**	**2,130,467,523**

[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

Parent
Jun-2015

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	445,000,090	-	-	445,000,090
Other contingents	81,630,979	-	-	81,630,979
	526,631,069	**-**	**-**	**526,631,069**

Classification of Credit Concentration on Loans to Customers by Product

Parent

Jun-2015

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,231,798	-	-	5,231,798
Loans	58,126,110	-	-	58,126,110
Others	-	-	-	-
	63,357,908	-	-	63,357,908
Loans to non-individuals:				
Overdraft	152,855,482	-	-	152,855,482
Loans	930,915,109	-	-	930,915,109
Others	56,106,806	-	-	56,106,806
	1,139,877,397	-	-	1,139,877,397

Credit risk exposure relating to On-Balance Sheet

Dec-2014

Parent

In thousands of Nigerian naira

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2014

Parent

In thousands of Nigerian naira

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

Dec-2014

Parent

In thousands of Nigerian naira

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

(ii) Industry sectors

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

Credit Risk Exposure to on-balance sheet items

Group
Jun-2015
In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	17,920,319	-	-	-	-	-	17,920,319
- Balances held with other banks	-	84,420,054	-	-	-	-	-	-	-	-	-	84,420,054
- Money market placements	-	62,394,979	-	-	66,199,035	13,176,967	-	-	-	-	-	141,770,981
Loans and advances to banks	-	17,960	-	-	338,638	-	-	-	-	-	-	356,598
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	84,149,625	-	84,149,625
- Loans to non-individuals	20,097,285	32,640,664	101,400,057	9,588,802	78,636,215	35,788,326	221,088,612	440,706,309	147,105,547	-	127,949,929	1,215,001,746
Financial assets held for trading												
- Debt securities	-	-	-	-	6,961,698	9,380,731	-	-	-	-	-	16,342,429
- Derivative financial instruments	-	-	-	-	-	1,679,868	-	-			-	1,679,868
Investment securities:												
- Debt securities	-	6,384,908	-	-	-	382,948,291	755,425	-	-	-	-	390,088,624
Assets pledged as collateral:												
- Debt securities	-	-	-	-	8,691	57,910,022	-	-	-	-	-	57,918,713
Restricted deposits and other assets[4]	-	-	-	-	-	359,392,106	-	-	-	-	9,835,092	369,227,198
	20,097,285	**185,858,565**	**101,400,057**	**9,588,802**	**152,144,277**	**878,196,630**	**221,844,037**	**440,706,309**	**147,105,547**	**84,149,625**	**137,785,021**	**2,378,876,155**

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

Jun-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	525,000	4,094,762	286,269,011	252,764	11,140,388	1,970,115	10,329,396	97,413,433	3,510,139	-	36,925,528	452,430,536
Other contingents	3,061,806	10,196,983	857,763	150,518	10,967,683	-	52,245,453	10,062,869	241,470	-	20,422,758	108,207,303
Total	**3,586,806**	**14,291,745**	**287,126,774**	**403,282**	**22,108,071**	**1,970,115**	**62,574,849**	**107,476,302**	**3,751,609**	**-**	**57,348,286**	**560,637,839**

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

[2] **Logistics, Maritime and Haulage.**

Group

Jun-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	7,479,402	-	7,479,402
Loans	-	-	-	-	-	-	-	-	-	76,527,424	-	76,527,424
Others	-	-	-	-	-	-	-	-	-	142,799	-	142,799
	-	-	-	-	-	-	-	-	-	84,149,625	-	84,149,625
Loans to non-individuals:												
Overdraft	7,889,081	6,811,666	25,470,486	2,966,307	38,493,836	850,231	37,065,717	38,867,993	6,143,280	-	30,359,519	194,918,116
Loans	6,742,456	25,828,998	75,241,802	6,622,495	31,607,555	34,938,095	169,277,484	374,946,639	140,938,681	-	77,195,862	943,340,067
Others	5,465,748	-	687,769	-	8,534,824	-	14,745,411	26,891,677	23,586	-	20,394,548	76,743,563
	20,097,285	32,640,664	101,400,057	9,588,802	78,636,215	35,788,326	221,088,612	440,706,309	147,105,547	-	127,949,929	1,215,001,746

Credit Risk Exposure to on-balance sheet items

Group

Dec-2014

In thousands of Nigerian naira

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

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

[2] Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items

Group
Dec-2014

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	129,160	4,581,761	301,211,625	254,781	23,181,553	1,986,756	12,905,776	113,978,221	5,027,205	-	34,600,442	497,857,280
Other contingents	2,355,300	42,185,091	3,716,955	186,706	16,623,047	52,036	58,646,622	41,141,839	2,389,991	-	17,768,896	185,066,483
Total	**2,484,460**	**46,766,852**	**304,928,580**	**441,487**	**39,804,600**	**2,038,792**	**71,552,398**	**155,120,060**	**7,417,196**	**-**	**52,369,338**	**682,923,763**

Group
Dec-2014
In thousands of Nigerian naira

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Jun-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	2,388,516	-	-	-	-	-	2,388,516
- Balances held with other banks	-	85,647,996	-	-	-	-	-	-	-	-	-	85,647,996
- Money market placements	-	58,596,577	-	-	-	-	-	-	-	-	-	58,596,577
Loans and advances to banks	-	17,960	-	-	-	-	-	-	-	-	-	17,960
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	63,357,908	-	63,357,908
- Loans to non-individuals	18,027,167	33,086,057	93,612,483	9,545,377	77,437,532	34,970,390	211,026,375	435,274,205	147,105,547	-	79,792,264	1,139,877,397
Financial assets held for trading												
- Debt securities	-	-	-	-	-	9,380,731	-	-	-	-	-	9,380,731
- Derivative financial instruments	-	-	-	-	-	1,679,868	-	-			-	1,679,868
Investment securities:												
- Debt securities	-	6,384,807	-	-	-	337,931,367	755,425	-	-	-	-	345,071,599
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	57,910,022	-	-	-	-	-	57,910,022
Restricted deposits and other assets[4]	-	-	-	-	-	356,703,857	-	-	-	-	9,835,092	366,538,949
	18,027,167	**183,733,397**	**93,612,483**	**9,545,377**	**77,437,532**	**800,964,751**	**211,781,800**	**435,274,205**	**147,105,547**	**63,357,908**	**89,627,356**	**2,130,467,523**

[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
Jun-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	383,972	4,094,762	284,183,618	200,000	10,945,218	1,970,115	9,154,042	96,934,060	3,510,139	-	33,624,164	445,000,090
Other contingents	2,721,637	10,196,983	624,536	-	9,288,807	-	48,148,507	10,007,999	241,470	-	401,040	81,630,979
Total	**3,105,609**	**14,291,745**	**284,808,154**	**200,000**	**20,234,025**	**1,970,115**	**57,302,549**	**106,942,059**	**3,751,609**	**-**	**34,025,204**	**526,631,069**

Parent

Jun-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,231,798	-	5,231,798
Loans	-	-	-	-	-	-	-	-	-	58,126,110	-	58,126,110
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	63,357,908	-	63,357,908
Loans to non-individuals:												
Overdraft	6,056,036	7,257,059	18,405,868	2,922,882	37,300,575	32,295	30,946,964	33,687,365	6,143,280	-	10,103,158	152,855,482
Loans	6,505,383	25,828,998	74,518,846	6,622,495	31,602,133	34,938,095	165,334,000	374,937,590	140,938,681	-	69,688,888	930,915,109
Others	5,465,748	-	687,769	-	8,534,824	-	14,745,411	26,649,250	23,586	-	218	56,106,806
	18,027,167	33,086,057	93,612,483	9,545,377	77,437,532	34,970,390	211,026,375	435,274,205	147,105,547	-	79,792,264	1,139,877,397

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2014

In thousands of Nigerian naira

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

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

[2] Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2014
In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	7,422	4,581,280	300,123,223	200,000	18,804,034	1,970,115	12,303,874	113,746,861	5,027,205	-	26,802,224	483,566,238
Other contingents	1,968,379	42,076,324	3,335,029	15,405	15,442,334	-	58,052,146	41,113,331	2,389,991	-	1,180,460	165,573,399
Total	**1,975,801**	**46,657,604**	**303,458,252**	**215,405**	**34,246,368**	**1,970,115**	**70,356,020**	**154,860,192**	**7,417,196**	**-**	**27,982,684**	**649,139,637**

Parent
Dec-2014

In thousands of Nigerian naira

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

(viii) Impairment and provisioning policies

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

(1) Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

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

- **Past due but not impaired:**

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

- **Individually impaired:**

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

- **Collectively impaired:**

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

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

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

(2) Allowances for impairment

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

Specific Impairment – This is derived by identifying exposure at default and recoverable cash-flows.

The Cash-flows are then discounted to present value using the original effective interest rate on the exposures. The shortfall between the discounted cash-flows and the exposure at default is recognized as individual impairment.

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

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

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

(4) Write-off policy

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

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

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

	Jun-2015				Dec-2014			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	78,908,075	1,150,205,254	356,616	1,229,469,945	82,461,427	1,141,905,190	5,695,609	1,230,062,226
Past due but not impaired	140,500	1,513,314	-	1,653,814	281,596	2,044,778	-	2,326,374
Individually impaired	1,127,848	47,014,697	-	48,142,545	858,991	38,123,321	-	38,982,312
Collectively Impaired	5,530,577	48,815,938	4	54,346,519	4,240,806	36,385,277	4	40,626,087
Gross Loans and Advances	**85,707,000**	**1,247,549,203**	**356,620**	**1,333,612,823**	**87,842,820**	**1,218,458,566**	**5,695,613**	**1,311,996,999**
Less allowances for impairment:								
Individually impaired	632,717	24,757,056	-	25,389,773	350,648	22,122,052	-	22,472,700
Portfolio allowance	924,658	7,790,401	22	8,715,081	684,693	7,462,858	21	8,147,572
Total allowance	**1,557,375**	**32,547,457**	**22**	**34,104,854**	**1,035,341**	**29,584,910**	**21**	**30,620,272**
Net Loans and Advances	**84,149,625**	**1,215,001,746**	**356,598**	**1,299,507,969**	**86,807,479**	**1,188,873,656**	**5,695,592**	**1,281,376,727**

The total impairment for loans and advances is N34,104,854,000 (2014: N30,620,272,000) of which 25,389,773,000 (2014: N22,472,700,000) represents the impairment on individually impaired loans and the remaining amount of N8,715,081,000 (2014: N8,147,572,000) represents the portfolio allowance.
Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Group

In thousands of Nigerian naira

	Jun-2015				Dec-2014			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	72,971,134	915,490,480	338,638	988,800,252	77,280,890	901,426,756	17,518	978,725,164
Overdrafts	5,811,482	162,279,928	17,978	168,109,388	5,180,537	149,665,487	5,678,091	160,524,115
Others	125,459	72,434,846	-	72,560,305	-	90,812,947	-	90,812,947
Neither past due nor impaired	78,908,075	1,150,205,254	356,616	1,229,469,945	82,461,427	1,141,905,190	5,695,609	1,230,062,226
Loans	124,347	248,158	-	372,505	32,833	529,088	-	561,921
Overdrafts	15,188	1,135,308	-	1,150,496	247,912	1,304,588	-	1,552,500
Others	965	129,848	-	130,813	851	211,102	-	211,953
Past due but not impaired	140,500	1,513,314	-	1,653,814	281,596	2,044,778	-	2,326,374
Loans	565,218	25,708,469	-	26,273,687	49,155	22,053,350	-	22,102,505
Overdrafts	558,244	19,700,810	-	20,259,054	808,561	13,994,802	-	14,803,363
Others	4,386	1,605,418	-	1,609,804	1,275	2,075,169	-	2,076,444
Individually impaired	1,127,848	47,014,697	-	48,142,545	858,991	38,123,321	-	38,982,312
Loans	3,559,228	20,248,075	4	23,807,307	1,966,223	22,445,717	4	24,411,944
Overdrafts	1,956,627	24,999,357	-	26,955,984	2,269,761	10,026,118	-	12,295,879
Others	14,722	3,568,506	-	3,583,228	4,822	3,913,442	-	3,918,264
Collectively Impaired	5,530,577	48,815,938	4	54,346,519	4,240,806	36,385,277	4	40,626,087

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

	Jun-2015				Dec-2014			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Individually impaired:								
Loans	275,756	14,468,262	-	14,744,018	32,741	14,066,172	-	14,098,913
Overdrafts	354,821	9,771,405	-	10,126,226	317,057	7,013,627	-	7,330,684
Others	2,140	517,389	-	519,529	850	1,042,253	-	1,043,103
	632,717	**24,757,056**	**-**	**25,389,773**	**350,648**	**22,122,052**	**-**	**22,472,700**
Portfolio allowance:								
Loans	416,747	3,886,853	4	4,303,604	351,910	4,689,538	4	5,041,452
Overdrafts	507,318	3,425,882	18	3,933,218	332,562	2,420,835	17	2,753,414
Others	593	477,666	-	478,259	221	352,485	-	352,706
	924,658	**7,790,401**	**22**	**8,715,081**	**684,693**	**7,462,858**	**21**	**8,147,572**

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

Parent

In thousands of Nigerian naira

	Jun-2015				Dec-2014			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Neither past due nor impaired	60,641,167	1,091,856,813	17,978	1,152,515,958	68,049,426	1,082,430,978	30,832	1,150,511,236
Past due but not impaired	-	1,040,628	-	1,040,628	-	1,307,074	-	1,307,074
Individually impaired	489,206	41,170,464	-	41,659,670	437,409	30,871,528	-	31,308,937
Collectively Impaired	3,387,095	35,889,592	4	39,276,691	2,645,834	22,709,796	4	25,355,634
Gross Loans and Advances	**64,517,468**	**1,169,957,497**	**17,982**	**1,234,492,947**	**71,132,669**	**1,137,319,376**	**30,836**	**1,208,482,881**
Less allowances for impairment:								
Individually impaired	321,139	22,873,596	-	23,194,735	69,838	18,479,842	-	18,549,680
Portfolio allowance	838,421	7,206,504	22	8,044,947	611,585	6,896,906	21	7,508,512
Total allowance	**1,159,560**	**30,080,100**	**22**	**31,239,682**	**681,423**	**25,376,748**	**21**	**26,058,192**
Net Loans and Advances	**63,357,908**	**1,139,877,397**	**17,960**	**1,203,253,265**	**70,451,246**	**1,111,942,628**	**30,815**	**1,182,424,689**

The total impairment for loans and advances is N31,239,682,000 (2014: N26,058,192,000) of which 23,194,735,000 (2014: N18,549,680,000) represents the impairment on individually impaired loans and the remaining amount of N8,044,947,000 (2014: N7,508,512,000) represents the portfolio allowance.
Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Parent

In thousands of Nigerian naira

	Jun-2015				Dec-2014			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	56,804,355	905,840,121	-	962,644,476	63,536,720	872,751,164	17,518	936,305,402
Overdrafts	3,836,812	129,610,239	17,978	133,465,029	4,512,706	121,917,368	13,314	126,443,388
Others[1]	-	56,406,453	-	56,406,453	-	87,762,446	-	87,762,446
Neither past due nor impaired	60,641,167	1,091,856,813	17,978	1,152,515,958	68,049,426	1,082,430,978	30,832	1,150,511,236
Loans	-	169,980	-	169,980	-	168,120	-	168,120
Overdrafts	-	870,648	-	870,648	-	1,138,954	-	1,138,954
Others[1]	-	-	-	-	-	-	-	-
Past due but not impaired	-	1,040,628	-	1,040,628	-	1,307,074	-	1,307,074
Loans	-	24,741,880	-	24,741,880	-	18,504,950	-	18,504,950
Overdrafts	489,206	16,428,584	-	16,917,790	437,409	12,366,578	-	12,803,987
Others[1]	-	-	-	-	-	-	-	-
Individually impaired	489,206	41,170,464	-	41,659,670	437,409	30,871,528	-	31,308,937
Loans	1,662,180	18,110,162	4	19,772,346	1,780,255	15,754,121	4	17,534,380
Overdrafts	1,724,915	17,761,808	-	19,486,723	865,579	6,955,603	-	7,821,182
Others[1]	-	17,622	-	17,622	-	72	-	72
Collectively Impaired	3,387,095	35,889,592	4	39,276,691	2,645,834	22,709,796	4	25,355,634

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

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

	Jun-2015				Dec-2014			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Individually impaired:								
Loans	-	14,156,753	-	14,156,753	-	12,283,990	-	12,283,990
Overdrafts	321,139	8,716,843	-	9,037,982	69,838	6,195,852	-	6,265,690
Others	-	-	-	-	-	-	-	-
	321,139	22,873,596	-	23,194,735	69,838	18,479,842	-	18,549,680
Portfolio allowance:								
Loans	340,425	3,790,281	4	4,130,710	343,386	4,412,610	4	4,756,000
Overdrafts	497,996	3,098,954	18	3,596,968	268,199	2,293,763	17	2,561,979
Others	-	317,269	-	317,269	-	190,533	-	190,533
	838,421	7,206,504	22	8,044,947	611,585	6,896,906	21	7,508,512

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

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

(i) Credit quality of Loans and advances Neither Past Due Nor Impaired.

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

Group
Jun-2015
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	773,324	418,511	-	36,236,484	52,829,105	4,537,840	60	-	94,795,324
Very strong capacity	1,591,259	49,045,246	-	9,861,310	239,764,631	5,751,938	-	-	306,014,384
Strong repayment capacity	3,446,899	23,507,377	125,459	116,182,134	622,896,744	62,145,068	17,918	338,638	828,660,237
Total	**5,811,482**	**72,971,134**	**125,459**	**162,279,928**	**915,490,480**	**72,434,846**	**17,978**	**338,638**	**1,229,469,945**

Group
Dec-2014
In thousands of Nigerian naira

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

Parent
Jun-2015
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	20,165,871	52,261,868	-	-	-	72,427,739
Very strong capacity	1,542,286	48,647,830	-	5,637,847	238,095,276	4,785,160	-	-	298,708,399
Strong repayment capacity	2,294,526	8,156,525	-	103,806,521	615,482,977	51,621,293	17,978	-	781,379,820
Total	**3,836,812**	**56,804,355**	**-**	**129,610,239**	**905,840,121**	**56,406,453**	**17,978**	**-**	**1,152,515,958**

Parent
Dec-2014
In thousands of Nigerian naira

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

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

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

Group
Jun-2015
In thousands of Nigerian naira

Age	**Loans to Individual**	**Loans to Non-individual**	**Total**
0 - 90 days	65,845	1,301,624	1,367,469
91 - 180 days	37,747	89,038	126,785
181 - 365 days	36,908	122,652	159,560
	140,500	**1,513,314**	**1,653,814**
FV of collateral	143,455	66,155,582	66,299,037
Amount of undercollateralisation	-	-	-

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

Group
Jun-2015
In thousands of Nigerian naira

Age	**Loans to Individual**	**Loans to Non-individual**	**Total**
Loans			
0 - 90 days	63,042	129,407	192,449
91 - 180 days	32,454	59,840	92,294
181 - 365 days	28,851	58,911	87,762
	124,347	248,158	372,505
Overdrafts			
0 - 90 days	2,734	1,050,160	1,052,894
91 - 180 days	4,405	22,706	27,111
181 - 365 days	8,049	62,442	70,491
	15,188	1,135,308	1,150,496
Others			
0 - 90 days	69	122,057	122,126
91 - 180 days	888	6,492	7,380
181 - 365 days	8	1,299	1,307
	965	129,848	130,813

FV of collateral[1]			
Loans	125,034	2,236,059	2,361,093
Overdrafts	15,219	63,168,327	63,183,546
Others	3,202	751,196	754,398
	143,455	66,155,582	66,299,037
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-2014
In thousands of Nigerian naira

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

Group
Dec-2014
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	32,833	529,088	561,921
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	32,833	529,088	561,921
Overdrafts			
0 - 90 days	247,912	1,304,588	1,552,500
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	247,912	1,304,588	1,552,500
Others			
0 - 90 days	851	211,102	211,953
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	851	211,102	211,953
FV of collateral[1]			
Loans	515,515	4,780,997	5,296,512
Overdrafts	247,941	70,592,571	70,840,512
Others	76,263	1,739,280	1,815,543
	839,719	77,112,848	77,952,567
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Jun-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	1,040,628	1,040,628
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**1,040,628**	**1,040,628**
FV of collateral	-	63,740,000	63,740,000
Amount of undercollateralisation	-	-	-

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

Parent
Jun-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	169,980	169,980
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	169,980	169,980
Overdrafts			
0 - 90 days	-	870,648	870,648
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	870,648	870,648
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	1,538,649	1,538,649
Overdrafts	-	62,201,351	62,201,351
Others	-	-	-
	-	63,740,000	63,740,000
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2014
In thousands of Nigerian naira

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

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

Parent
Dec-2014
In thousands of Nigerian naira

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

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

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

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

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

Group
Jun-2015
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	565,218	25,708,469	-	26,273,687
Overdraft	558,244	19,700,810	-	20,259,054
Others	4,386	1,605,418	-	1,609,804
	1,127,848	47,014,697	-	48,142,545
Impairment:				
Loans	275,756	14,468,262	-	14,744,018
Overdraft	354,821	9,771,405	-	10,126,226
Others	2,140	517,389	-	519,529
	632,717	24,757,056	-	25,389,773
Net Amount:				
Loans	289,462	11,240,207	-	11,529,669
Overdraft	203,423	9,929,405	-	10,132,828
Others	2,246	1,088,029	-	1,090,275
	495,131	22,257,641	-	22,752,772
FV of collateral[1]:				
Loans	1,027,392	29,967,455	-	30,994,847
Overdraft	1,014,715	32,336,692	-	33,351,407
Others	7,972	2,270,359	-	2,278,331
FV of collateral	2,050,079	64,574,506	-	66,624,585
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	495,131	22,257,641	-	22,752,772
Amount of undercollateralisation on net loans	-	-	-	-

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

Group
Dec-2014
In thousands of Nigerian naira

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

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

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

Parent
Jun-2015
In thousands of Nigerian naira

	Loans to Individual	**Loans to Non-individual**	**Loans to Banks**	**Total**
Gross loans:				
Loans	-	24,741,880	-	24,741,880
Overdraft	489,206	16,428,584	-	16,917,790
Others	-	-	-	-
	489,206	41,170,464	-	41,659,670
Impairment:				
Loans	-	14,156,753	-	14,156,753
Overdraft	321,139	8,716,843	-	9,037,982
Others	-	-	-	-
	321,139	22,873,596	-	23,194,735
Net Amount:				
Loans	-	10,585,127	-	10,585,127
Overdraft	168,067	7,711,741	-	7,879,808
Others	-	-	-	-
	168,067	18,296,868	-	18,464,935
FV of collateral[1]:				
Loans	-	27,614,966	-	27,614,966
Overdraft	-	28,493,103	-	28,493,103
Others	-	-	-	-
FV of collateral	-	56,108,069	-	56,108,069
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	489,206	-	-	-
Others	-	-	-	-
	489,206	-	-	-
Net Loans	168,067	18,296,868	-	18,464,935
Amount of undercollateralisation on net loans	168,067	-	-	-

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

Parent
Dec-2014
In thousands of Nigerian naira

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

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

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Past due and impaired:				
Gross loans	48,142,545	38,982,312	41,659,670	31,308,937
Collateral	66,624,585	45,882,156	56,108,069	35,618,665
Undercollaterisation	-	-	-	-
Collectively impaired				
Gross loans	54,346,515	40,626,083	39,276,687	25,355,630
Collateral	149,856,785	234,191,264	93,024,483	192,658,227
Undercollaterisation	-	-	-	-

(xi) Credit collateral

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

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

All collateral offered must have the following attributes:

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

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

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

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

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

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation.The Bank does not take physical possession of properties or other assets held as collateral and it uses external agents to realise the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

Notes to the financial statements

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 customer and banks is shown below:

Group
Jun-2015

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	48,142,545	66,624,585	-	-
Against collectively impaired	54,346,515	149,856,785	4	-
Against past due but not impaired	1,653,814	66,299,037	-	-
Against neither past due nor impaired	1,229,113,329	2,360,165,331	356,616	189,195
Total	1,333,256,203	2,642,945,738	356,620	189,195

Group
Dec-2014

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	38,982,312	45,882,156	-	-
Against collectively impaired	40,626,083	234,191,264	4	-
Against past due but not impaired	2,326,374	77,952,567	-	-
Against neither past due nor impaired	1,224,366,617	2,512,322,338	5,695,609	8,280,559
Total	1,306,301,386	2,870,348,325	5,695,613	8,280,559

Parent
Jun-2015

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	41,659,670	56,108,069	-	-
Against collectively impaired	39,276,687	93,024,483	4	-
Against past due but not impaired	1,040,628	63,740,000	-	-
Against neither past due nor impaired	1,152,497,980	2,266,794,691	17,978	189,195
Total	1,234,474,965	2,479,667,243	17,982	189,195

Parent
Dec-2014

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	31,308,937	35,618,665	-	-
Against collectively impaired	25,355,630	192,658,227	4	-
Against past due but not impaired	1,307,074	71,122,000	-	-
Against neither past due nor impaired	1,150,480,404	2,433,040,393	30,832	188,000
Total	1,208,452,045	2,732,439,285	30,836	188,000

Notes to the financial statements

Group

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

	Loans and advances to customers		Loans and advances to banks	
In thousands of Nigerian Naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Against individually impaired:				
Property	55,337,052	30,475,670	-	-
Equities	4,378	-	-	-
Cash	-	131,207	-	-
Guarantees	1,092,405	-	-	-
ATC*, stock hypothecation and ISPO*	1,044,579	43,093	-	-
Others #	9,146,171	15,232,186	-	-
Total	**66,624,585**	**45,882,156**	**-**	**-**
Against collectively impaired:				
Property	83,888,492	175,192,873	-	-
Equities	1,801,114	1,065,562	-	-
Cash	1,285,461	956,767	-	-
Guarantees	3,341,501	314,810	-	-
ATC*, stock hypothecation and ISPO*	1,255,244	1,003,812	-	-
Others #	58,284,973	55,657,440	-	-
Total	**149,856,785**	**234,191,264**	**-**	**-**
Against past due but not impaired:				
Property	4,180,277	12,432,567	-	-
Cash	1,118,760	-	-	-
Others #	61,000,000	65,520,000	-	-
Total	**66,299,037**	**77,952,567**	**-**	**-**
Against neither past due nor impaired:				
Property	844,743,411	863,021,869	188,000	8,280,559
Equities	79,502,714	56,599,907	-	-
Treasury bills	18,851,909	1,062,927	-	-
Cash	79,420,173	17,857,771	-	-
Guarantees	179,896,509	86,698,012	-	-
ATC*, stock hypothecation and ISPO*	14,813,781	3,072,524	-	-
Others #	1,142,936,834	1,442,149,328	1,195	-
Total	**2,360,165,331**	**2,512,322,338**	**189,195**	**8,280,559**
Grand total	**2,642,945,738**	**2,870,348,325**	**189,195**	**8,280,559**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Notes to the financial statements

Parent

In thousands of Nigerian Naira	**Loans and advances to customers Jun-2015**	**Loans and advances to customers Dec-2014**	**Loans and advances to banks Jun-2015**	**Loans and advances to banks Dec-2014**
Against individually impaired:				
Property	44,942,400	20,504,300	-	-
Equities	4,378	-	-	-
Guarantees	1,092,405	-	-	-
ATC*, stock hypothecation and ISPO*	985,000	-	-	-
Others #	9,083,886	15,114,365	-	-
Total	56,108,069	35,618,665	-	-
Against collectively impaired:				
Property	45,485,200	152,396,205	-	-
Equities	1,801,114	1,065,562	-	-
Cash	298,526	100,210	-	-
Guarantees	3,341,501	314,810	-	-
ATC*, stock hypothecation and ISPO*	1,255,244	1,003,812	-	-
Others #	40,842,898	37,777,628	-	-
Total	93,024,483	192,658,227	-	-
Against past due but not impaired:				
Property	2,740,000	5,602,000	-	-
Others #	61,000,000	65,520,000	-	-
Total	63,740,000	71,122,000	-	-
Against neither past due nor impaired:				
Property	753,260,439	802,757,229	188,000	188,000
Equities	79,502,714	56,599,907	-	-
Treasury bills	18,851,909	1,062,927	-	-
Cash	77,532,505	16,046,212	-	-
Guarantees	179,896,509	74,913,670	-	-
Negative pledge	-	41,860,000	-	-
ATC*, stock hypothecation and ISPO*	14,813,781	3,072,524	-	-
Others #	1,142,936,834	1,436,727,924	1,195	-
Total	2,266,794,691	2,433,040,393	189,195	188,000
Grand total	2,479,667,243	2,732,439,285	189,195	188,000

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Notes to the financial statements

Summary of collaterals pledged against loans and advances

Analysis of credit collateral is further shown below:

Group
Jun-2015

	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	25,233,591	27,851,531	2,251,930	55,337,052	-	-	-	-
Equities	4,378	-	-	4,378	-	-	-	-
Guarantees	-	1,092,405	-	1,092,405	-	-	-	-
ATC*, stock hypothecation and ISPO*	800,554	231,118	12,907	1,044,579	-	-	-	-
Others #	4,956,324	4,176,353	13,494	9,146,171	-	-	-	-
Total	**30,994,847**	**33,351,407**	**2,278,331**	**66,624,585**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	38,484,228	37,028,419	8,375,845	83,888,492	-	-	-	-
Equities	1,590,940	210,174	-	1,801,114	-	-	-	-
Cash	454,815	616,833	213,813	1,285,461	-	-	-	-
Guarantees	3,229,026	112,475	-	3,341,501	-	-	-	-
ATC*, stock hypothecation and ISPO*	798,369	456,875	-	1,255,244	-	-	-	-
Others #	44,186,859	10,319,408	3,778,706	58,284,973	-	-	-	-
Total	**88,744,237**	**48,744,184**	**12,368,364**	**149,856,785**	**-**	**-**	**-**	**-**
Against past due but not impaired:								
Property	2,001,537	1,666,714	512,026	4,180,277	-	-	-	-
Cash	359,556	516,832	242,372	1,118,760	-	-	-	-
Others #	-	61,000,000	-	61,000,000	-	-	-	-
Total	**2,361,093**	**63,183,546**	**754,398**	**66,299,037**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	587,534,130	182,009,888	75,199,393	844,743,411	-	-	188,000	188,000
Equities	74,823,071	4,679,643	-	79,502,714	-	-	-	-
Treasury bills	3,544,003	807,906	14,500,000	18,851,909	-	-	-	-
Cash	58,405,726	15,063,970	5,950,477	79,420,173	-	-	-	-
Guarantees	69,275,236	89,266,884	21,354,389	179,896,509	-	-	-	-
ATC*, stock hypothecation and ISPO*	9,963,251	4,850,530	-	14,813,781	-	-	-	-
Others #	989,389,774	123,603,214	29,943,846	1,142,936,834	-	-	1,195	1,195
Total	**1,792,935,191**	**420,282,035**	**146,948,105**	**2,360,165,331**	**-**	**-**	**189,195**	**189,195**
Grand total	**1,915,035,368**	**565,561,172**	**162,349,198**	**2,642,945,738**	**-**	**-**	**189,195**	**189,195**

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

Notes to the financial statements

Group
Dec-2014

In thousands of Nigerian Naira	Loans and advances to customers: Term Loans	Overdrafts	Others	Total	Loans and advances to banks: Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	17,577,461	10,539,813	2,358,396	30,475,670	-	-	-	-
Cash	55,627	44,547	31,033	131,207	-	-	-	-
ATC*, stock hypothecation and ISPO*	18,270	14,631	10,192	43,093	-	-	-	-
Others #	12,248,008	2,956,311	27,867	15,232,186	-	-	-	-
Total	**29,899,366**	**13,555,302**	**2,427,488**	**45,882,156**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	104,402,334	65,398,676	5,391,863	175,192,873	-	-	-	-
Equities	1,065,435	127	-	1,065,562	-	-	-	-
Cash	402,694	351,483	202,590	956,767	-	-	-	-
Guarantees	314,810	-	-	314,810	-	-	-	-
ATC*, stock hypothecation and ISPO*	988,361	15,451	-	1,003,812	-	-	-	-
Others #	42,149,219	9,279,346	4,228,875	55,657,440	-	-	-	-
Total	**149,322,853**	**75,045,083**	**9,823,328**	**234,191,264**	**-**	**-**	**-**	**-**
Against past due but not impaired:								
Property	5,296,512	5,320,512	1,815,543	12,432,567	-	-	-	-
Others #	-	65,520,000	-	65,520,000	-	-	-	-
Total	**5,296,512**	**70,840,512**	**1,815,543**	**77,952,567**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	542,553,143	175,789,010	144,679,716	863,021,869	8,092,559	135,818	52,182	8,280,559
Equities	46,531,549	10,068,358	-	56,599,907	-	-	-	-
Treasury bills	415,076	647,851	-	1,062,927	-	-	-	-
Cash	3,454,919	13,974,388	428,464	17,857,771	-	-	-	-
Guarantees	39,471,251	11,025,300	36,201,461	86,698,012	-	-	-	-
Negative pledge	3,621,978	37,158,931	1,079,091	41,860,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,061,680	1,010,844	-	3,072,524	-	-	-	-
Others #	1,067,958,358	121,813,829	252,377,141	1,442,149,328	-	-	-	-
Total	**1,706,067,954**	**371,488,511**	**434,765,873**	**2,512,322,338**	**8,092,559**	**135,818**	**52,182**	**8,280,559**
Grand total	**1,890,586,685**	**530,929,408**	**448,832,232**	**2,870,348,325**	**8,092,559**	**135,818**	**52,182**	**8,280,559**

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

Notes to the financial statements

Parent
Jun-2015

In thousands of Nigerian Naira	Term Loans	Loans and advances to customers Overdrafts	Others	Total	Term Loans	Loans and advances to banks Overdrafts	Others	Total
Against individually impaired:								
Property	21,892,875	23,049,525	-	44,942,400	-	-	-	-
Equities	4,378	-	-	4,378	-	-	-	-
Guarantees	-	1,092,405	-	1,092,405	-	-	-	-
ATC*, stock hypothecation and ISPO*	781,406	203,594	-	985,000	-	-	-	-
Others #	4,936,307	4,147,579	-	9,083,886	-	-	-	-
Total	27,614,966	28,493,103	-	56,108,069	-	-	-	-
Against collectively impaired:								
Property	26,141,871	19,287,293	56,036	45,485,200	-	-	-	-
Equities	1,590,940	210,174	-	1,801,114	-	-	-	-
Cash	137,626	160,900	-	298,526	-	-	-	-
Guarantees	3,229,026	112,475	-	3,341,501	-	-	-	-
ATC*, stock hypothecation and ISPO*	798,369	456,875	-	1,255,244	-	-	-	-
Others #	38,581,186	2,261,712	-	40,842,898	-	-	-	-
Total	70,479,018	22,489,429	56,036	93,024,483	-	-	-	-
Against past due but not impaired:								
Property	1,538,649	1,201,351	-	2,740,000	-	-	-	-
Others #	-	61,000,000	-	61,000,000	-	-	-	-
Total	1,538,649	62,201,351	-	63,740,000	-	-	-	-
Against neither past due nor impaired:								
Property	558,132,602	139,747,601	55,380,236	753,260,439	-	-	188,000	188,000
Equities	74,823,071	4,679,643	-	79,502,714	-	-	-	-
Treasury bills	3,544,003	807,906	14,500,000	18,851,909	-	-	-	-
Cash	57,799,052	14,191,926	5,541,527	77,532,505	-	-	-	-
Guarantees	69,275,236	89,266,884	21,354,389	179,896,509	-	-	-	-
ATC*, stock hypothecation and ISPO*	9,963,251	4,850,530	-	14,813,781	-	-	-	-
Others #	989,389,774	123,603,214	29,943,846	1,142,936,834	-	-	1,195	1,195
Total	1,762,926,989	377,147,704	126,719,998	2,266,794,691	-	-	189,195	189,195
Grand total	1,862,559,622	490,331,587	126,776,034	2,479,667,243	-	-	189,195	189,195

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

Notes to the financial statements

Parent
Dec-2014

In thousands of Nigerian Naira	Term Loans	Loans and advances to customers Overdrafts	Others	Total	Term Loans	Loans and advances to banks Overdrafts	Others	Total
Against individually impaired:								
Property	13,349,957	7,154,343	-	20,504,300	-	-	-	-
Others #	12,198,056	2,916,309	-	15,114,365	-	-	-	-
Total	25,548,013	10,070,652	-	35,618,665	-	-	-	-
Against collectively impaired:								
Property	94,737,362	57,658,773	70	152,396,205	-	-	-	-
Equities	1,065,435	127	-	1,065,562	-	-	-	-
Cash	39,544	60,666	-	100,210	-	-	-	-
Guarantees	314,810	-	-	314,810	-	-	-	-
ATC*, stock hypothecation and ISPO*	988,361	15,451	-	1,003,812	-	-	-	-
Others #	34,568,818	3,208,810	-	37,777,628	-	-	-	-
Total	131,714,330	60,943,827	70	192,658,227	-	-	-	-
Against past due but not impaired:								
Property	2,400,595	3,201,405	-	5,602,000	-	-	-	-
Others #	-	65,520,000	-	65,520,000	-	-	-	-
Total	2,400,595	68,721,405	-	71,122,000	-	-	-	-
Against neither past due nor impaired:								
Property	517,003,091	155,328,018	130,426,120	802,757,229	-	135,818	52,182	188,000
Equities	46,531,549	10,068,358	-	56,599,907	-	-	-	-
Treasury bills	415,076	647,851	-	1,062,927	-	-	-	-
Cash	2,686,883	13,359,329	-	16,046,212	-	-	-	-
Guarantees	34,475,111	7,024,292	33,414,267	74,913,670	-	-	-	-
Negative pledge	3,621,978	37,158,931	1,079,091	41,860,000	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,061,680	1,010,844	-	3,072,524	-	-	-	-
Others #	1,065,659,877	119,973,159	251,094,888	1,436,727,924	-	-	-	-
Total	1,672,455,245	344,570,782	416,014,366	2,433,040,393	-	135,818	52,182	188,000
Grand total	1,832,118,183	484,306,666	416,014,436	2,732,439,285	-	135,818	52,182	188,000

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

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
Jun-2015

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	56,382	8,300,514	-	8,356,896
State government bonds	-	7,702,011	-	7,702,011
Corporate bonds	-	7,683,847	-	7,683,847
Treasury bills	16,286,047	366,402,252	57,918,713	440,607,012
	16,342,429	390,088,624	57,918,713	464,349,766

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

Group
Dec-2014

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	60,413	8,257,110	-	8,317,523
State government bonds	-	4,632,153	-	4,632,153
Corporate bonds	-	7,255,924	-	7,255,924
Treasury bills	9,355,506	356,066,635	39,179,198	404,601,339
	9,415,919	376,211,822	39,179,198	424,806,939

Notes to the consolidated financial statements

Parent
Jun-2015

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	56,382	594,765	-	651,147
State government bonds	-	3,208,274	-	3,208,274
Corporate bonds	-	7,140,232	-	7,140,232
Treasury bills	9,324,349	334,128,328	57,910,022	401,362,699
	9,380,731	345,071,599	57,910,022	412,362,352

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

Parent
Dec-2014

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	60,413	-	-	60,413
State government bonds	-	3,000,000	-	3,000,000
Corporate bonds	-	7,255,924	-	7,255,924
Treasury bills	5,615,132	308,359,706	39,173,640	353,148,478
	5,675,545	318,615,630	39,173,640	363,464,815

(g) Liquidity risk

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

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

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

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

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

4. Regular monitoring of non-earning assets.

5. Monitoring of deposit concentration.

6. Ensure diversification of funding sources.

7. Monitoring of level of undrawn commitments.

8. Maintaining a contingency funding plan.

(i) Funding approach

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

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

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure during the period ended June 2015.

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

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market. Short term liability includes local currency deposits from banks and customers. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

	Jun-2015	Dec-2014
At end of period	38.93%	40.07%
Average for the period	40.64%	43.88%
Maximum for the period	44.02%	49.27%
Minimum for the period	38.23%	39.66%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of naira liquid assets to local currency deposits and it is expressed in percentages.

Financial risk management (continued)

The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

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

Group
Jun-2015

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	275,637,936	275,692,120	267,977,950	3,843,379	1,558,385	1,205,217	1,107,189
Financial assets held for trading	24	16,342,429	17,060,367	17,060,367	-	-	-	-
Derivative financial assets	25	1,679,868	1,725,019	874,309	850,710	-	-	-
Investment securities:								
– Available for sale[2]	26	368,336,473	387,314,974	105,527,361	117,324,557	150,852,209	4,235,102	9,375,745
– Held to maturity	26	25,972,329	27,065,144	9,413,690	3,267,579	1,289,205	13,094,670	-
Assets pledged as collateral	27	57,918,713	62,002,691	11,100,000	10,200,000	40,694,000	8,691	-
Loans and advances to banks	28	356,598	356,601	356,601	-	-	-	-
Loans and advances to customers	29	1,299,151,371	1,456,479,533	530,989,260	133,603,213	178,079,041	559,510,050	54,297,969
Restricted deposits and other assets[3]	34	374,874,297	374,874,297	368,127,488	513,198	586,512	5,647,099	-
		2,420,270,014	2,602,570,746	1,311,427,026	269,602,636	373,059,352	583,700,829	64,780,903
Financial liabilities								
Deposits from banks	35	20,666,747	20,666,740	9,653,757	-	499,021	2,667,722	7,846,240
Deposits from customers	36	1,704,669,096	1,707,678,606	1,644,430,039	19,769,488	36,105,482	6,878,342	495,255
Financial liabilities held for trading	37	310,296	354,312	354,312	-	-	-	-
Debt securities issued	38	179,410,048	203,582,474	3,057	6,123,811	105,278,910	92,176,696	-
Other borrowed funds	41	149,282,305	188,562,373	9,047,756	11,854,338	17,821,207	96,591,102	53,247,970
Other liabilities[4]	39	93,730,908	93,844,558	73,064,877	4,194,115	4,366,974	10,724,224	1,494,368
		2,148,069,400	2,214,689,063	1,736,553,798	41,941,752	164,071,594	209,038,086	63,083,833
Gap (asset - liabilities)				(425,126,772)	227,660,884	208,987,758	374,662,743	1,697,070
Cumulative liquidity gap				(425,126,772)	(197,465,888)	11,521,870	386,184,613	387,881,683

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2014

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	246,939,868	250,389,847	239,154,662	11,139,197	95,988	-	-
Financial assets held for trading	24	9,415,919	9,741,606	9,741,606	-	-	-	-
Derivative financial assets	25	529,732	529,960	327,547	202,413	-	-	-
Investment securities:								
– Available for sale[2]	26	344,701,935	357,149,644	162,306,628	175,785,374	5,205,017	3,155,107	10,697,518
– Held to maturity	26	35,160,640	36,590,932	12,362,550	7,847,703	3,671,654	9,670,792	3,038,233
Assets pledged as collateral	27	39,179,198	40,155,558	40,150,000	-	-	5,558	-
Loans and advances to banks	28	5,695,592	5,693,618	5,685,153	8,465	-	-	-
Loans and advances to customers	29	1,275,681,135	1,431,714,017	554,035,961	94,594,689	148,821,499	584,393,083	49,868,785
Restricted deposits and other assets[3]	34	291,500,010	291,500,011	284,633,487	430,810	642,796	5,737,435	55,483
		2,248,804,029	2,423,465,193	1,308,397,594	290,008,651	158,436,954	602,961,975	63,660,019
Financial liabilities								
Deposits from banks	35	31,661,622	32,054,688	15,683,485	12,808,033	3,563,170	-	-
Deposits from customers	36	1,618,208,194	1,619,569,682	1,560,312,669	16,175,901	41,155,271	1,872,590	53,251
Derivative financial liabilities	25	253,374	253,395	253,395	-	-	-	-
Debt securities issued	38	167,321,207	167,413,418	3,118	6,237	28,585	167,375,478	-
Other borrowed funds	41	91,298,545	126,782,654	10,075,825	10,308,285	14,860,041	67,092,575	24,445,928
Other liabilities[4]	39	57,106,554	55,944,077	16,783,303	2,627,175	3,714,659	30,758,317	2,060,623
		1,965,849,496	2,002,017,914	1,603,111,795	41,925,631	63,321,726	267,098,960	26,559,802
Gap (asset - liabilities)				(294,714,201)	248,083,020	95,115,228	335,863,015	37,100,217
Cumulative liquidity gap				(294,714,201)	(46,631,181)	48,484,047	384,347,062	421,447,279

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Jun-2015

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	172,715,917	172,770,091	169,570,684	2,718,510	480,897	-	-
Financial assets held for trading	24	9,380,731	10,098,668	10,098,668	-	-	-	-
Derivative financial assets	25	1,679,868	1,725,019	874,309	850,710	-	-	-
Investment securities:								
– Available for sale[2]	26	345,322,999	364,301,499	91,076,877	114,800,000	147,447,888	3,456,793	7,519,941
– Held to maturity	26	3,963,698	5,056,521	-	795,370	-	4,261,151	-
Assets pledged as collateral	27	57,910,022	61,994,000	11,100,000	10,200,000	40,694,000	-	-
Loans and advances to banks	28	17,960	17,963	17,963	-	-	-	-
Loans and advances to customers	29	1,203,235,305	1,360,563,460	497,850,926	129,031,976	144,607,341	546,392,317	42,680,900
Restricted deposits and other assets[3]	34	372,186,048	372,186,048	366,538,949	-	-	5,647,099	-
		2,166,412,548	2,348,713,269	1,147,128,376	258,396,566	333,230,126	559,757,360	50,200,841
Financial liabilities								
Deposits from banks	35	97,024	97,024	97,024	-	-	-	-
Deposits from customers	36	1,518,861,493	1,521,870,961	1,514,425,977	6,482,908	945,632	16,444	-
Financial liabilities held for trading	37	310,296	354,312	354,312	-	-	-	-
Other borrowed funds	41	319,699,470	358,979,536	3,700,641	11,854,338	115,356,641	174,819,946	53,247,970
Other liabilities[4]	39	76,966,482	76,966,480	69,595,962	4,058,017	1,207,136	2,003,647	101,718
		1,915,934,765	1,958,268,313	1,588,173,916	22,395,263	117,509,409	176,840,037	53,349,688
Gap (asset - liabilities)				(441,045,540)	236,001,303	215,720,717	382,917,323	(3,148,847)
Cumulative liquidity gap				(441,045,540)	(205,044,237)	10,676,480	393,593,803	390,444,956

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

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

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	161,778,647	165,228,680	162,731,551	2,497,129	-	-	-
Financial assets held for trading	24	5,675,545	6,001,231	6,001,231	-	-	-	-
Derivative financial assets	25	529,732	529,960	327,547	202,413	-	-	-
Investment securities:								
– Available for sale[2]	26	317,749,878	330,197,587	146,919,571	165,643,448	5,000,000	3,155,107	9,479,461
– Held to maturity	26	4,511,342	5,941,644	-	-	1,680,493	4,261,151	-
Assets pledged as collateral	27	39,173,640	40,150,000	40,150,000	-	-	-	-
Loans and advances to banks	28	30,815	28,826	20,361	8,465	-	-	-
Loans and advances to customers	29	1,182,393,874	1,338,426,815	516,945,590	81,327,620	127,520,277	564,954,405	47,678,923
Restricted deposits and other assets[3]	34	294,152,603	294,152,603	288,505,504	-	-	5,647,099	-
		2,005,996,076	2,180,657,346	1,161,601,355	249,679,075	134,200,770	578,017,762	57,158,384
Financial liabilities								
Deposits from banks	35	143,713	143,713	143,713	-	-	-	-
Deposits from customers	36	1,439,522,070	1,441,326,177	1,438,492,020	2,675,032	157,691	1,434	-
Derivative financial liabilities	25	253,374	253,395	253,395	-	-	-	-
Other borrowed funds	41	252,830,895	288,314,976	4,844,633	10,308,285	14,860,041	235,585,972	22,716,045
Other liabilities[4]	39	47,648,710	47,648,709	19,190,761	2,536,885	2,532,194	22,629,896	758,973
		1,740,398,762	1,777,686,970	1,462,924,522	15,520,202	17,549,926	258,217,302	23,475,018
Gap (asset - liabilities)				(301,323,167)	234,158,873	116,650,844	319,800,460	33,683,366
Cumulative liquidity gap				(301,323,167)	(67,164,294)	49,486,550	369,287,010	402,970,376

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

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

Group
Jun-2015

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	275,637,936	267,973,593	3,796,718	1,555,219	1,205,217	1,107,189
Financial assets held for trading	24	16,342,429	16,342,429	-	-	-	-
Derivative financial assets	25	1,679,868	860,471	819,397	-	-	-
Investment securities:							
– Available for sale[2]	26	368,336,473	103,678,318	111,976,797	138,852,574	3,454,242	10,374,542
– Held to maturity	26	25,972,329	9,413,697	3,227,633	1,289,205	12,041,794	-
Assets pledged as collateral	27	57,918,713	10,840,250	9,805,140	37,264,632	8,691	-
Loans and advances to banks	28	356,598	356,598	-	-	-	-
Loans and advances to customers	29	1,299,151,371	512,735,664	116,441,052	147,759,132	471,602,434	50,613,089
Restricted deposits and other assets[3]	34	374,874,297	368,127,488	513,198	586,512	5,647,099	-
		2,420,270,014	1,290,328,508	246,579,935	327,307,274	493,959,477	62,094,820
Financial liabilities							
Deposits from banks	35	20,666,747	9,653,764	-	499,021	2,667,722	7,846,240
Deposits from customers	36	1,704,669,096	1,641,683,564	19,524,463	36,089,702	6,876,112	495,255
Financial liabilities held for trading	37	310,296	310,296	-	-	-	-
Debt securities issued	38	179,410,048	3,049	6,098	99,161,197	80,239,704	-
Other borrowed funds	41	149,282,305	8,519,820	5,200,604	9,480,002	74,194,605	51,887,274
Other liabilities[4]	39	93,730,908	72,951,228	4,194,115	4,366,973	10,724,224	1,494,368
		2,148,069,400	1,733,121,721	28,925,280	149,596,895	174,702,367	61,723,137
Gap (asset - liabilities)			(442,793,213)	217,654,655	177,710,379	319,257,110	371,683
Cumulative liquidity gap			(442,793,213)	(225,138,558)	(47,428,179)	271,828,931	272,200,614

[1] Includes balances with no specific contractual maturities

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

[3] Excludes prepayments

[4] Excludes Deferred Income

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

Residual contractual maturities of contingencies

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

Group
Jun-2015

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	452,430,536	33,566,935	14,659,582	47,689,414	41,315,855	315,198,750
Short term foreign currency related transactions	45	1,694,355	1,694,355	-	-	-	-
Clean line facilities and letters of credit	45	95,697,985	39,398,613	28,364,200	27,921,536	-	13,636
Other commitments	45	10,814,963	4,316,754	2,575,562	2,459,824	1,042,802	420,021
		560,637,839	78,976,657	45,599,344	78,070,774	42,358,657	315,632,407

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
Group
Dec-2014

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	246,939,868	234,765,290	11,158,749	203,731	423,262	388,836
Financial assets held for trading	24	9,415,919	9,415,919	-	-	-	-
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[2]	26	344,701,935	160,647,620	168,918,536	4,527,551	2,374,341	8,233,887
– Held to maturity	26	35,160,640	12,362,560	7,847,703	3,502,503	8,409,641	3,038,233
Assets pledged as collateral	27	39,179,198	39,173,640	-	-	5,558	-
Loans and advances to banks	28	5,695,592	5,687,467	8,125	-	-	-
Loans and advances to customers	29	1,275,681,135	532,904,349	79,325,791	121,937,323	495,122,281	46,391,391
Restricted deposits and other assets[3]	34	291,500,010	284,633,486	430,810	642,796	5,737,435	55,483
		2,248,804,029	1,279,917,804	267,891,973	130,813,904	512,072,518	58,107,830
Financial liabilities							
Deposits from banks	35	31,661,622	15,290,419	13,295,470	3,075,733	-	-
Deposits from customers	36	1,618,208,194	1,560,079,360	16,133,165	40,071,634	1,870,784	53,251
Derivative financial liabilities	25	253,374	253,374	-	-	-	-
Debt securities issued	38	167,321,207	-	-	-	167,321,207	-
Other borrowed funds	41	91,298,545	9,650,650	4,847,122	7,825,608	45,069,006	23,906,159
Other liabilities[4]	39	57,106,554	17,945,780	2,627,175	3,714,659	30,758,317	2,060,623
		1,965,849,496	1,603,219,583	36,902,932	54,687,634	245,019,314	26,020,033
Gap (asset - liabilities)			(323,301,779)	230,989,041	76,126,270	267,053,204	32,087,797
Cumulative liquidity gap			(323,301,779)	(92,312,738)	(16,186,468)	250,866,736	282,954,533

[1] Includes balances with no specific contractual maturities

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

[3] Excludes prepayments

[4] Excludes Deferred Income

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

Residual contractual maturities of contingencies

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

Group
Dec-2014

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	497,857,280	50,876,505	22,917,005	40,494,783	59,008,720	324,560,267
Short term foreign currency related transactions	45	23,086,579	13,119,579	6,307,500	3,659,500	-	-
Clean line facilities and letters of credit	45	153,494,479	99,312,621	20,527,419	1,940,599	31,713,840	-
Other commitments	45	8,485,425	4,939,217	457,704	1,278,856	1,145,176	664,472
		682,923,763	168,247,922	50,209,628	47,373,738	91,867,736	325,224,739

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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

Parent
Jun-2015

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	172,715,917	169,566,337	2,671,849	477,731	-	-
Financial assets held for trading	24	9,380,731	9,380,731	-	-	-	-
Derivative financial assets	25	1,679,868	860,471	819,397	-	-	-
Investment securities:							
– Available for sale[2]	26	345,322,999	89,227,835	109,452,240	135,448,253	2,675,933	8,518,738
– Held to maturity	26	3,963,698	-	755,424	-	3,208,274	-
Assets pledged as collateral	27	57,910,022	10,840,250	9,805,140	37,264,632	-	-
Loans and advances to banks	28	17,960	17,960	-	-	-	-
Loans and advances to customers	29	1,203,235,305	479,597,337	111,869,815	114,287,432	458,484,701	38,996,020
Restricted deposits and other assets[3]	34	372,186,048	366,538,949	-	-	5,647,099	-
		2,166,412,548	1,126,029,870	235,373,865	287,478,048	470,016,007	47,514,758
Financial liabilities							
Deposits from banks	35	97,024	97,024	-	-	-	-
Deposits from customers	36	1,518,861,493	1,511,679,544	6,237,883	929,851	14,215	-
Financial liabilities held for trading	37	310,296	310,296	-	-	-	-
Other borrowed funds	41	319,699,470	3,172,707	5,200,604	107,015,437	152,423,448	51,887,274
Other liabilities[4]	39	76,966,482	69,595,964	4,058,017	1,207,136	2,003,647	101,718
		1,915,934,765	1,584,855,535	15,496,504	109,152,424	154,441,310	51,988,992
Gap (asset - liabilities)			(458,825,665)	219,877,361	178,325,624	315,574,697	(4,474,234)
Cumulative liquidity gap			(458,825,665)	(238,948,304)	(60,622,680)	254,952,017	250,477,783

[1] Includes balances with no specific contractual maturities

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

[3] Excludes prepayments

[4] Excludes Deferred Income

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

Residual contractual maturities of contingencies

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

Parent
Jun-2015

In thousands of Nigerian Naira		Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	445,000,090	31,910,343	11,817,283	44,838,262	41,235,452	315,198,750
Short term foreign currency related transactions	45	-	-	-	-	-	-
Clean line facilities and letters of credit	45	81,630,979	34,148,021	20,573,137	26,896,185	-	13,636
		526,631,069	66,058,364	32,390,420	71,734,447	41,235,452	315,212,386

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2014

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	161,778,647	159,323,888	2,454,759	-	-	-
Financial assets held for trading	24	5,675,545	5,675,545	-	-	-	-
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[2]	26	317,749,878	145,260,563	158,776,610	4,322,534	2,374,341	7,015,830
– Held to maturity	26	4,511,342	-	-	1,511,342	3,000,000	-
Assets pledged as collateral	27	39,173,640	39,173,640	-	-	-	-
Loans and advances to banks	28	30,815	22,690	8,125	-	-	-
Loans and advances to customers	29	1,182,393,874	495,440,463	65,555,647	99,313,431	477,882,804	44,201,529
Restricted deposits and other assets[3]	34	294,152,603	288,505,504	-	-	5,647,099	-
		2,005,996,076	1,133,729,766	226,997,400	105,147,307	488,904,244	51,217,359
Financial liabilities							
Deposits from banks	35	143,713	143,713	-	-	-	-
Deposits from customers	36	1,439,522,070	1,436,778,090	2,589,568	153,120	1,292	-
Derivative financial liabilities	25	253,374	253,374	-	-	-	-
Other borrowed funds	41	252,830,895	4,419,486	4,847,122	7,825,608	213,562,403	22,176,276
Other liabilities[4]	39	47,648,710	19,190,762	2,536,885	2,532,194	22,629,896	758,973
		1,740,398,762	1,460,785,425	9,973,575	10,510,922	236,193,591	22,935,249
Gap (asset - liabilities)			(327,055,659)	217,023,825	94,636,385	252,710,653	28,282,110
Cumulative liquidity gap			(327,055,659)	(110,031,834)	(15,395,449)	237,315,204	265,597,314

[1] Includes balances with no specific contractual maturities

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

[3] Excludes prepayments

[4] Excludes Deferred Income

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

Residual contractual maturities of contingencies

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

Parent
Dec-2014

In thousands of Nigerian Naira		Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	483,566,238	42,045,909	21,758,181	36,272,765	58,929,116	324,560,267
Short term foreign currency related transactions	45	20,103,363	10,136,363	6,307,500	3,659,500	-	-
Clean line facilities and letters of credit	45	145,470,036	96,198,633	17,212,640	475,088	31,583,675	-
		649,139,637	148,380,905	45,278,321	40,407,353	90,512,791	324,560,267

[1] Includes balances with no specific contractual maturities

(ii) 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
Jun-2015

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	275,637,936	267,973,593	3,796,718	1,555,219	1,205,217	1,107,189
Financial assets held for trading	24	16,342,429	16,342,429	-	-	-	-
Derivative financial assets	25	1,679,868	860,471	819,397	-	-	-
Investment securities:							
– Available for sale[1]	26	368,336,473	103,678,318	111,976,797	138,852,574	3,454,242	10,374,542
– Held to maturity	26	25,972,329	9,413,697	3,227,633	1,289,205	12,041,794	-
Assets pledged as collateral	27	57,918,713	10,840,250	9,805,140	37,264,632	8,691	-
Loans and advances to banks	28	356,598	356,598	-	-	-	-
Loans and advances to customers	29	1,299,151,371	1,179,310,178	5,510,101	30,727,591	18,763,789	64,839,712
Restricted deposits and other assets[2]	34	374,874,297	368,127,488	513,198	586,512	5,647,099	-
		2,420,270,014	**1,956,903,022**	**135,648,984**	**210,275,733**	**41,120,832**	**76,321,443**
Financial liabilities							
Deposits from banks	35	20,666,747	9,653,764	-	499,021	2,667,722	7,846,240
Deposits from customers	36	1,704,669,096	1,641,683,564	19,524,463	36,089,702	6,876,112	495,255
Financial liabilities held for trading	37	310,296	310,296	-	-	-	-
Debt securities issued	38	179,410,048	3,049	6,098	99,161,197	80,239,704	-
Other borrowed funds	41	149,282,305	8,519,820	5,200,604	9,480,002	74,194,605	51,887,274
Other liabilities[3]	39	93,730,908	72,951,228	4,194,115	4,366,973	10,724,224	1,494,368
		2,148,069,400	**1,733,121,721**	**28,925,280**	**149,596,895**	**174,702,367**	**61,723,137**
		272,200,614	**223,781,301**	**106,723,704**	**60,678,838**	**(133,581,535)**	**14,598,306**

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

[2] Excludes Prepayments

[3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Group
Dec-2014

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	246,939,868	236,176,164	10,763,704	-	-	-
Financial assets held for trading	24	9,415,919	9,415,919	-	-	-	-
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[1]	26	344,701,935	160,647,620	168,918,536	4,527,551	2,374,341	8,233,887
– Held to maturity	26	35,160,640	12,362,560	7,847,703	3,502,503	8,409,641	3,038,233
Assets pledged as collateral	27	39,179,198	39,173,640	-	-	5,558	-
Loans and advances to banks	28	5,695,592	5,695,592	-	-	-	-
Loans and advances to customers	29	1,275,681,135	1,175,226,538	14,751,513	20,666,012	22,651,712	42,385,360
Restricted deposits and other assets[2]	34	291,500,010	284,633,486	430,810	642,796	5,737,435	55,483
		2,248,804,029	**1,923,658,992**	**202,914,525**	**29,338,862**	**39,178,687**	**53,712,963**
Financial liabilities							
Deposits from banks	35	31,661,622	15,777,856	12,808,033	3,075,733	-	-
Deposits from customers	36	1,618,208,194	1,559,697,597	16,224,393	40,362,169	1,870,784	53,251
Derivative financial liabilities	25	253,374	253,374	-	-	-	-
Debt securities issued	38	167,321,207	-	-	-	167,321,207	-
Other borrowed funds	41	91,298,545	11,380,533	4,847,122	7,825,608	45,069,006	22,176,276
Other liabilities[3]	39	57,106,554	18,090,817	2,627,175	3,569,622	30,758,317	2,060,623
		1,965,849,496	**1,605,200,177**	**36,506,723**	**54,833,132**	**245,019,314**	**24,290,150**
		282,954,533	**318,458,815**	**166,407,802**	**(25,494,270)**	**(205,840,627)**	**29,422,813**

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

[2] Excludes Prepayments

[3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Parent
Jun-2015

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	172,715,917	169,566,337	2,671,849	477,731	-	-
Financial assets held for trading	24	9,380,731	9,380,731	-	-	-	-
Derivative financial assets	25	1,679,868	860,471	819,397	-	-	-
Investment securities:							
– Available for sale[1]	26	345,322,999	89,227,835	109,452,240	135,448,253	2,675,933	8,518,738
– Held to maturity	26	3,963,698	-	755,424	-	3,208,274	-
Assets pledged as collateral	27	57,910,022	10,840,250	9,805,140	37,264,632	-	-
Loans and advances to banks	28	17,960	17,960	-	-	-	-
Loans and advances to customers	29	1,203,235,305	1,146,171,852	-	62,728	3,778,082	53,222,643
Restricted deposits and other assets[2]	34	372,186,048	366,538,949	-	-	5,647,099	-
		2,166,412,548	**1,792,604,385**	**123,504,050**	**173,253,344**	**15,309,388**	**61,741,381**
Financial liabilities							
Deposits from banks	35	97,024	97,024	-	-	-	-
Deposits from customers	36	1,518,861,493	1,511,679,544	6,237,883	929,851	14,215	-
Financial liabilities held for trading	37	310,296	310,296	-	-	-	-
Other borrowed funds	41	319,699,470	3,172,707	5,200,604	107,015,437	152,423,448	51,887,274
Other liabilities[3]	39	76,966,482	69,595,964	4,058,017	1,207,136	2,003,647	101,718
		1,915,934,765	**1,584,855,535**	**15,496,504**	**109,152,424**	**154,441,310**	**51,988,992**
		250,477,783	**207,748,850**	**108,007,546**	**64,100,920**	**(139,131,922)**	**9,752,389**

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

[2] Excludes Prepayments [3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Parent
Dec-2014

In thousands of Nigerian Naira	Note	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	161,778,647	159,323,888	2,454,759	-	-	-
Financial assets held for trading	24	5,675,545	5,675,545	-	-	-	-
Derivative financial assets	25	529,732	327,473	202,259	-	-	-
Investment securities:							
– Available for sale[1]	26	317,749,878	145,260,563	158,776,610	4,322,534	2,374,341	7,015,830
– Held to maturity	26	4,511,342	-	-	1,511,342	3,000,000	-
Assets pledged as collateral	27	39,173,640	39,173,640	-	-	-	-
Loans and advances to banks	28	30,815	30,815	-	-	-	-
Loans and advances to customers	29	1,182,393,874	1,137,762,651	-	428,898	4,006,827	40,195,498
Restricted deposits and other assets[2]	34	294,152,603	288,505,504	-	-	5,647,099	-
		2,005,996,076	**1,776,060,079**	**161,433,628**	**6,262,774**	**15,028,267**	**47,211,328**
Financial liabilities							
Deposits from banks	35	143,713	143,713	-	-	-	-
Deposits from customers	36	1,439,522,070	1,436,778,090	2,589,568	153,120	1,292	-
Derivative financial liabilities	25	253,374	253,374	-	-	-	-
Other borrowed funds	41	252,830,895	4,419,486	4,847,122	7,825,608	213,562,403	22,176,276
Other liabilities[3]	39	47,648,710	19,190,762	2,536,885	2,532,194	22,629,896	758,973
		1,740,398,762	**1,460,785,425**	**9,973,575**	**10,510,922**	**236,193,591**	**22,935,249**
		265,597,314	**315,274,654**	**151,460,053**	**(4,248,148)**	**(221,165,324)**	**24,276,079**

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

[2] Excludes Prepayments

[3] Excludes Deferred Income

(h) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trade requires transaction specific or counterparty specific approvals from Group Risk Management Unit.

(i) Market risk

Market risk is the risk that changes in market variables, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Management of market risk

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury Group, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. With the exception of translation risk arising on the Group's net investment in its foreign operations, all foreign exchange risks within the Group are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in Market Risk Management Committee. However, the Market Risk Management group within the Enterprise-wide Risk Management Division is responsible for the development of detailed risk management policies (subject to review and approval by the Committee) and for the day-to-day review of their implementation.

(ii) Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earning-at-Risk approach. Specific limits (regulatory and in-house) have been set across the various trading portfolios to prevent undue exposure and the market risk management group ensures that these limits and triggers are adhered to by the bank.

The bank traded in the following financial instruments in the course of the period;

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

(iii) Exposure to interest rate risk – Trading and non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALMAC is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Group's interest rate gap position on trading and non-trading portfolios is as follows:

The Bank makes use of limit monitoring, earnings-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books.

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

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

(iv) Other market risks: Sensitivity analysis of non-trading portfolios to various scenarios

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

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

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

At 30 June, 2015, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

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

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (June 2014 – 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 169.

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

- The prime lending rate on loans and advances which ranged between 15.95% and 17.24% over the period, a change of about 100 basis points is therefore desirable.

- The discount rate on various maturities of treasury bills ranged between 9.95% and 11.20% over the financial period as published by Central Bank of Nigeria (CBN) which represents a variability of about 100 basis points in the observed discount rates for the year.
  - A 100 basis point proportional change in the cost of fund was also assumed as costs of funds seldom vary beyond 100 basis point.

The table below shows the changes that would impact the income statement after carrying out interest rate sensitivity.

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	**241,462**	**204,204**	**(344,066)**	**(283,569)**
Asset	(9,937,685)	(8,404,267)	(9,397,593)	(7,745,221)
Liabilities	10,179,147	8,608,471	9,053,527	7,461,652
Increase	**(241,462)**	**(204,204)**	**344,066**	**283,569**
Asset	9,937,685	8,404,267	9,397,593	7,745,221
Liabilities	(10,179,147)	(8,608,471)	(9,053,527)	(7,461,652)

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	**288,280**	**248,023**	**(214,684)**	**(181,250)**
Asset	(8,683,949)	(7,471,282)	(8,308,512)	(7,014,597)
Liabilities	8,972,228	7,719,305	8,093,828	6,833,347
Increase	**(288,280)**	**(248,023)**	**214,684**	**181,250**
Asset	8,683,949	7,471,282	8,308,512	7,014,597
Liabilities	(8,972,228)	(7,719,305)	(8,093,828)	(6,833,347)

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

Components of Statement of financial position Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)

Group

In thousands of Nigerian Naira	**Jun-15 Pre-tax**	**Jun-15 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease				
Assets				
Cash and cash equivalents	(916,828)	(775,358)	(1,831,297)	(1,509,301)
Loans and advances to banks	(1,783)	(1,508)	(32,107)	(26,461)
Loans and advances to customers	(6,496,094)	(5,493,726)	(5,161,350)	(4,253,833)
Financial assets held for trading	(53,130)	(44,932)	(78,236)	(64,480)
Investment securities	(2,180,256)	(1,843,835)	(2,096,534)	(1,727,902)
Assets pledged as collateral	(289,594)	(244,908)	(198,069)	(163,243)
	(9,937,685)	**(8,404,267)**	**(9,397,593)**	**(7,745,221)**
Liabilities				
Deposits from banks	137,488	116,273	123,186	101,526
Deposits from customers	8,396,645	7,101,015	7,719,067	6,361,830
Financial liabilities held for trading	1,551	1,312	-	-
Debt securities issued	897,050	758,632	796,482	656,437
Other borrowed funds	746,412	631,238	414,792	341,859
	10,179,147	**8,608,471**	**9,053,527**	**7,461,652**
Total	**241,462**	**204,204**	**(344,066)**	**(283,569)**
Increase				
Assets				
Cash and cash equivalents	916,828	775,358	1,831,297	1,509,301
Loans and advances to banks	1,783	1,508	32,107	26,461
Loans and advances to customers	6,496,094	5,493,726	5,161,350	4,253,833
Financial assets held for trading	53,130	44,932	78,236	64,480
Investment securities:	2,180,256	1,843,835	2,096,534	1,727,902
Assets pledged as collateral	289,594	244,908	198,069	163,243
	9,937,685	**8,404,267**	**9,397,593**	**7,745,221**
Liabilities				
Deposits from banks	(137,488)	(116,273)	(123,186)	(101,526)
Deposits from customers	(8,396,645)	(7,101,015)	(7,719,067)	(6,361,830)
Financial liabilities held for trading	(1,551)	(1,312)	-	-
Debt securities issued	(897,050)	(758,632)	(796,482)	(656,437)
Other borrowed funds	(746,412)	(631,238)	(414,792)	(341,859)
	(10,179,147)	**(8,608,471)**	**(9,053,527)**	**(7,461,652)**
Total	**(241,462)**	**(204,204)**	**344,066**	**283,569**

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(396,813)	(341,400)	(1,443,806)	(1,218,957)
Loans and advances to Banks	(90)	(77)	(130)	(110)
Loans and advances to Customers	(6,016,177)	(5,176,050)	(4,764,321)	(4,022,356)
Financial assets held for trading	(50,900)	(43,792)	(59,602)	(50,320)
Investment securities	(1,957,889)	(1,684,481)	(1,842,610)	(1,555,654)
Assets pledged as collateral	(262,080)	(225,482)	(198,042)	(167,200)
	(8,683,949)	**(7,471,282)**	**(8,308,512)**	**(7,014,597)**
Liabilities				
Deposits from banks	2,016	1,735	410	346
Deposits from customers	7,467,773	6,424,939	6,885,183	5,812,928
Financial liabilities held for trading	1,551	1,334.82	-	-
Debt securities issued	-	-	66,144	55,843
Other borrowed funds	1,500,887	1,291,296	1,142,091	964,229
	8,972,228	**7,719,305**	**8,093,828**	**6,833,347**
Total	**288,280**	**248,023**	**(214,684)**	**(181,250)**

Increase				
Assets				
Cash and cash equivalents	396,813	341,400	1,443,806	1,218,957
Loans and advances to Banks	90	77	130	110
Loans and advances to Customers	6,016,177	5,176,050	4,764,321	4,022,356
Financial assets held for trading	50,900	43,792	59,602	50,320
Investment securities	1,957,889	1,684,481	1,842,610	1,555,654
Assets pledged as collateral	262,080	225,482	198,042	167,200
	8,683,949	**7,471,282**	**8,308,512**	**7,014,597**
Liabilities				
Deposits from banks	(2,016)	(1,735)	(410)	(346)
Deposits from customers	(7,467,773)	(6,424,939)	(6,885,183)	(5,812,928)
Financial liabilities held for trading	(1,551)	(1,335)	-	-
Debt securities issued	-	-	(66,144)	(55,843)
Other borrowed funds	(1,500,887)	(1,291,296)	(1,142,091)	(964,229)
	(8,972,228)	**(7,719,305)**	**(8,093,828)**	**(6,833,347)**
Total	**(288,280)**	**(248,023)**	**214,684**	**181,250**

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates.

At 30 June 2015, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

In thousands of Nigerian Naira	**Jun-2015 Pre-tax**	**Jun-2015 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease	373,206	316,478	600,659	495,046
Increase	(373,206)	(316,478)	(600,659)	(495,046)

Parent

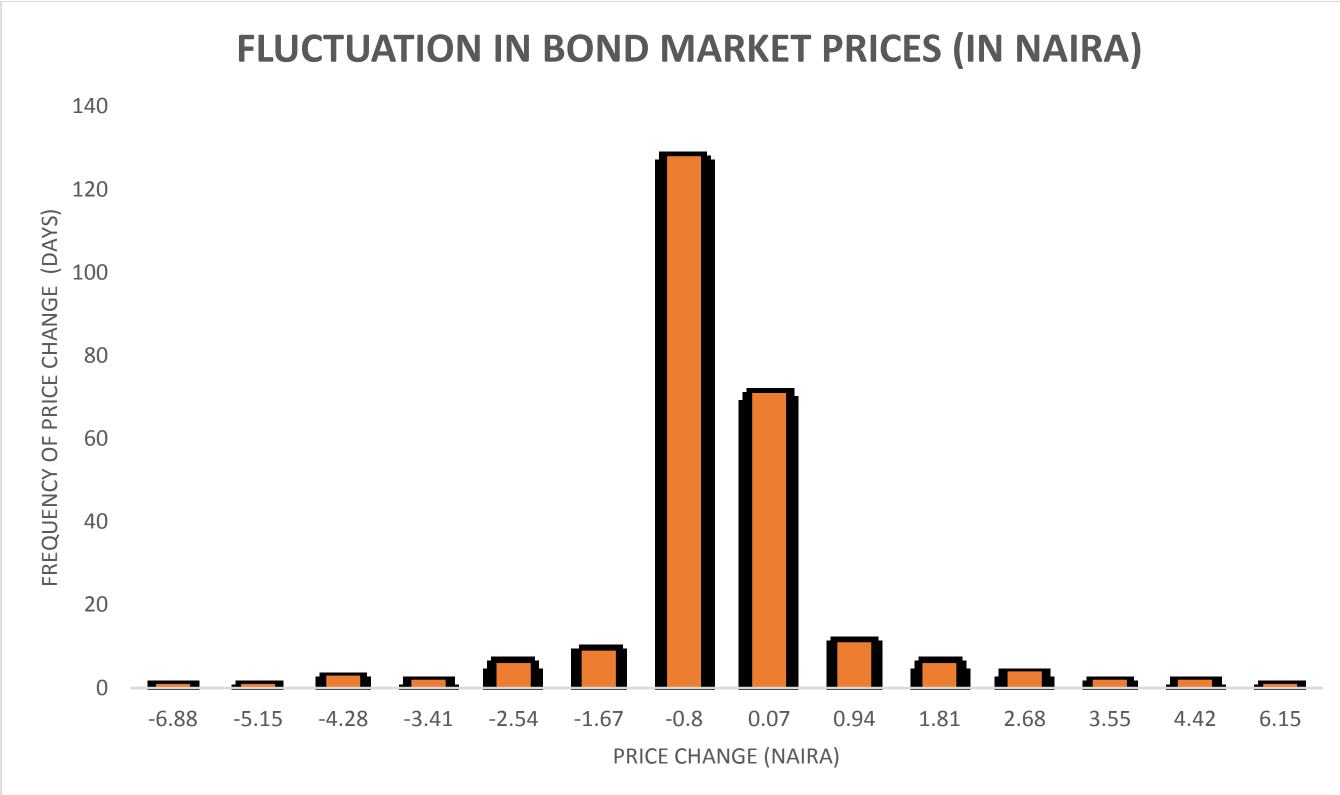
In thousands of Nigerian Naira	**Jun-2015 Pre-tax**	**Jun-2015 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease	351,706	297,735	599,152	505,844
Increase	(351,706)	(297,735)	(599,152)	(505,844)

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

1. Held for Trade - Bond price sensitivity

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

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.
- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in bond prices. The graph below indicates that large proportion of changes in price falls within the range of ± 1 naira.
- The chosen reasonable change in market prices was then applied to the bank's holding of trading bonds as at end of the period.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 30 June 2015, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-15 Pre-tax**	**Jun-15 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease	(689)	(583)	(5,689)	(4,656)
Increase	689	583	5,689	4,656

Parent

In thousands of Nigerian Naira	**Jun-15 Pre-tax**	**Jun-15 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease	(689)	(593)	(5,689)	(4,768)
Increase	689	593	5,689	4,768

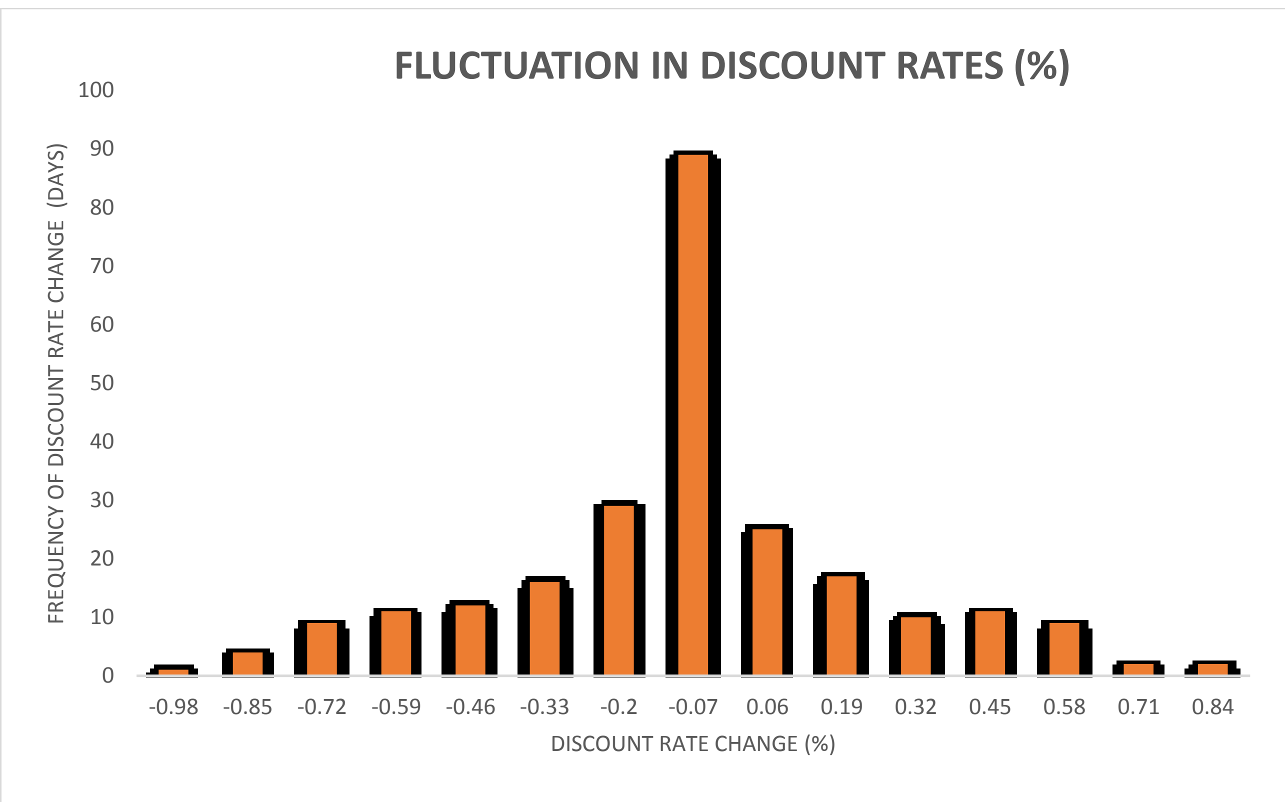
2. Held for Trade - Treasury bills discount rate / price sensitivity

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, 2015, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	23,499	19,873	43,351	35,474
Increase	(23,499)	(19,873)	(43,351)	(35,474)

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	23,499	20,218	34,261	28,715
Increase	(23,499)	(20,218)	(34,261)	28,715

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

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

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at 30 June 2015 and the comparative period in 2014. The Group carried out the following in determining sensitivity of the Group's other comprehensive income to fluctuations in market prices of the financial assets:

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

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2015, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(72,051)	(60,934)	(78,536)	(64,266)
Increase	72,051	60,934	78,536	64,266

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(72,051)	(61,990)	(64,119)	(53,740)
Increase	72,051	61,990	64,119	53,740

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

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

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of ± 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls in the range of ± 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Available for Sale treasury bills as at end of the period.

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2015, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	1,430,495	1,209,765	723,004	591,630
Increase	(1,430,495)	(1,209,765)	(723,004)	(591,630)

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	1,430,495	1,230,734	678,737	568,866
Increase	(1,430,495)	(1,230,734)	(678,737)	(568,866)

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

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

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

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

In determining the sensitivity of the fair value of the share of the unquoted equity to changes to the various inputs, we have assumed a 100 basis points increase or decrease to equity price of the company determined using discounted cash flow, the resultant impact to pre-tax and post-tax results arising from the sensitivity analysis are as shown in the table below:

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(41,150)	(34,582)	(58,075)	(47,523)
Increase	41,150	34,582	58,075	47,523

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(41,150)	(35,403)	(58,075)	(48,675)
Increase	41,150	35,403	58,075	48,675

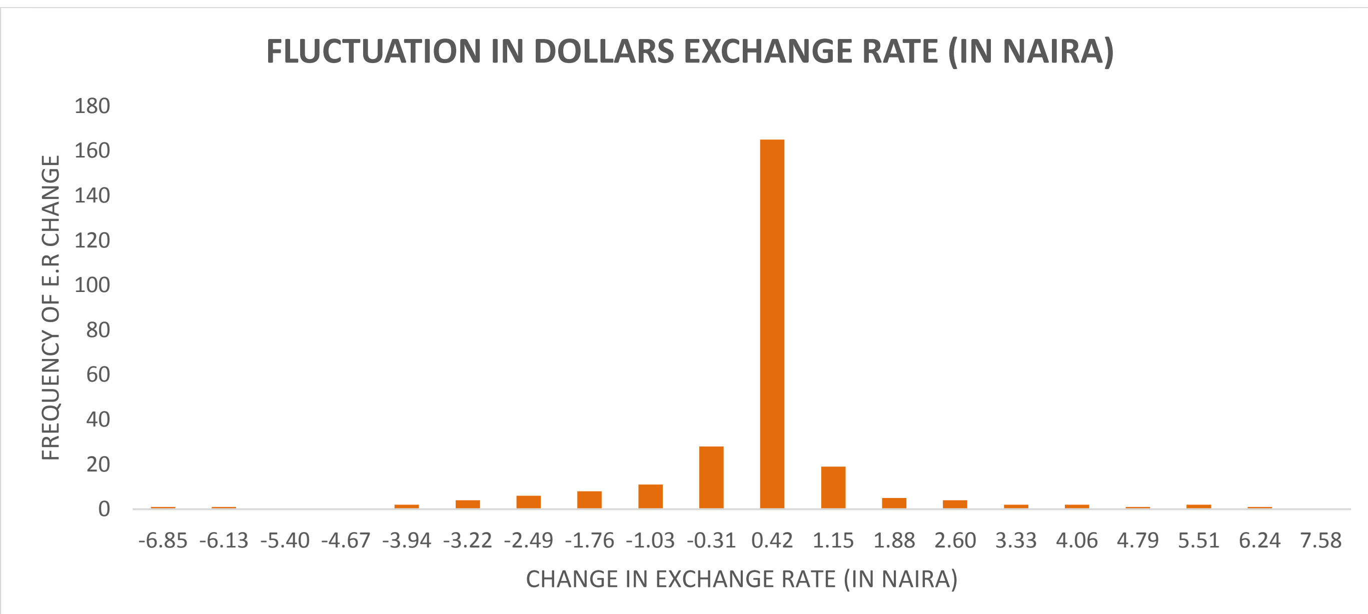
(viii) Exposure to foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and UK pound. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt amongst others. The value of these instruments fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates**.** The Group deploys foreign derivative instruments whose values hedges currency debts to foreign currency loans and advances to eliminate exchange exposures on such borrowings.

Foreign exchange profit or loss (Dollars)

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

- Daily dollar exchange rates were obtained and trended
- A reasonably possible change of ± 1.30 was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 1.30.
- 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 2015, if the Naira had weakened/strengthened by ± 1.30 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	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(810,009)	(685,022)	(558,017)	(457,226)
Increase	810,009	685,022	558,017	457,226

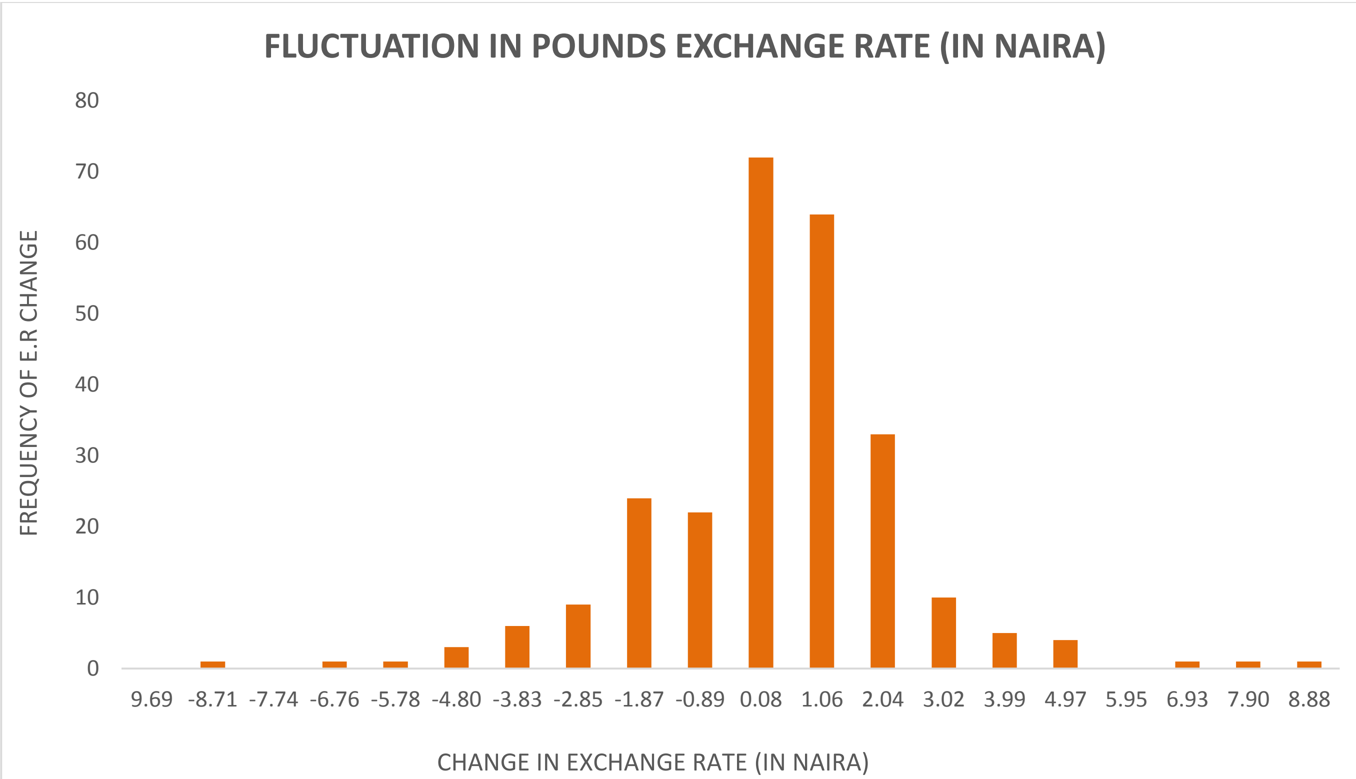
Parent

In thousands of Nigerian Naira	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(803,187)	(691,026)	(550,897)	(461,721)
Increase	803,187	691,026	550,897	461,721

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 ± 3.83 was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 3.83
- The chosen reasonable change in exchange rates was then applied to the bank's ± 3.83 position as at end of the period.



At 30 June 2015, if the Naira had weakened/strengthened by ± 3.83 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	**June-15 Pre-tax**	**June-15 Post-tax**	**June-14 Pre-tax**	**June-14 Post-tax**
Decrease	(13,024)	(11,015)	(17,662)	(14,473)
Increase	13,024	11,015	17,662	14,473

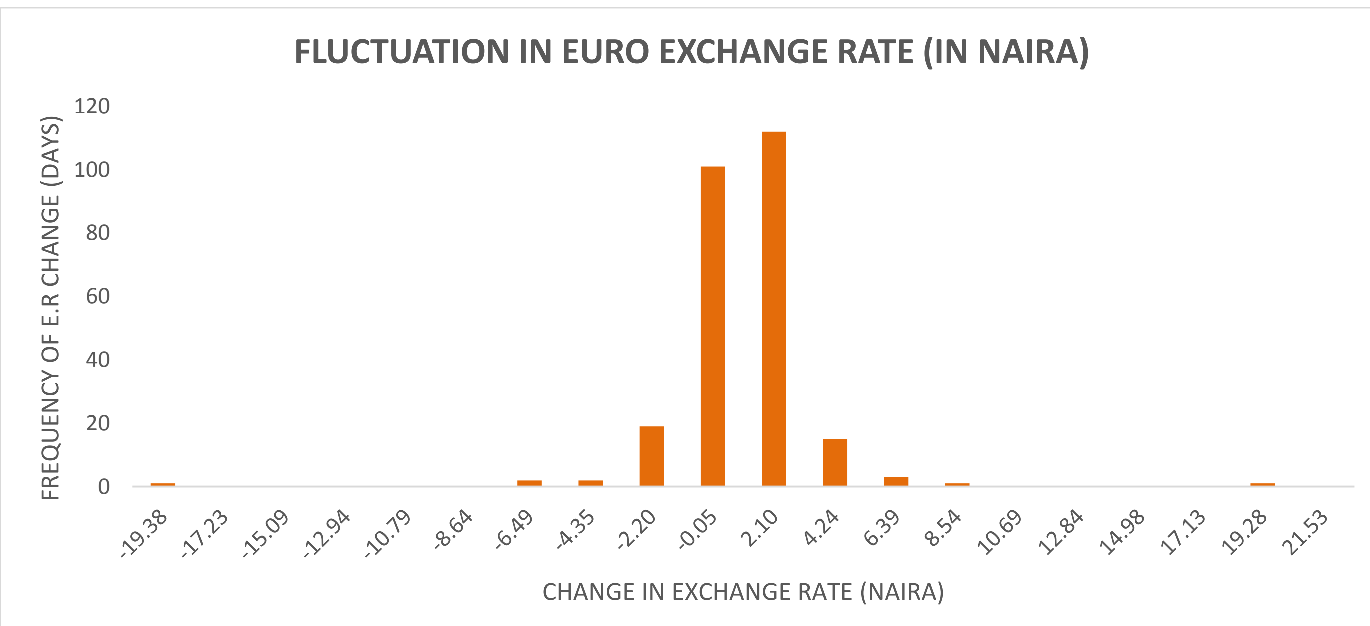
Parent

In thousands of Nigerian Naira	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(13,992)	(12,039)	(17,942)	(15,038)
Increase	13,992	12,039	17,942	15,038

Foreign exchange profit or loss (Euros)

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

- Daily Euro exchange rates were obtained and trended
- A reasonably possible change of ± 4.24 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 ± 4.24
- The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the period.



At 30 June 2015, if the Naira had weakened/strengthened by ± 4.24 Naira against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(71,904)	(60,809)	(29,632)	(24,282)
Increase	71,904	60,809	29,632	24,282

Parent

In thousands of Nigerian Naira	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(71,932)	(61,887)	(29,586)	(24,797)
Increase	71,932	61,887	29,586	24,797

Foreign Exchange Profit or Loss (Other Currencies)

At 30 June 2015, if Naira had weakened/strengthened by ± 2 against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group

In thousands of Nigerian Naira	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(161,688)	(136,739)	(161,715)	(132,517)
Increase	161,688	136,739	161,715	132,517

Parent

In thousands of Nigerian Naira	June-15 Pre-tax	June-15 Post-tax	June-14 Pre-tax	June-14 Post-tax
Decrease	(161,419)	(138,877)	(161,563)	(135,410)
Increase	161,419	138,877	161,563	135,410

(x) Sensitivity analysis of derivative valuation

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained and trended; with all other variables kept constant and a proportional foreign exchange rate movement of -0.52% (depreciation of the Nigerian Naira) and +0.52% (appreciation of the Nigerian Naira) against the U.S. Dollar; or ± 1.03 change in Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of One-year daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at June 30, 2015 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favorable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavorable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of 0.52% or **=N=**1.03 favorable or unfavorable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

Group
Jun-15
Total derivatives

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value**		**Favourable changes (Pre-tax)**	**Less Favourable changes (Pre-tax)**	**Favourable changes (Post-tax)**	**Less Favourable changes (Post-tax)**
		Asset	**Liability**	**Income Statement**	**Income Statement**	**Income Statement**	**Income Statement**
Total derivative assets/(liabilities) held for trading	20,660,000	1,679,868	-	1,793,085	1,566,650	1,516,406	1,324,911
Derivative assets/(liabilities)	**20,660,000**	**1,679,868**	**-**	**1,793,085**	**1,566,650**	**1,516,406**	**1,324,911**

Jun-14
Total derivatives

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value**		**Favourable changes (Pre-tax)**	**Less Favourable changes (Pre-tax)**	**Favourable changes (Pre-tax)**	**Less Favourable changes (Pre-tax)**
		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)**

The impact of the sensitivity analysis of the Group's derivatives held for trading that are outstanding as at June 30, 2015, assuming a reasonable 0.52% favorable or Less Favorable change in foreign exchange rates, would have been to increase the pre-tax fair values by up to =N=1,793,085,000 (2014 =N=235,609,000) or a lower increase to =N=1,566,650,000 (2014 decrease to =N=147,558,000) respectively; with all the potential effect impacting profit and loss rather than equity.

Parent
Jun-15
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Less Favourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	20,660,000	1,679,868	-	1,793,085	1,566,650	1,542,690	1,347,876
Derivative assets/(liabilities)	**20,660,000**	**1,679,868**	**-**	**1,793,085**	**1,566,650**	**1,542,690**	**1,347,876**

Jun-14
Total derivatives

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

(xi) Sensitivity of Exposure at default to changes in loan loss impairment

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

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

The Group carried out the following activities in assessing the sensitivity of the Group's profit to fluctuations in the probability of default:

- The probability of default was obtained on a monthly basis.
- A possible change of five per cent was determined based on the distribution of monthly change in the probability of default.
- The chosen change in the probability of default was then applied to the bank's loan portfolio as at end of the year.

As at 30 June 2015, if probability of default increased or decreased by 5%, with all other variables (exposure at default, emergence period and loss given default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-15 Pre-tax**	**Jun-15 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease	(73,395)	(63,146)	37,022	30,295
Increase	73,395	63,146	(37,022)	(30,295)

Parent

In thousands of Nigerian Naira	**Jun-15 Pre-tax**	**Jun-15 Post-tax**	**Jun-14 Pre-tax**	**Jun-14 Post-tax**
Decrease	(67,955)	(58,466)	33,963	28,466
Increase	67,955	58,466	(33,963)	(28,466)

Sensitivity of Exposure at default – Emergence Period (EP) The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss emergence period adjusted the timing gap between the emergence of impairment triggers and the time at which management becomes aware of the loss by 1 month. The chosen change in emergence period was then applied to the bank's loan portfolio as at period ended 30 June 2015.

As at 30 June 2015, if the emergence period increased or decreased by 1 month, with all other variables (exposure at default, probability of default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(1,184,761)	(1,019,316)	560,103	458,658
Increase	1,184,761	1,019,316	(560,103)	(458,658)

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(1,096,949)	(943,766)	513,835	430,658
Increase	1,096,949	943,766	(513,835)	(430,658)

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 2015, if the loss given default increased or decreased by one per cent, with all other variables (exposure at default, emergence period and probability of default) held constant, the impact on impairment charge, which ultimately affects profit and exposure at default, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(155,603)	(133,875)	(81,750)	(66,895)
Increase	193,295	166,302	81,750	66,895

Parent

In thousands of Nigerian Naira	Jun-15 Pre-tax	Jun-15 Post-tax	Jun-14 Pre-tax	Jun-14 Post-tax
Decrease	(144,070)	(123,952)	(74,997)	(62,857)
Increase	178,968	153,976	73,760	61,820

Notes to the financial statements

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

Group
Jun-2015
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	275,637,936	34,797,735	172,203,598	19,801,040	18,890,995	29,944,568
Financial assets held for trading	24	16,342,429	9,380,731	-	-	-	6,961,698
Derivative financial assets	25	1,679,868	1,679,868	-	-	-	-
Investment securities:							
– Available for sale	26	368,336,473	338,938,191	8,373,766	4,707,744	-	16,316,772
– Held to maturity	26	25,972,329	3,963,698	198,957	-	-	21,809,674
Assets pledged as collateral	27	57,918,713	57,910,022	-	-	-	8,691
Loans and advances to banks	28	356,598	17,960	-	-	-	338,638
Loans and advances to customers	29	1,299,151,371	581,251,187	638,710,180	15,025,959	170,702	63,993,343
Restricted deposits and other assets[2]	34	374,874,297	356,333,703	15,966,003	108,814	703,009	1,762,768
		2,420,270,014	**1,384,273,095**	**835,452,504**	**39,643,557**	**19,764,706**	**141,136,152**
Deposits from banks	35	20,666,747	97,024	1,811,748	3,988,034	3,128,369	11,641,572
Deposits from customers	36	1,704,669,096	1,154,889,483	399,309,720	41,632,317	13,854,284	94,983,292
Financial liabilities held for trading	37	310,296	310,296	-	-	-	-
Debt securities issued	38	179,410,048	-	179,017,207	-	-	392,841
Other borrowed funds	41	149,282,305	59,338,135	89,711,258	-	-	232,912
Other liabilities[3]	39	93,730,908	(85,929,751)	167,103,696	1,668,191	4,530,191	6,358,581
		2,148,069,400	**1,128,705,187**	**836,953,629**	**47,288,542**	**21,512,844**	**113,609,198**

[2] Excludes prepayments

[3] Excludes Deferred Income

Notes to the financial statements

Group
Dec-2014
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	246,939,868	59,313,915	114,200,947	27,070,734	6,697,938	39,656,334
Financial assets held for trading	24	9,415,919	5,675,545	-	-	-	3,740,374
Derivative financial assets	25	529,732	529,732	-	-	-	-
Investment securities:							
– Available for sale	26	344,701,935	312,005,296	10,183,464	2,018,197	221,425	20,273,553
– Held to maturity	26	35,160,640	4,511,342	1,311,154	1,204,628	1,987,685	26,145,831
Assets pledged as collateral	27	39,179,198	39,173,640	-	-	-	5,558
Loans and advances to banks	28	5,695,592	30,717	5,664,875	-	-	-
Loans and advances to customers	29	1,275,681,135	564,328,368	643,247,038	12,076,138	927,303	55,102,288
Restricted deposits and other assets[2]	34	291,500,010	257,787,361	30,088,616	75,203	2,046,392	1,502,438
		2,248,804,029	**1,243,355,916**	**804,696,094**	**42,444,900**	**11,880,743**	**146,426,376**
Deposits from banks	35	31,661,622	143,674	15,149,153	5,468,432	3,180,852	7,719,511
Deposits from customers	36	1,618,208,194	1,046,322,537	430,200,786	37,131,110	12,534,575	92,019,186
Derivative financial liabilities	25	253,374	-	253,374	-	-	-
Debt securities issued	38	167,321,207	-	166,919,321	-	-	401,886
Other borrowed funds	41	91,298,545	47,607,523	36,574,141	1,729,883	-	5,386,998
Other liabilities[3]	39	57,106,554	(103,697,151)	146,389,678	2,302,313	5,660,361	6,451,353
		1,965,849,496	**990,376,583**	**795,486,453**	**46,631,738**	**21,375,788**	**111,978,934**

[2] Excludes prepayments

[3] Excludes Deferred Income

Notes to the financial statements

Parent
Jun-2015
Financial instruments by currency
In thousands of Nigerian Naira

	Note	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	172,715,917	34,741,844	109,974,609	15,450,055	12,173,657	375,752
Financial assets held for trading	24	9,380,731	9,380,731	-	-	-	-
Derivative financial assets	25	1,679,868	1,679,868	-	-	-	-
Investment securities:							
– Available for sale	26	345,322,999	338,938,191	6,384,808	-	-	-
– Held to maturity	26	3,963,698	3,963,698	-	-	-	-
Assets pledged as collateral	27	57,910,022	57,910,022	-	-	-	-
Loans and advances to banks	28	17,960	17,960	-	-	-	-
Loans and advances to customers	29	1,203,235,305	581,251,187	621,821,394	352	162,308	64
Restricted deposits and other assets[2]	34	372,186,048	356,333,703	14,980,067	108,814	703,009	60,455
		2,166,412,548	**1,384,217,204**	**753,160,878**	**15,559,221**	**13,038,974**	**436,271**
Deposits from banks	35	97,024	97,024	-	-	-	-
Deposits from customers	36	1,518,861,493	1,154,889,483	340,941,625	14,410,079	8,619,628	678
Financial liabilities held for trading	37	310,296	310,296	-	-	-	-
Other borrowed funds	41	319,699,470	57,270,545	262,428,925	-	-	-
Other liabilities[3]	39	76,966,482	(94,429,605)	165,201,667	1,262,006	4,499,250	433,164
		1,915,934,765	**1,118,137,743**	**768,572,217**	**15,672,085**	**13,118,878**	**433,842**

[2] Excludes prepayments

[3] Excludes Deferred Income

Notes to the financial statements

Parent
Dec-2014
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	161,778,647	59,283,935	84,742,244	13,846,053	3,550,004	356,411
Financial assets held for trading	24	5,675,545	5,675,545	-	-	-	-
Derivative financial assets	25	529,732	529,732	-	-	-	-
Investment securities:							
– Available for sale	26	317,749,878	312,005,296	5,744,582	-	-	-
– Held to maturity	26	4,511,342	4,511,342	-	-	-	-
Assets pledged as collateral	27	39,173,640	39,173,640	-	-	-	-
Loans and advances to banks	28	30,815	30,717	98	-	-	-
Loans and advances to customers	29	1,182,393,874	564,328,368	617,496,932	34,808	533,708	58
Restricted deposits and other assets[2]	34	294,152,603	262,746,059	29,225,625	75,203	2,046,359	59,357
		2,005,996,076	**1,248,284,634**	**737,209,481**	**13,956,064**	**6,130,071**	**415,826**
			-	-	-	-	-
Deposits from banks	35	143,713	143,674	39	-	-	-
Deposits from customers	36	1,439,522,070	1,046,322,537	371,944,264	14,185,076	7,069,604	589
Derivative financial liabilities	25	253,374	-	253,374	-	-	-
Other borrowed funds	41	252,830,895	44,610,361	208,220,534	-	-	-
Other liabilities[3]	39	47,648,710	(105,074,527)	144,705,555	1,955,844	5,649,032	412,806
		1,740,398,762	**986,002,045**	**725,123,766**	**16,140,920**	**12,718,636**	**413,395**

[2] Excludes prepayments

[3] Excludes Deferred Income

5. Capital management and other risks

(a) Regulatory capital

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

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

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

(b) Capital Adequacy Position in line with Basel II Accord

The International Convergence of Capital Measurement and Capital Standards: a Revised Framework, popularly known as the Basel II Framework was introduced in 2004 as a new set of international standards and best practices that define the minimum capital requirements for internationally active banks. The Basel II framework stipulates a minimum level of capital that banks must maintain to ensure that they can meet their obligations, cover unexpected losses; and can, very importantly, promote public confidence.

Basel II is a three-pronged approach relying on three Pillars -Minimum Capital Requirements (Pillar 1), Supervisory Review Process (Pillar 2) and Market Discipline (Pillar 3).

Pillar 1 Minimum Capital Requirements: It prescribes the capital allocation methodology against the core traditional credit, market and operational risks to ensure these are adequately measured and that banks have adequate capital to mitigate these risks.

Pillar 2 Supervisory Review: It requires banks to establish a risk management framework to identify, assess and manage major risks inherent in the institution and allocate adequate capital against those risks. It emphasizes that supervisors should be able to evaluate the soundness of these assessments.

Pillar 3 Market Discipline: It sets out to encourage market discipline by requiring a number of disclosure requirements in respect of a bank's risk exposures, risk assessment process and capital adequacy.

The CBN specifies approaches for quantifying the risk weighted assets for credit, market and operational risk for the purpose of determining regulatory capital. Although the computations are consistent with the requirements of Pillar 1 Basel II Accord, certain sections have been adjusted to reflect the peculiarities of the Nigerian environment. In compliance with CBN, the Bank adopted the Standardized Approach (SA) in determining capital charge for Credit Risk and Market Risk while capital charge for Operational Risk was determined using the Basic Indicator Approach (BIA).

Pillar 1 focuses mainly on CAR, also known as Capital to Risk (Weighted) Assets Ratio (CRAR). This is the ratio of a bank's capital to its risk. CBN requires the minimum requirement of 10% or 15% of Capital to risk weighted assets be maintained by Nigerian banks or banking groups with regional/national license and international banking license respectively.

CAR is measured as:

$$\frac{\text{Total Capital}}{\text{(Credit Risk Weighted Assets + Market Risk Weighted Assets + Operational Risk Weighted Assets)}}$$

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, statutory reserves, and other reserves excluding regulatory reserves. Intangible assets and investments in subsidiaries were also deducted from Tier I capital for capital adequacy purposes.

Tier 2 capital comprises Fair Value Reserves.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period.

Period under review

A fundamental part of the Bank's overall business strategy is its sound capital management practices. It adopts a capital planning process that ensures that regulatory capital remains within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalized under normal and severe scenarios as well as a range of stress events.

Stress-testing models are used to gauge vulnerability of the bank to exceptional yet possible events. The result of stress-testing reveals the minimum capital requirements of the bank in the event that unforeseen negative events crystallize. The critical objective underpinning the stress-testing exercise is to identify as early as possible, any shortfall in capital requirements of the Bank and take corrective actions which may be direct or indirect.

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 15% for international banks even with the introduction more stringent capital adequacy measures by CBN. As at June 30, 2015, the Bank's capital adequacy ratio was 20.30% (December 31, 2014-21.40%).

The following table shows the composition of regulatory capital and risk weighted assets for the Bank:

Capital adequacy ratio

Bank

In thousands of Nigerian Naira	*Note*	Jun-2015	Dec-2014
Tier 1 capital			
Share capital	42	14,715,590	14,715,590
Share premium	42	123,471,114	123,471,114
Retained profits		49,950,009	58,442,378
Statutory Reserve		155,667,306	140,386,849
SMEEIS Reserve		4,232,478	4,232,478
Tier 1 Sub-Total		**348,036,497**	**341,248,409**
Less Regulatory deductions :			
Other intangible assets	32	(2,494,385)	(2,417,700)
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(41,905,781)	(40,130,284)
Net Total Tier 1 Capital (A)		**303,636,331**	**298,700,425**
Tier 2 capital			
Fair Value Reserves		2,284,917	(67,139)
Net Total Tier 2 Capital (B)		**2,284,917**	**(67,139)**
Total Qualifying Capital (C= A+B)		**305,921,248**	**298,633,286**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,157,747,914	1,088,435,493
Risk-Weighted Amount For Operational Risk		331,116,231	290,901,833
Risk-Weighted Amount For Market Risk		18,116,121	16,324,984
Aggregate Risk-Weighted Assets		**1,506,980,266**	**1,395,662,310**
Total Risk-Weighted Capital Ratio		**20.30%**	**21.40%**
Tier 1 Risk-Based Capital Ratio		**20.15%**	**21.40%**

(c) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Group Enterprise Risk Management Division, and is subject to review by the Group Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Consideration is also given to synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated. Please refer to page 186 for sensitivity analysis of the exposure at default to changes to the EP, LGD and PD.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that

trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification
The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy **3b(j)(ii).**
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy **3b (j)(iib).**
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy **3b (j)(iic).**

Details of the Group's classification of financial assets and liabilities are given in note **8** and sensitivity analysis are as stated on page 168.

Depreciation and carrying value of property and equipment
The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets
Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Defined benefits plan
The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.
The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The sensitivity analysis of level 3 equity Instruments and its impact on OCI are shown in note 4(d) under market risk above.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in note 3(b)(o). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. Goodwill and Goodwill Impairment testing are shown in note 32(b) below.

Valuation of financial instruments

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

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

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

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

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

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

All fair values are on a recurring basis.The sensitivity of investments and derivatives to fluctuation in market prices and yields are disclosed in note 4(d) under market risk above.

Group
Jun-2015
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
-Debt securities	24	16,342,429	-	-	16,342,429
Derivative financial assets	25	-	-	1,679,868	1,679,868
Available-for-sale financial assets:					
-Investment securities-debt	26	352,642,985	11,473,310	-	364,116,295
-Investment securities-equity	26	-	-	3,606,935	3,606,935
Assets pledged as collateral	27	57,918,713	-	-	57,918,713
Total assets		**426,904,127**	11,473,310	**5,286,803**	**443,664,240**
Liabilities					
Derivative financial liabilities	25	-	-	-	-
Total liabilities		**-**	**-**	**-**	**-**

Group
Dec-2014
In thousands of Nigerian Naira

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

Parent
Jun-2015
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	9,380,731	-	-	9,380,731
Derivative financial assets	25	-	-	1,679,868	1,679,868
Available-for-sale financial assets:					
-Investment securities-debt	26	334,723,094	6,384,808	-	341,107,902
-Investment securities-equity	26	-	-	3,606,935	3,606,935
Assets pledged as collateral	27	57,910,022	-	-	57,910,022
Total assets		**402,013,847**	**6,384,808**	**5,286,803**	**413,685,458**
Liabilities					
Derivative financial liabilities	25	-	-	-	-
Total liabilities		**-**	**-**	**-**	**-**

Parent
Dec-2014
In thousands of Nigerian Naira

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

Reconciliation of Level 3 Items
-Derivative financial assets

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
At 1 January	529,732	170,101	529,732	170,101
Settlements	(529,732)	(170,101)	(529,732)	(170,101)
Gains and losses recognised in profit or loss	1,679,868	529,732	1,679,868	529,732
	1,679,868	**529,732**	**1,679,868**	**529,732**

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

Reconciliation of Level 3 Items
-Derivative financial liabilities

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

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

The fair value of derivative financial assets and liabilities is calculated as the present value of the estimated future cash flows based on a discount rate of 0.2556%

Reconciliation of Level 3 Items
-Available for sale financial assets

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
At 1 January	3,101,538	6,975,141	3,101,538	6,975,141
Total gains or (losses)				
in Profit and Loss	-	(538,016)	-	(538,016)
in OCI	566,508	(2,831,488)	566,508	(2,831,488)
Cost of Asset Additions / (Disposal)	-	(34,100)	-	(34,100)
Reclassification to unquoted equity at cost	(61,111)	(469,999)	(61,111)	(469,999)
	3,606,935	**3,101,538**	**3,606,935**	**3,101,538**

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

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

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

Group **Jun-2015** *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		16,065,627	13,245,165	2,820,462	-	-	-	2,820,462
Other Assets (b)		9,835,092	-	9,835,092	-	9,835,092	-	-
		25,900,719	**13,245,165**	**12,655,554**	**-**	**9,835,092**	**-**	**2,820,462**
Financial liabilities								
Other Liabilities (b)		9,835,092	-	9,835,092	9,835,092	-	-	-
		9,835,092	**-**	**9,835,092**	**9,835,092**	**-**	**-**	**-**

Group **Dec-2014** *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		22,950,444	3,126,461	19,823,983	-	-	-	19,823,983
Other Assets (b)		31,406,543	-	31,406,543	-	31,406,543	-	-
		54,356,987	**3,126,461**	**51,230,526**	**-**	**31,406,543**	**-**	**19,823,983**
Financial liabilities								
Other Liabilities (b)		31,406,543	-	31,406,543	31,406,543	-	-	-
		31,406,543	**-**	**31,406,543**	**31,406,543**	**-**	**-**	**-**

Parent

Jun-2015 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		16,065,627	13,245,165	2,820,462	-	-	-	2,820,462
Other Assets (b)		9,835,092	-	9,835,092		9,835,092		-
		25,900,719	**13,245,165**	**12,655,554**	**-**	**9,835,092**	**-**	**2,820,462**
Financial liabilities								
Other Liabilities (b)		9,835,092	-	9,835,092	9,835,092	-	-	-
		9,835,092	**-**	**9,835,092**	**9,835,092**	**-**	**-**	**-**

Parent

Dec-2014 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		22,950,444	3,126,461	19,823,983	-	-	-	19,823,983
Other Assets (b)		31,406,543	-	31,406,543	-	31,406,543	-	-
		54,356,987	**3,126,461**	**51,230,526**	**-**	**31,406,543**	**-**	**19,823,983**
Financial liabilities								
Other Liabilities (b)		31,406,543	-	31,406,543	31,406,543	-	-	-
		31,406,543	**-**	**31,406,543**	**31,406,543**	**-**	**-**	**-**

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

(b) Certain customers provide monies to the Bank to serve as cash collateral for their LC transactions. The Bank simultaneously increases its balances with the correspondent banks to reflect this. As such, the Bank intends to realise the asset and settle the liability simultaneously.

(e) Disclosure Requirement for Level 2 and 3 Financial Instruments

Valuation control framework

The key elements of the control framework for the valuation of financial instruments include model validation, product implementation review and independent price verification. These functions are carried out by an appropriately skilled finance team, independent of the business area responsible for the products.

Model validation covers both qualitative and quantitative elements relating to new models. In respect of new products, model validation examines the explanatory power of the implemented model, actively monitoring model parameters and comparing in-house pricing to external sources.

Independent price verification procedures cover financial instruments carried at fair value. The frequency of the review is matched to the availability of independent data, monthly being the minimum. Valuation differences in breach of established thresholds are escalated to senior management. The results from independent pricing and valuation reserves are reviewed monthly by senior management.

Valuation technique and Input used in Level 2 Fair Value Measurement

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

Available for Sale Euro Bonds:

As at June 2015, the Group disclosed its investment in Available for Sale Corporate bond as N6,384,808 (December 2014: N5,744,582,000) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the financial period to June 2015 using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

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

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

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below)

Step 4: The terminal value was discounted to present value using the company's WACC

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value)

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – FCInv – WCInv

Where:

NI = Net Income

NCC = Non Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

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

WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }

Where:

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

c. *Capitalization Rate= WACC – g*

Terminal value = $(FCFF_5 * (1+g)) / (WACC – g)$

Where:

FCFF = $Year_5$ FCFF
g = Growth rate
WACC = *Weighted average Cost of Capital*

Valuation Assumptions – Discounted Cash flow

1. Risk free rate (R_f) = 14.7% yield on 10-year Federal Government of Nigeria Bond
2. Beta = 1 or greater than 1.
3. Market premium = 6% based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Growth rate used is growth rate in earnings between the latest year and prior period.

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

In thousands of Nigerian Naira	Jun-15	Dec-14
Historical cost	(2,415,699)	(2,476,810)
Fair value	4,114,950	3,609,554
Unrealized Fair Value Gain recognized in Equity (OCI)	1,699,251	1,132,744

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

In thousands of Nigerian Naira	Group Jun-15	Group Dec-14	Parent Jun-15	Parent Dec-14
Balance, beginning of the period	3,609,554	6,975,140	3,609,554	6,975,140
Reclassification from unquoted (SMEEIS) equity investments	-	-	-	-
Reclassification from Other unquoted equity investments	-	(469,999)	-	(469,999)
Fair value movement recognised in OCI	505,396	(2,831,487)	505,396	(2,831,487)
Write off	-	(30,000)	-	(30,000)
Disposals (cost)	-	(34,100)	-	-34,100
	4,114,950	**3,609,554**	**4,114,950**	**3,609,554**
Impairment charges on equity	**(508,016)**	**(508,016)**	**(508,016)**	**(508,016)**
Balance, end of the period	**3,606,934**	**3,101,538**	**3,606,934**	**3,101,538**

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 30 June 2015 of ₦1,699,251,000 (31 December, 2014: ₦1,132,744,000) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

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

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Jun-15**	**Dec-14**	**Jun-15**	**Dec-14**
Balance, beginning of the period	3,494,014	3,024,015	3,494,014	3,024,015
Reclassification from equity Securities at fair value through equity	61,111	469,999	61,111	469,999
Reclassification to equity Securities at fair value through equity	-	-	-	-
Balance, end of the period	**3,555,125**	**3,494,014**	**3,555,125**	**3,494,014**

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

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

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

As at June 2015, the Group estimated the fair value of its Foreign exchange derivatives using the Discounted Cash Flow Model and disclosed it under Level 3 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

In the first half of 2015, the bank did not make any transfer from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity. As such, the total regulatory risk reserve did not change from the December 2014 closing figure of N28,349,056,000. The stated sum is higher than the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses amounting to N54,326,317,000 and the Loan Impairment allowance determined in accordance with provisions of IAS 39 amounting to N31,239,682,000. Of the amount recommended by the Central Bank of Nigeria as at December 2014, N11,510,805,000 (June 2015 - N11,954,017,000) relates to 1% General Loan Loss Provision on performing loans.

Also, N3,844,466,000 recommended by CBN for Other Known Losses was adequately provided for in the June 2015 IFRS Financial Statement

The Reconciliation between the CBN Recommended provisions and that under IFRS as at June 2015 is as shown in the table below:

	In thousands of Nigerian Naira	**Reference**	**Specific**	**General**	**Total**
a	**Loans and Advances:**				
	Provision per CBN Prudential Guidelines		42,815,512	11,510,805	54,326,317
	Impairment Allowance per IAS 39:				
	(Inclusive of Collective Allowance)	(Note 28 & 29)	31,239,682	-	31,239,682
	Amount required in Regulatory Risk Reserve[2]		**11,575,830**	**11,510,805**	**23,086,635**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses - CBN		**3,844,466**
	Provision for Other Known Losses - IFRS		
	Specific Impairment For Equities	(Note 26)	3,454,978
	Impairment On Other Assets	(Note 34)	305,556
			3,760,534
	Amount required in Regulatory Risk Reserve[2]		**83,932**

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

c Impairment of loans and advances and Other Known Losses (OKL)

Regulatory reserve required for loans and advances		23,086,635
Regulatory reserve required for Other Known Losses		83,932
Balance required per Regulatory Risk Reserve		**23,170,567**
Balance per Regulatory Risk Reserve	(SOCIE - Page 53)	**28,349,056**
Excess amount in regulatory risk reserve		**5,178,489**

d Movement in Regulatory Reserves

	Specific	General	Others	Total
Movement in Regulatory Reserves				
Balance as at 1 January	16,302,579	11,510,805	535,672	28,349,056
Transfer during the period	-	-	-	-
Balance, end of the period	**16,302,579**	**11,510,805**	**535,672**	**28,349,056**

Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.

- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.

- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.

- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Operating segments (Continued)

Information about operating segments

Group

Jun-2015

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	102,544,873	22,150,968	19,335,177	4,804,593	4,009,679	152,845,290
Derived from other business segments	(17,832,629)	12,699,071	1,095,388	3,187,552	850,618	-
Total revenue	**84,712,244**	**34,850,039**	**20,430,565**	**7,992,145**	**4,860,297**	**152,845,290**
Interest expenses	(22,404,866)	(5,148,935)	(3,943,746)	(1,232,567)	(1,034,686)	(33,764,800)
Fee and commission expenses	(503,520)	(246,619)	(248,639)	(72,153)	(19,837)	(1,090,768)
Net operating income	**61,803,858**	**29,454,485**	**16,238,180**	**6,687,425**	**3,805,774**	**117,989,722**
Expense:						
Operating expenses	(16,053,343)	(16,956,260)	(3,493,049)	(4,537,051)	(1,168,212)	(42,207,915)
Net impairment loss on financial assets	(302,073)	(369,850)	(5,204,479)	(60,391)	(10,956)	(5,947,749)
Depreciation and amortization	(1,247,523)	(2,199,860)	(1,600,108)	(866,849)	(209,566)	(6,123,906)
Total cost	**(17,602,939)**	**(19,525,970)**	**(10,297,636)**	**(5,464,291)**	**(1,388,734)**	**(54,279,570)**
Profit before income tax from reportable segments	**44,200,919**	**9,928,515**	**5,940,544**	**1,223,134**	**2,417,040**	**63,710,152**
Tax	(6,512,983)	**(1,661,428)**	**(969,142)**	**(243,044)**	**(351,789)**	**(9,738,386)**
Profit after income tax from reportable segments	**37,687,936**	**8,267,087**	**4,971,402**	**980,090**	**2,065,251**	**53,971,766**
Assets and liabilities:						
Total assets	1,672,194,755	417,489,623	299,715,222	82,181,237	75,280,191	2,546,861,028
Total liabilities	(613,721,455)	(870,544,836)	(356,994,658)	(196,653,217)	(113,210,958)	(2,151,125,124)
Net assets/ (liabilities)	**1,058,473,300**	**(453,055,213)**	**(57,279,436)**	**(114,471,980)**	**(37,930,767)**	**395,735,904**
Additions to Non-Current Assets	**1,730,277**	**3,051,140**	**2,219,302**	**1,202,293**	**290,661**	**8,493,673**
Assets:						
Loans and advances to banks	356,598	-	-	-	-	356,598
Loans and advances to customers	944,908,577	119,280,296	183,467,879	14,230,964	37,263,655	1,299,151,371
Others	726,929,580	298,209,327	116,247,343	67,950,273	38,016,536	1,247,353,059
	1,672,194,755	417,489,623	299,715,222	82,181,237	75,280,191	2,546,861,028
Liabilities:						
Deposits from banks	20,666,747	-	-	-	-	20,666,747
Deposits from customers	438,988,986	724,383,204	300,191,986	147,087,014	94,017,906	1,704,669,096
Others	154,065,722	146,161,632	56,802,672	49,566,203	19,193,052	425,789,281
	613,721,455	870,544,836	356,994,658	196,653,217	113,210,958	2,151,125,124

Group
Jun-2014

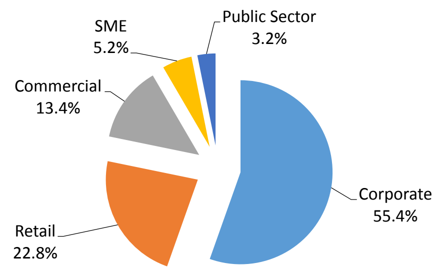
In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	67,136,580	28,581,750	20,969,428	6,524,591	8,283,350	131,495,699
Derived from other business segments	(2,306,051)	1,728,147	55,691	385,753	136,460	-
Total revenue	**64,830,529**	**30,309,897**	**21,025,119**	**6,910,344**	**8,419,810**	**131,495,699**
Interest expenses	(19,465,683)	(3,356,030)	(2,893,633)	(779,262)	(1,658,453)	(28,153,061)
Fee and commission expenses	(730,766)	(136,585)	(80,102)	(32,419)	12,198	(967,674)
Net operating income	**44,634,080**	**26,817,282**	**18,051,384**	**6,098,663**	**6,773,555**	**102,374,964**
Expense:						
Operating expenses	(7,965,912)	(15,716,083)	(8,564,735)	(4,246,446)	(2,878,860)	(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)
Depreciation and amortization	(1,535,671)	(2,273,852)	(1,164,793)	(555,156)	(324,096)	(5,853,568)
Total cost	**(10,887,319)**	**(19,337,814)**	**(11,600,006)**	**(5,123,442)**	**(3,381,690)**	**(50,330,271)**
Profit before income tax from reportable segments	**33,746,761**	**7,479,468**	**6,451,378**	**975,221**	**3,391,865**	**52,044,693**
Tax	**(6,023,396)**	**(1,375,606)**	**(1,186,523)**	**(179,360)**	**(623,824)**	**(9,388,709)**
Profit after income tax from reportable segments	**27,723,365**	**6,103,862**	**5,264,855**	**795,861**	**2,768,041**	**42,655,984**
Assets and liabilities:						
Total assets	1,541,084,263	342,449,443	292,075,654	63,788,530	119,475,798	2,358,873,688
Total liabilities	(541,219,478)	(766,772,924)	(326,867,073)	(172,398,598)	(166,203,719)	(1,973,461,792)
Net assets/ (liabilities)	**999,864,785**	**(424,323,481)**	**(34,791,419)**	**(108,610,068)**	**(46,727,921)**	**385,411,896**
Additions to Non-Current Assets	**11,117,382**	**2,470,430**	**2,107,034**	**460,170**	**861,898**	**17,016,914**
Dec-2014						
Assets:						
Loans and advances to banks	5,695,592	-	-	-	-	5,695,592
Loans and advances to customers	890,671,715	123,580,318	183,626,276	16,661,470	61,141,356	1,275,681,135
Others	644,716,956	218,869,125	108,449,378	47,127,060	58,334,442	1,077,496,961
	1,541,084,263	**342,449,443**	**292,075,654**	**63,788,530**	**119,475,798**	**2,358,873,688**
Liabilities:						
Deposits from banks	31,661,622	-	-	-	-	31,661,622
Deposits from customers	424,569,869	678,224,760	267,464,484	140,456,897	107,492,184	1,618,208,194
Others	84,987,987	88,548,164	59,402,589	31,941,701	58,711,535	323,591,976
	541,219,478	**766,772,924**	**326,867,073**	**172,398,598**	**166,203,719**	**1,973,461,792**

Operating segments (Continued)

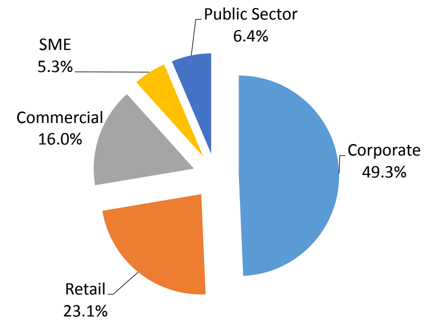
Information about operating segments

Revenue

Group
Jun-2015

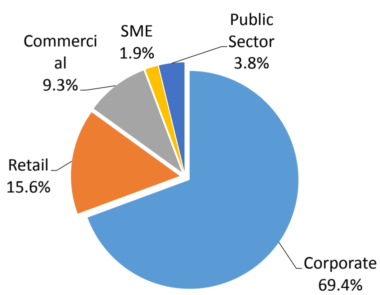


Group
Jun-2014

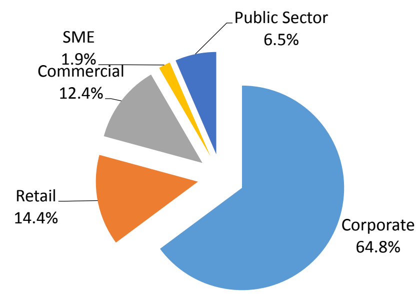


Profit before tax

Group
Jun-2015

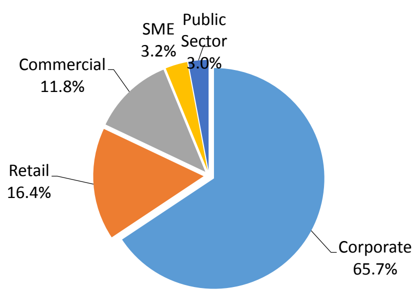


Group
Jun-2014

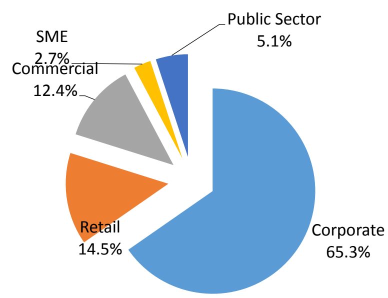


Assets

Group
Jun-2015

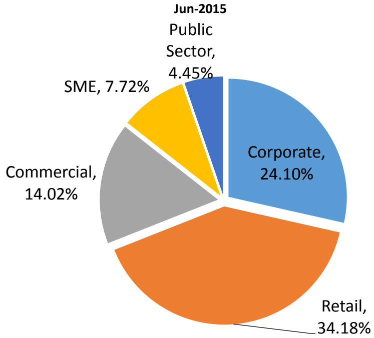


Group
Dec-2014

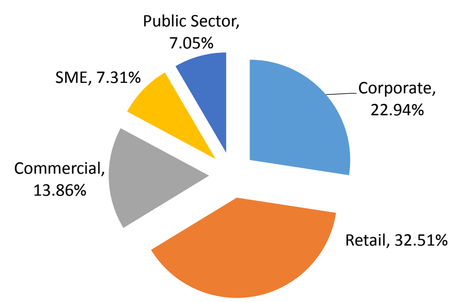


Liabilities

Group
Jun-2015



Group
Dec-2014



Operating segments (Continued)

Information about operating segments

Parent

Jun-2015

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	91,043,992	18,822,468	19,257,593	4,623,661	3,910,396	137,658,110
Derived from other business segments	(16,211,482)	11,544,610	995,807	2,897,775	773,290	-
Total revenue	**74,832,510**	**30,367,078**	**20,253,400**	**7,521,436**	**4,683,686**	**137,658,110**
Interest expenses	(20,873,880)	(4,138,142)	(3,214,360)	(948,186)	(922,286)	(30,096,854)
Fee and commission expenses	(461,863)	(212,028)	(204,214)	(63,436)	(17,441)	(958,982)
Net operating income	**53,496,767**	**26,016,908**	**16,834,826**	**6,509,814**	**3,743,959**	**106,602,274**
Expense:						
Operating expenses	(11,585,562)	(14,103,285)	(4,714,445)	(4,276,747)	(1,412,677)	(36,092,716)
Net impairment loss on financial assets	(64,710)	(492,988)	(5,428,973)	(922)	(11,051)	(5,998,644)
Depreciation and amortization	(1,086,976)	(1,916,754)	(1,394,185)	(755,291)	(182,596)	(5,335,802)
Total cost	**(12,737,248)**	**(16,513,027)**	**(11,537,603)**	**(5,032,960)**	**(1,606,324)**	**(47,427,162)**
Profit before income tax from reportable segments	**40,759,519**	**9,503,881**	**5,297,223**	**1,476,854**	**2,137,635**	**59,175,112**
Tax	**(5,694,444)**	**(1,327,771)**	**(740,066)**	**(298,646)**	**(206,329)**	**(8,267,256)**
Profit after income tax from reportable segments	**35,065,075**	**8,176,110**	**4,557,157**	**1,178,208**	**1,931,306**	**50,907,856**
Assets and liabilities:						
Total assets	1,515,127,935	378,275,430	271,563,406	74,462,073	68,209,232	2,307,638,076
Total liabilities	(627,498,056)	(722,770,261)	(320,126,023)	(157,054,173)	(101,519,093)	(1,928,967,606)
Net assets/ (liabilities)	**887,629,879**	**(344,494,831)**	**(48,562,617)**	**(82,592,100)**	**(33,309,861)**	**378,670,470**
Additions to Non-Current Assets	**3,861,965**	**859,310**	**878,866**	**160,385**	**287,271**	**6,047,797**
Assets:						
Loans and advances to banks	17,960	-	-	-	-	17,960
Loans and advances to customers	875,146,181	110,473,857	169,922,485	13,180,295	34,512,487	1,203,235,305
Others	639,963,794	267,801,573	101,640,921	61,281,778	33,696,745	1,104,384,811
	1,515,127,935	**378,275,430**	**271,563,406**	**74,462,073**	**68,209,232**	**2,307,638,076**
Liabilities:						
Deposits from banks	97,024	-	-	-	-	97,024
Deposits from customers	375,950,913	630,237,385	267,471,294	146,243,259	98,958,642	1,518,861,493
Others	251,450,119	92,532,876	52,654,729	10,810,914	2,560,451	410,009,089
	627,498,056	**722,770,261**	**320,126,023**	**157,054,173**	**101,519,093**	**1,928,967,606**

Parent
Jun-2014

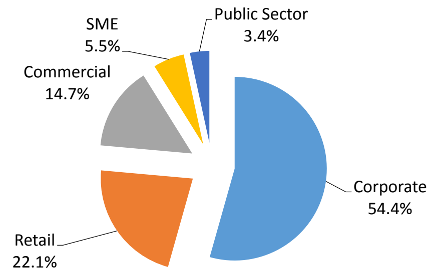
In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	58,788,449	27,605,323	18,365,075	5,897,770	8,077,376	118,733,993
Derived from other business segments	(2,096,411)	1,571,043	50,629	350,684	124,055	-
Total revenue	**56,692,038**	**29,176,366**	**18,415,704**	**6,248,454**	**8,201,431**	**118,733,993**
Interest expenses	(17,292,974)	(2,981,438)	(2,570,653)	(692,283)	(1,473,341)	(25,010,689)
Fee and commission expenses	(624,089)	(116,647)	(68,409)	(27,687)	10,417	(826,415)
Net operating income	**38,774,975**	**26,078,281**	**15,776,642**	**5,528,484**	**6,738,507**	**92,896,889**
Expense:						
Operating expenses	(6,683,201)	(13,161,349)	(7,180,911)	(3,557,397)	(2,412,242)	(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)
Depreciation and amortization	(1,362,561)	(2,017,528)	(1,033,490)	(492,575)	(287,561)	(5,193,715)
Total cost	**(9,312,044)**	**(16,451,691)**	**(10,148,572)**	**(4,366,515)**	**(2,927,866)**	**(43,206,688)**
Profit before income tax from reportable segments	**29,462,931**	**9,626,590**	**5,628,070**	**1,161,969**	**3,810,641**	**49,690,201**
Tax	**(4,665,950)**	**(1,565,537)**	**(915,272)**	**(188,967)**	**(619,711)**	**(7,955,437)**
Profit after income tax from reportable segments	**24,796,981**	**8,061,053**	**4,712,798**	**973,002**	**3,190,930**	**41,734,764**
Dec-2014						
Assets and liabilities:						
Total assets	1,431,874,300	298,097,280	231,417,439	57,507,623	107,711,670	2,126,608,312
Total liabilities	(499,447,265)	(656,342,543)	(291,027,138)	(162,281,030)	(147,980,010)	(1,757,077,986)
Net assets/ (liabilities)	**932,427,035**	**(358,245,263)**	**(59,609,699)**	**(104,773,407)**	**(40,268,340)**	**369,530,326**
Additions to Non-Current Assets	**3,861,965**	**859,310**	**878,866**	**160,385**	**287,271**	**6,047,797**
Dec-2014						
Assets:						
Loans and advances to banks	30,815	-	-	-	-	30,815
Loans and advances to customers	843,275,106	108,631,239	158,374,222	15,443,060	56,670,247	1,182,393,874
Others	588,568,379	189,466,041	73,043,217	42,064,563	51,041,423	944,183,623
	1,431,874,300	**298,097,280**	**231,417,439**	**57,507,623**	**107,711,670**	**2,126,608,312**
Liabilities:						
Deposits from banks	143,713	-	-	-	-	143,713
Deposits from customers	377,687,925	581,740,852	237,930,465	132,144,947	110,017,881	1,439,522,070
Others	121,615,627	74,601,691	53,096,673	30,136,083	37,962,129	317,412,203
	499,447,265	**656,342,543**	**291,027,138**	**162,281,030**	**147,980,010**	**1,757,077,986**

Operating segments (Continued)

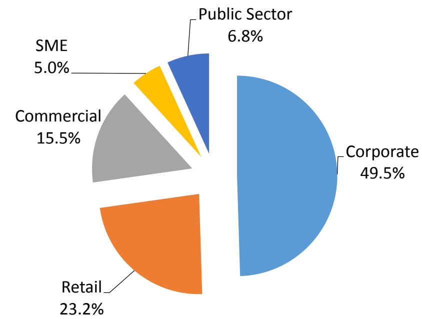
Information about operating segments

Revenue

Parent
Jun-2015

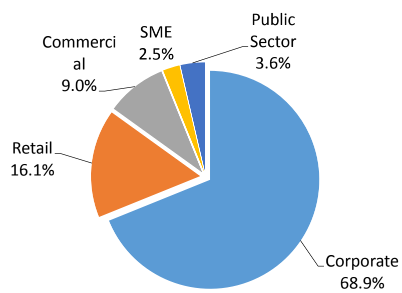


Parent
Jun-2014

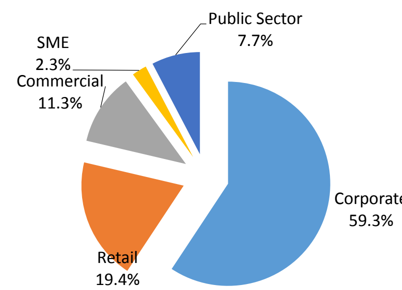


Profit before tax

Parent
Jun-2015

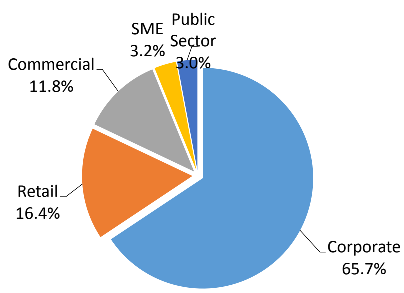


Parent
Jun-2014

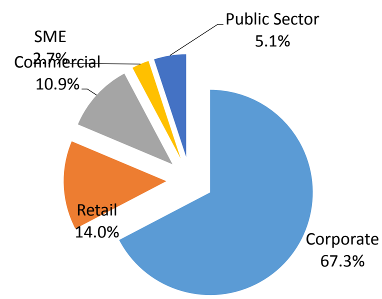


Assets

Parent
Jun-2015

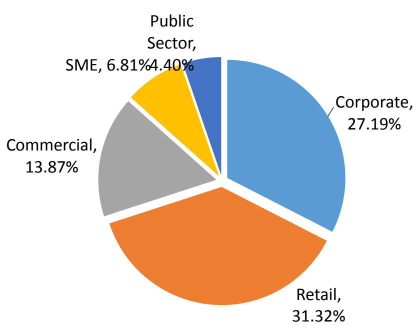


Parent
Dec-2014

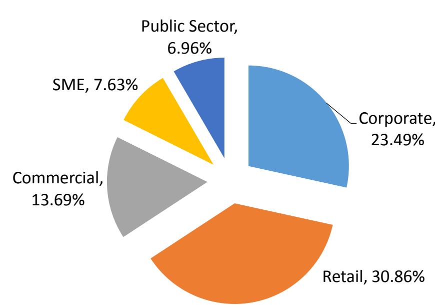


Liabilities

Parent
Jun-2015



Parent
Dec-2014



7 Operating segments (Continued)

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

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Bonds	17,106,909	9,375,277	15,394,983	8,406,263
Placements	3,401,485	6,274,116	3,061,091	5,892,801
Treasury Bills	27,236,686	25,788,196	24,511,050	23,121,780
Loans	103,434,024	89,303,881	93,083,150	80,694,991
Contingents	1,816,631	2,243,540	1,634,836	2,011,563
	152,995,735	132,985,010	137,685,110	120,127,398

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Continuing Operations:				
Total revenue from reportable segments	152,845,290	131,495,699	137,658,110	118,733,993
Consolidation and adjustments:				
- Interest income	(65,759)	(46,788)	-	-
- Other operating income	-	(182)	-	-
Revenue from continuing operations	152,779,531	131,448,729	137,658,110	118,733,993

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

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Interest income	113,884,461	99,715,892	103,006,457	90,342,844
Fee and commission income	24,609,003	24,761,713	20,692,826	21,410,122
Net gains/(losses) on financial instruments classified as held for trading	7,596,332	5,935,317	6,211,074	4,694,862
Other operating income	6,905,939	2,572,088	7,774,753	3,679,570
Revenue and gains from continuing operations	152,995,735	132,985,010	137,685,110	120,127,398
Less gains:				
- Gain on disposal of fixed assets	(216,204)	(188,018)	(27,000)	(45,142)
- Net portfolio gain on SMEEIS investments	-	(1,348,263)	-	(1,348,263)
Revenue from continuing operations	152,779,531	131,448,729	137,658,110	118,733,993

Reconciliation of operating expenses

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Continuing Operations:				
Total operating expense from reportable segments	42,207,915	39,372,036	36,092,716	32,995,100
Gains:				
Consolidation and adjustments:				
- Personnel expenses[1]	748,630	137,267	-	-
Operating expense from continuing operations	42,956,545	39,509,303	36,092,716	32,995,100

[1] relates to share based payments during the period

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

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Personnel expenses (See Note17)	15,108,949	13,449,790	11,042,124	10,251,189
Operating lease expenses	535,361	452,324	337,919	334,811
Other operating expenses (See Note20)	27,312,235	25,607,189	24,712,673	22,409,100
	42,956,545	39,509,303	36,092,716	32,995,100

Reconciliation of profit or loss

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Continuing Operations:				
Total profit or loss for reportable segments	63,710,152	52,044,693	59,175,112	49,690,201
Consolidation and adjustments:				
- Interest income	(65,759)	(46,788)	-	-
- Personnel expenses	(748,630)	(137,267)	-	-
- Other operating income	-	(182)	-	-
Gains:				
- Gain on disposal of fixed assets	216,204	188,018	27,000	45,142
- Net portfolio (loss)/gain on SMEEIS investments	-	1,348,263	-	1,348,263
Profit before income tax from continuing operations	63,111,967	53,396,737	59,202,112	51,083,606

Reconciliation of assets

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Continuing Operations:				
Total assets for reportable segments	2,546,861,028	2,358,873,688	2,307,638,076	2,126,608,312
Consolidation and adjustments	(2,067,590)	(2,997,162)	-	-
Total assets	2,544,793,438	2,355,876,526	2,307,638,076	2,126,608,312

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Continuing Operations:				
Total liabilities for reportable segments	2,151,125,124	1,973,461,792	1,928,967,606	1,757,077,986
Consolidation and adjustments	8,670,949	8,082,186	-	-
Total liabilities	2,159,796,073	1,981,543,978	1,928,967,606	1,757,077,986

Geographical segments

The Group operates in three geographic regions, being:

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

Jun-2015

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	136,401,568	9,978,425	5,043,352	1,356,186	152,779,531
Total Revenue	136,401,568	9,978,425	5,043,352	1,356,186	152,779,531
Interest expense	(30,096,856)	(1,893,611)	(1,660,005)	(114,328)	(33,764,800)
Fee and commission expenses	(958,978)	(85,129)	(46,661)	-	(1,090,768)
Net interest margin	105,345,734	7,999,685	3,336,686	1,241,858	117,923,963
Profit before income tax	58,144,240	4,073,919	735,503	158,305	63,111,967
Assets and liabilities:					
Total assets	2,068,050,216	125,984,299	83,192,130	267,566,793	2,544,793,438
Total liabilities	(1,756,765,353)	(98,886,911)	(67,900,642)	(236,243,167)	(2,159,796,073)
Net assets/(liabilities)	311,284,863	27,097,388	15,291,488	31,323,626	384,997,365

Jun-2014

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	117,391,917	8,470,391	4,525,755	1,060,666	131,448,729
Derived from other segments	-	-	-	-	-
Total Revenue	117,391,917	8,470,391	4,525,755	1,060,666	131,448,729
Interest expense	(25,010,691)	(1,360,748)	(1,705,221)	(76,401)	(28,153,061)
Fee and commission expenses	(826,411)	(98,267)	(42,996)	-	(967,674)
Net interest margin	91,554,815	7,011,376	2,777,538	984,265	102,327,994
Profit before income tax	49,379,517	2,879,521	1,090,993	46,706	53,396,737

Dec-2014

Assets and liabilities:					
Total assets	1,899,886,422	119,961,576	93,998,638	242,029,890	2,355,876,526
Total liabilities	(1,596,389,766)	(93,263,508)	(79,378,448)	(212,512,256)	(1,981,543,978)
Net assets/(liabilities)	303,496,656	26,698,068	14,620,190	29,517,634	374,332,548

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group
Jun-2015

		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 assets / liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets held for trading	24	16,342,429	-	-	-	-	-	16,342,429	16,342,429	-	-	16,342,429
Derivative financial assets	25	-	1,679,868	-	-	-	-	1,679,868	-	-	1,679,868	1,679,868
Assets pledged as collateral	27	-	57,918,713	-	-	-	-	57,918,713	57,918,713	-	-	57,918,713
Investment securities:												
– Available for sale		-	-	-	-	368,336,473	-	368,336,473	352,642,985	11,473,310	4,220,178	368,336,473
– Held to maturity	26	-	-	25,972,329	-	-	-	25,972,329	26,281,689	-	-	26,281,689
Loans and advances to banks	28	-	-	-	356,598	-	-	356,598	-	356,847	-	356,847
Loans and advances to customers	29	-	-	-	1,299,151,371	-	-	1,299,151,371	-	1,200,822,311	99,081,079	1,299,903,390
Restricted deposits and other asset	34	-	-	-	374,568,741	-	-	374,568,741	-	374,568,741	-	374,568,741
		16,342,429	**59,598,581**	**25,972,329**	**1,674,076,710**	**368,336,473**	**-**	**2,144,326,522**	**453,185,816**	**1,587,221,209**	**104,981,125**	**2,145,388,150**
Deposits from banks	35	-	-	-	-	-	20,666,747	20,666,747	-	20,666,747	-	20,666,747
Deposits from customers	36	-	-	-	-	-	1,704,669,096	1,704,669,096	-	1,701,715,239	-	1,701,715,239
Financial liabilities held for trading	37	310,296	-	-	-	-	-	310,296	310,296	-	-	310,296
Derivative financial liabilities	25	-	-	-	-	-	-	-	-	-	-	-
Debt securities issued	38	-	-	-	-	-	179,410,048	179,410,048	-	169,398,334	-	169,398,334
Other borrowed funds	41	-	-	-	-	-	149,282,305	149,282,305	-	149,282,305	-	149,282,305
Other liabilities	39	-	-	-	-	-	93,889,088	93,889,088	-	93,889,088	-	93,889,088
		310,296	**-**	**-**	**-**	**-**	**2,147,917,284**	**2,148,227,580**	**310,296**	**2,134,951,713**	**-**	**2,135,262,009**

Notes to the financial statements

Group
Dec-2014

In thousands of Nigerian Naira	Note	Carrying amount							Fair Value			
		Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets held for trading	24	9,415,919	-	-	-	-	-	9,415,919	9,415,919	-	-	9,415,919
Derivative financial assets	25	-	529,732	-	-	-	-	529,732	-	-	529,732	529,732
Assets pledged as collateral	27	-	39,179,198	-	-	-	-	39,179,198	39,179,198	-	-	39,179,198
Investment securities:												
– Available for sale	26	-	-	-	-	344,701,935	-	344,701,935	334,223,662	7,376,735	3,101,538	344,701,935
– Held to maturity	26	-	-	35,160,640	-	-	-	35,160,640	34,922,356	-	-	34,922,356
Loans and advances to banks	28	-	-	-	5,695,592	-	-	5,695,592	-	5,690,301	-	5,690,301
Loans and advances to customers	29	-	-	-	1,275,681,135	-	-	1,275,681,135	-	1,200,506,006	77,377,624	1,277,883,630
Restricted deposits and other asset	34	-	-	-	291,194,454	-	-	291,194,454	-	291,194,454	-	291,194,454
		9,415,919	**39,708,930**	**35,160,640**	**1,572,571,181**	**344,701,935**	**-**	**2,001,558,605**	**417,741,135**	**1,504,767,496**	**81,008,894**	**2,003,517,525**
Deposits from banks	35	-	-	-	-	-	31,661,622	31,661,622	-	31,661,636	-	31,661,636
Deposits from customers	36	-	-	-	-	-	1,618,208,194	1,618,208,194	-	1,613,097,636	-	1,613,097,636
Derivative financial liabilities	25	-	253,374	-	-	-	-	253,374	-	253,374	-	253,374
Debt securities issued	38	-	-	-	-	-	167,321,207	167,321,207	-	154,808,094	-	154,808,094
Other borrowed funds	41	-	-	-	-	-	91,298,545	91,298,545	-	90,574,292	-	90,574,292
Other liabilities	39	-	-	-	-	-	57,200,461	57,200,461	-	57,200,461	-	57,200,461
		-	**253,374**	**-**	**-**	**-**	**1,965,690,029**	**1,965,943,403**	**-**	**1,947,595,493**	**-**	**1,947,595,493**

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Parent
Jun-2015

In thousands of Nigerian Naira	*Note*	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Financial assets held for trading	24	9,380,731	-	-	-	-	-	9,380,731	9,380,731	-	-	9,380,731
Derivative financial assets	25	-	1,679,868	-	-	-	-	1,679,868	-	-	1,679,868	1,679,868
Assets pledged as collateral	27	-	57,910,022	-	-	-	-	57,910,022	57,910,022	-	-	57,910,022
Investment securities:												
– Available for sale	26	-	-	-	-	345,322,999	-	345,322,999	334,723,094	6,384,807	4,215,098	345,322,999
– Held to maturity	26	-	-	3,963,698	-	-	-	3,963,698	4,273,058	-	-	4,273,058
Loans and advances to banks	28	-	-	-	17,960	-	-	17,960	-	18,209	-	18,209
Loans and advances to customers	29	-	-	-	1,203,235,305	-	-	1,203,235,305	-	1,125,773,510	77,891,547	1,203,665,057
Restricted deposits and other asset	34	-	-	-	371,880,492	-	-	371,880,492	-	371,880,492	-	371,880,492
		9,380,731	**59,589,890**	**3,963,698**	**1,575,133,757**	**345,322,999**	**-**	**1,993,391,075**	**406,286,905**	**1,504,057,018**	**83,786,513**	**1,994,130,436**
Deposits from banks	35	-	-	-	-	-	97,024	97,024	-	97,024	-	97,024
Deposits from customers	36	-	-	-	-	-	1,518,861,492	1,518,861,492	-	1,515,907,635	-	1,515,907,635
Financial liabilities held for trading	37	310,296	-	-	-	-	-	310,296	310,296	-	-	310,296
Other borrowed funds	41	-	-	-	-	-	319,699,470	319,699,470	-	309,687,756	-	309,687,756
Other liabilities	39	-	-	-	-	-	77,011,028	77,011,028	-	77,011,028	-	77,011,028
		310,296	**-**	**-**	**-**	**-**	**1,915,669,014**	**1,915,979,310**	**310,296**	**1,902,703,443**	**-**	**1,903,013,739**

Notes to the financial statements

Parent
Dec-2014

In thousands of Nigerian Naira	**Note**	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial assets / liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
		Carrying amount							**Fair Value**			
Financial assets held for trading	24	5,675,545	-	-	-	-	-	5,675,545	5,675,545	-	-	5,675,545
Derivative financial assets	25	-	529,732	-	-	-	-	529,732	-	-	529,732	529,732
Assets pledged as collateral	27	-	39,173,640	-	-	-	-	39,173,640	39,173,640	-	-	39,173,640
Investment securities:												
– Available for sale	26	-	-	-	-	317,749,878	-	317,749,878	308,359,706	6,288,634	3,101,538	317,749,878
– Held to maturity	26	-	-	4,511,342	-	-	-	4,511,342	4,273,058	-	-	4,273,058
Loans and advances to banks	28	-	-	-	30,815	-	-	30,815	-	25,509	-	25,509
Loans and advances to customers	29	-	-	-	1,182,393,874	-	-	1,182,393,874	-	1,123,755,527	60,667,473	1,184,423,000
Restricted deposits and other asset	34	-	-	-	293,847,047	-	-	293,847,047	-	293,847,047	-	293,847,047
		5,675,545	**39,703,372**	**4,511,342**	**1,476,271,736**	**317,749,878**	**-**	**1,843,911,873**	**357,481,949**	**1,423,916,717**	**64,298,743**	**1,845,697,409**
Deposits from banks	35	-	-	-	-	-	143,713	143,713	-	143,713	-	143,713
Deposits from customers	36	-	-	-	-	-	1,439,522,070	1,439,522,070	-	1,437,875,913	-	1,437,875,913
Derivative financial liabilities	25	-	253,374	-	-	-	-	253,374	-	253,374	-	253,374
Other borrowed funds	41	-	-	-	-	-	252,830,895	252,830,895	-	239,593,529	-	239,593,529
Other liabilities	39	-	-	-	-	-	47,714,495	47,714,495	-	47,714,495	-	47,714,495
		-	**253,374**	**-**	**-**	**-**	**1,740,211,173**	**1,740,464,547**	**-**	**1,725,581,024**	**-**	**1,725,581,024**

Fair value of loans and advances

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

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

Fair value of customers' deposits

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

Accounting classification measurement basis and fair values (continued)

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

9 Interest income

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Loans and advances to banks	306,118	285,807	1,403	16,250
Loans and advances to customers	81,344,436	67,355,153	73,979,676	61,616,480
	81,650,554	67,640,960	73,981,079	61,632,730
Cash and cash equivalents	1,860,988	3,049,060	1,669,421	2,706,350
Financial assets held for trading	1,282,387	978,146	836,502	879,847
Investment securities:				
– Available for sale	23,225,841	20,323,225	22,470,228	20,036,591
– Held to maturity	2,107,574	5,264,284	292,110	2,627,109
Assets pledged as collateral	3,757,117	2,460,217	3,757,117	2,460,217
	113,884,461	99,715,892	103,006,457	90,342,844

Geographical location

Interest income earned in Nigeria	102,593,273	90,080,937	102,659,031	90,127,724
Interest income earned outside Nigeria	11,291,188	9,634,955	347,426	215,120
	113,884,461	99,715,892	103,006,457	90,342,844

Interest income for the period ended 30 June 2015 includes N128,181,000 (June 2014:N2,583,453,000) accrued on impaired financial assets.

10 **Interest expense**

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Jun-2015**	**Jun-2014**	**Jun-2015**	**Jun-2014**
Deposit from banks	217,022	421,087	10,945	3,051
Deposit from customers	24,720,744	20,245,758	21,457,475	17,591,263
	24,937,766	20,666,845	21,468,420	17,594,314
Financial liabilities held for trading	317,987	-	317,987	-
Other borrowed funds	2,301,663	1,446,915	8,310,447	6,535,041
Debt securities	6,207,384	6,039,301	-	881,334
Total interest expense	33,764,800	28,153,061	30,096,854	25,010,689
Geographical location				
Interest expense paid in Nigeria	21,999,531	18,675,384	21,996,716	18,673,525
Interest expense paid outside Nigeria	11,765,269	9,477,677	8,100,138	6,337,164
	33,764,800	28,153,061	30,096,854	25,010,689

11 **Loan impairment charges**

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Jun-2015**	**Jun-2014**	**Jun-2015**	**Jun-2014**
Loans and advances to banks (Note 28)	**1**	**1**	**1**	**1**
Increase in collective impairment	1	1	1	1
Loans and advances to customers (Note 29)	**5,950,748**	**5,338,867**	**6,001,643**	**5,252,073**
Increase in collective impairment	1,274,629	119,809	1,161,724	-
Increase in specific impairment[1]	5,749,169	7,362,585	5,579,259	7,125,338
Reversal of collective impairment	(653,745)	(1,625,879)	(625,290)	(1,523,482)
Reversal of specific impairment	(201,435)	(464,957)	(87,794)	(287,083)
Amounts written off during the period as uncollectible	12,932	70,990	-	473
Income received on claims previously written off	(230,802)	(123,681)	(26,256)	(63,173)
	5,950,749	**5,338,868**	**6,001,644**	**5,252,074**

12 Fee and commission income

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Credit related fees and commissions	5,777,211	6,624,737	4,919,052	5,754,629
Commission on turnover	5,508,788	6,710,453	5,085,074	6,352,193
Corporate finance fees	533,371	712,304	533,371	712,304
Commission on foreign exchange deals	1,618,196	1,837,841	1,618,196	1,837,841
Income from financial guarantee contracts issued	2,718,024	3,741,544	2,215,769	3,221,644
Other fees and commissions	8,453,413	5,134,834	6,321,364	3,531,511
	24,609,003	24,761,713	20,692,826	21,410,122

13 Fee and commission expense

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Bank charges	665,166	407,097	639,050	385,928
Other fees and commission expense[1]	425,602	560,577	319,932	440,487
	1,090,768	967,674	958,982	826,415

[1] Largely comprises of loan recovery expenses

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

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Bonds trading	(240,932)	140,428	(240,932)	99,393
Treasury bills trading	456,340	399,947	456,340	399,947
Foreign exchange	7,380,924	5,394,942	5,995,666	4,195,522
Net trading income	7,596,332	5,935,317	6,211,074	4,694,862

15 Other income

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Mark to market gains on trading investments	(15,710)	12,576	(15,710)	12,576
Foreign exchange gain/(loss)	6,558,081	996,267	6,327,711	771,700
Gain on disposal of fixed assets	216,204	188,018	27,000	45,142
Net portfolio (loss)/gain on SMEEIS investments	-	1,348,263	-	1,348,263
Dividends income	77,545	26,964	1,435,752	1,501,889
Other income	69,819	-	-	-
	6,905,939	2,572,088	7,774,753	3,679,570

16 Net impairment reversal on other financial assets

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Impairment charges on HTM bonds	-	30,000	-	30,000
Reversal of specific impairment	(3,000)	(264,201)	(3,000)	(264,201)
	(3,000)	(234,201)	(3,000)	(234,201)

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Note	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Wages and salaries		13,245,878	12,764,261	10,570,298	10,042,526
Contributions to defined contribution plans		479,158	443,324	336,564	342,686
Defined benefit costs	40	-	(306,770)	-	(306,770)
Cash-settled share-based payments (see 17(b) below)		748,630	137,267	-	-
Other staff cost		635,283	411,708	135,262	172,747
		15,108,949	13,449,790	11,042,124	10,251,189

Staff loans

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

Cash- settled share-based payments

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

In thousands	Number of shares
SARs granted to senior management employees at 30 June 2015	404,569
SARs granted to senior management employees at 31 December 2014	401,415

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Jun-2015	Group Jun-2014
Total expense recognized as personnel expenses		748,630	137,267

In thousands of Nigerian Naira		Group Jun-2015	Group Dec-2014
Total carrying amount of liabilities for cash-settled arrangements	39	8,670,949	8,082,186

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

In thousands of Nigerian Naira	Note	Group Jun-2015	Group Dec-2014
Balance, beginning of period		8,082,186	7,463,681
Effect of changes in fair value of SAR at period end		748,630	(1,330,160)
Options exercised during the period		(384,059)	(181,536)
Share rights granted during the period		224,192	2,130,201
Balance, end of period	39	8,670,949	8,082,186

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

	Group Jun-2015 Number	Group Jun-2014 Number	Parent Jun-2015 Number	Parent Jun-2014 Number
Executive directors	6	6	6	6
Management	211	195	57	54
Non-management	4,703	4,692	3,269	3,266
	4,920	4,893	3,332	3,326

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

	Group Jun-2015 Number	Group Jun-2014 Number	Parent Jun-2015 Number	Parent Jun-2014 Number
Commercial Banking Abuja	34	32	34	32
Commercial Banking Lagos	208	196	208	196
Commercial Banking North East	45	54	45	54
Commercial Banking North West	56	56	56	56
Commercial Banking South East	37	35	37	35
Commercial Banking South South	62	61	62	61
Communication and External Affairs	115	116	25	28
Compliance Group	27	20	27	20
Corporate Services	161	159	123	121
E-Business	139	126	113	100
Enterprise Risk Management	157	168	89	100
Executive	1	1	1	1
Financial Control, Group Reporting ; Strategy	30	26	30	26
Human Resources	26	32	26	32
Institutional Banking	385	366	178	159
International Banking	77	71	38	32
Operations	210	231	210	231
Public Sector Abuja	39	45	39	45
Public Sector South West	-	19	-	19
Retail Lagos	180	175	180	175
Retail Abuja	54	53	54	53
Retail South East	28	37	28	37
Retail South West	100	85	100	85
Retail South-South	33	24	33	24
SME Abuja	44	23	44	23
SME Division - Lagos	100	68	100	68
SME Division - South East	41	27	41	27
Systems and Control	125	112	92	112
Technology	221	206	160	160
Transaction Services	1,485	1,540	1,122	1,179
Wholesale Banking	48	35	37	35
Commercial Banking Subsidiaries	95	95	-	-
Retail Subsidiaries	110	110	-	-
Public Sector Subsidiaries	10	10	-	-
Others	437	479	-	-
	4,920	4,893	3,332	3,326

(iii Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Jun-2015 Number	Group Jun-2014 Number	Parent Jun-2015 Number	Parent Jun-2014 Number
N720,001 - ₦1,400,000	1,372	1,362	-	-
N1,400,001 - ₦2,050,000	651	474	613	436
N2,190,001 - ₦2,330,000	51	51	-	-
N2,330,001 - ₦2,840,000	9	9	-	-
N2,840,001 - ₦3,000,000	11	11	-	-
N3,001,001 - N3,830,000	893	999	878	983
N3,830,001 - ₦4,530,000	4	4	-	-
N4,530,001 - ₦5,930,000	577	552	571	546
N6,000,001 - N6,800,000	442	502	438	497
N6,800,001 - ₦7,300,000	9	9	-	-
N7,300,001 - ₦7,800,000	320	350	304	343
N7,800,001 - ₦8,600,000	5	5	-	-
N8,600,001 - ₦11,800,000	369	362	357	461
Above ₦11,800,000	201	197	165	54
	4,914	4,887	3,326	3,320

18 **Operating lease expense**

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Operating lease expense	535,361	452,324	337,919	334,811
	535,361	452,324	337,919	334,811

19 **Depreciation and amortisation**

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Amortisation of intangible assets (see note 32)	568,322	507,500	449,278	404,084
Depreciation of property, plant and equipment (see note 31)	5,555,584	5,346,068	4,886,524	4,789,631
	6,123,906	5,853,568	5,335,802	5,193,715

20 **Other operating expenses**

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Finance costs	89,392	94,948	88,456	94,231
Deposit insurance premium	3,021,281	2,629,298	2,980,438	2,600,000
Other insurance premium	660,629	59,311	602,511	-
Auditors' remuneration[1]	248,098	218,465	177,414	155,000
Professional fees and other consulting costs	556,274	479,584	347,029	333,358
AMCON expenses	5,320,320	4,522,128	5,320,320	4,522,128
Stationery and postage	1,017,440	1,306,789	893,554	1,192,988
Business travel expenses	336,282	451,665	233,926	341,902
Advert, promotion and corporate gifts	3,224,155	2,602,490	2,971,835	2,362,181
Repairs and maintenance	2,424,345	2,102,435	2,094,471	1,862,341
Occupancy costs	3,129,067	2,152,651	2,524,396	1,512,381
Directors' emoluments	274,383	220,013	140,220	139,059
Contract services	3,845,664	3,627,416	3,412,156	3,269,094
Others[2]	3,164,905	5,139,996	2,925,947	4,024,437
	27,312,235	25,607,189	24,712,673	22,409,100

[1] Auditor's remuneration represents fees for half year audit of the Group and Bank for the period ended 30 June 2015

[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 Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Current tax expense:				
Company income tax	8,168,785	5,802,399	6,717,942	4,483,695
Education Tax	586,595	467,084	586,595	467,084
NITDA Levy	592,021	510,834	592,021	510,834
	9,347,401	6,780,317	7,896,558	5,461,613
Deferred tax expense:				
Origination of temporary differences	390,985	2,608,392	370,698	2,493,824
	9,738,386	9,388,709	8,267,256	7,955,437

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	Jun-2015	Jun-2015	Jun-2014	Jun-2014
Profit before income tax	63,111,967		53,396,737	
Income tax using the domestic corporation tax rate	18,933,590	30.0%	16,019,021	30.0%
Effect of tax rates in foreign jurisdictions	298,174	0.5%	739,258	1.4%
Tax reliefs/WHT Credits	(378,488)	-0.6%	(196,849)	-0.4%
Net capital allowance	(1,702,493)	-2.7%	(2,325,721)	-4.4%
Non-deductible expenses	1,809,381	2.9%	1,581,758	3.0%
Education tax levy	586,595	0.9%	467,084	0.9%
NITDEF tax levy	592,021	0.9%	510,834	1.0%
Tax exempt income	(10,222,788)	-16.2%	(7,253,426)	-13.6%
Deductible expenses	(177,606)	-0.3%	(153,250)	-0.3%
Total income tax expense in comprehensive income	9,738,386	15.4%	9,388,709	17.6%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	Jun-2015	Jun-2015	Jun-2014	Jun-2014
Profit before income tax	59,202,112		51,083,606	
Income tax using the domestic corporation tax rate	17,760,634	30.0%	15,325,007	30.0%
Tax reliefs/WHT Credits	(378,488)	-0.6%	(196,849)	-0.4%
Net capital allowance	(1,702,493)	-2.9%	(2,325,721)	-4.6%
Non-deductible expenses	1,809,381	3.1%	1,581,758	-0.3%
Education tax levy	586,595	1.0%	467,084	0.9%
NITDEF tax levy	592,021	1.0%	510,834	1.0%
Tax exempt income	(10,222,788)	-17.3%	(7,253,426)	-14.2%
Deductible expenses	(177,606)	-0.3%	(153,250)	3.1%
Total income tax expense in comprehensive income	8,267,256	14.0%	7,955,437	15.6%

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Income tax relating to Foreign currency translation differences for foreign operations	(395,229)	(1,107,191)	-	-
Income tax relating to Net change in fair value of available for sale financial assets	797,223	(140,988)	765,235	(126,634)
	401,994	(1,248,179)	765,235	(126,634)

(b) *Current income tax payable*

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Balance, beginning of the period	11,208,907	13,073,847	12,657,634	12,632,975
Exchange difference on translation	(99,374)	(101,218)	-	-
Charge for the period	9,347,401	16,483,642	7,896,558	15,772,894
Payments during the period	(14,350,523)	(15,132,105)	(12,657,635)	(12,632,976)
Reversal of prior year charge	-	(3,115,259)	-	(3,115,259)
Balance, end of the period	6,106,411	11,208,907	7,896,557	12,657,634

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 N52,966,833,000 and a weighted average number of ordinary shares outstanding of 28,190,505,000 and it calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Jun-2014**
Net profit attributable to equity holders of the Company	52,966,833	43,667,017
Net profit used to determine diluted earnings per share	52,966,833	43,667,017

Number of ordinary shares

In thousands of shares	**Group Jun-2015**	**Group Jun-2014**
Weighted average number of ordinary shares in issue	28,190,505	28,190,505
Basic earnings per share (expressed in naira per share)	1.88	1.55

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	28,190,505
Weighted average number of ordinary shares for diluted earnings per share	28,190,505	28,190,505
Diluted earnings per share (expressed in naira per share)	1.88	1.55

23 **Cash and cash equivalents**

(a)

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Cash in hand	31,526,582	33,115,429	26,082,828	24,916,435
Balances held with other banks	84,420,054	91,993,886	85,647,996	42,561,912
Unrestricted balances with central banks	17,920,319	33,346,313	2,388,516	19,823,983
Money market placements	141,770,981	88,484,240	58,596,577	74,476,317
	275,637,936	246,939,868	172,715,917	161,778,647

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Cash and cash equivalents of continuing operations	275,637,936	246,939,868	172,715,917	161,778,647
	275,637,936	246,939,868	172,715,917	161,778,647

24 **Financial assets held for trading**

(a)

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Trading bonds (see note 24(b) below)	56,382	60,413	56,382	60,413
Trading treasury bills (see note 24(c) below)	16,286,047	9,355,506	9,324,349	5,615,132
	16,342,429	9,415,919	9,380,731	5,675,545
Current	16,342,429	9,415,919	9,380,731	5,675,545

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
6th FGN Bond Series 3 (12.49%)	37,032	41,284	37,032	41,284
4th FGN Bond Series 9 (9.35%)	7,469	7,244	7,469	7,244
Local Contractor Bond	11,881	11,885	11,881	11,885
	56,382	60,413	56,382	60,413

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Nigerian treasury bills' maturities:				
01-January-2015	-	141,664	-	141,664
08-January-2015	-	24,222	-	24,222
15-January-2015	-	121,332	-	121,332
29-January-2015	-	109,564	-	109,564
12-February-2015	-	207,059	-	207,059
26-February-2015	-	1,753	-	1,753
05-March-2015	-	398,734	-	398,734
26-March-2015	-	427,017	-	427,017
02-April-2015	-	68,526	-	68,526
09-April-2015	-	1,363,169	-	1,363,169
16-April-2015	-	426,806	-	426,806
30-April-2015	-	454,595	-	454,595
14-May-2015	-	1,879	-	1,879
21-May-2015	-	132,284	-	132,284
25-June-2015	-	47,633	-	47,633
23-July-2015	31,083	7,540	31,083	7,540
06-August-2015	-	195,068	-	195,068
03-September-2015	14,438	591	14,438	591
22-January-2015	-	126,502	-	126,502
05-February-2015	-	10,310	-	10,310
19-February-2015	-	42,458	-	42,458
19-March-2015	-	103,073	-	103,073
23-April-2015	-	98,761	-	98,761
04-June-2015	-	380,646	-	380,646
18-June-2015	-	284,424	-	284,424
24-September-2015	475,454	26,708	475,454	26,708
08-October-2015	110,799	100,194	110,799	100,194
22-October-2015	3,985	42,837	3,985	42,837
05-November-2015	99,284	83,914	99,284	83,914
17-December-2015	-	185,869	-	185,869
30-July-2015	168,166	-	168,166	-
20-August-2015	236,996	-	236,996	-
27-August-2015	209,904	-	209,904	-
10-September-2015	448	-	448	-
17-September-2015	52,591	-	52,591	-
15-October-2015	1,126,630	-	1,126,630	-
29-October-2015	661	-	661	-

12-November-2015	369,982	-	369,982	-
19-November-2015	11,488	-	11,488	-
26-November-2015	3,091,254	-	3,091,254	-
03-December-2015	44,298	-	44,298	-
24-December-2015	52,180	-	52,180	-
28-January-2016	786,021	-	786,021	-
04-February-2016	38,154	-	38,154	-
18-February-2016	456,810	-	456,810	-
25-February-2016	306,792	-	306,792	-
03-March-2016	227,355	-	227,355	-
17-March-2016	452,167	-	452,167	-
24-March-2016	243,171	-	243,171	-
07-April-2016	34,614	-	34,614	-
21-April-2016	5,413	-	5,413	-
19-May-2016	384	-	384	-
02-June-2016	8,847	-	8,847	-
16-June-2016	219,555	-	219,555	-
23-June-2016	445,425	-	445,425	-
Non-Nigerian treasury bills	6,961,698	3,740,374	-	-
	16,286,047	9,355,506	9,324,349	5,615,132

25 Derivative financial instruments

(a) Group

Jun-2015

In thousands of Nigerian Naira	Notional	Fair Value	
	Contract Amount	Assets	Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	20,660,000	1,679,868	-
Derivative assets/(liabilities)	20,660,000	1,679,868	-

Group

Dec-2014

In thousands of Nigerian Naira	Notional	Fair Value	
	Contract Amount	Assets	Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	15,355,045	529,732	(253,374)
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)

Parent
Jun-2015
In thousands of Nigerian Naira

	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	20,660,000	1,679,868	-
Derivative assets/(liabilities)	20,660,000	1,679,868	-

Parent
Dec-2014
In thousands of Nigerian Naira

	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	15,355,045	529,732	(253,374)
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)

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

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

26 Investment securities

(a)

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
(i) Available for sale investment securities				
Treasury bills	352,642,985	333,674,447	334,128,328	308,359,706
Bonds	5,088,502	1,632,153	594,765	-
Corporate bond	6,384,808	5,744,582	6,384,808	5,744,582
Equity securities at fair value (See note 26(a)(ii) below	4,114,950	3,609,554	4,114,950	3,609,554
Unquoted equity securities at cost (see note 26(c) below)	3,560,206	3,499,177	3,555,126	3,494,014
	371,791,451	348,159,913	348,777,977	321,207,856
Specific impairment for equities (see note 26(b) below)	(3,454,978)	(3,457,978)	(3,454,978)	(3,457,978)
Total available for sale investment securities	**368,336,473**	**344,701,935**	**345,322,999**	**317,749,878**
Held to maturity investment securities				
Bonds	10,914,023	11,257,110	3,208,274	3,000,000
Treasury bills	13,759,267	22,392,188	-	-
Corporate bond (See note 26(a)(iii) below	1,299,039	1,511,342	755,424	1,511,342
Total held to maturity investment securities	**25,972,329**	**35,160,640**	**3,963,698**	**4,511,342**
Total investment securities	**394,308,802**	**379,862,575**	**349,286,697**	**322,261,220**
Current	368,438,224	357,806,473	334,883,752	309,871,049
Non-current	25,870,578	22,056,102	14,402,945	12,390,171

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
SMEEIS investment:				
- Sokoa Chair Centre	95,531	95,531	95,531	95,531
- Iscare Nigeria Ltd	75,990	73,256	75,990	73,256
- Central Securities Clearing System	111,345	104,658	111,345	104,658
- 3 Peat Investment Ltd	1,016,066	1,023,057	1,016,066	1,023,057
- CRC Credit Bureau	-	115,752	-	115,752
	1,298,932	**1,412,254**	**1,298,932**	**1,412,254**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	174,573	144,432	174,573	144,432
- Nigeria Automated Clearing Systems	294,637	288,549	294,637	288,549
- Afrexim	391,942	224,319	391,942	224,319
- Africa Finance Corporation	1,954,866	1,540,000	1,954,866	1,540,000
	2,816,018	**2,197,300**	**2,816,018**	**2,197,300**
Total fair value of equity securities	**4,114,950**	**3,609,554**	**4,114,950**	**3,609,554**

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

(iii) The amount represents amortised cost of the Bank's investment in 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc to the Bank. The face value of the investment was N750,000,000 (December 2014: N1,500,000,000)

(b) Specific impairment for equities

Specific impairment for equities is further analysed below:

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

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

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- TerraKulture ltd	469,999	469,999	469,999	469,999
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,112	-	61,112	-
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	3,555,126	3,494,014	3,555,126	3,494,014
Less specific impairment for equities	(2,946,962)	(2,949,962)	(2,946,962)	(2,949,962)
Carrying value of SMIEES investment	**608,164**	**544,052**	**608,164**	**544,052**
Other unquoted equity investment:				
- GIM UEMOA	5,080	5,163	-	-
Cost of other unquoted equity investment	**5,080**	**5,163**	**-**	**-**
Carrying value of other unquoted equity investment	**5,080**	**5,163**	**-**	**-**
Total cost of unquoted equity investment	**3,560,206**	**3,499,177**	**3,555,126**	**3,494,014**
Total impairment of unquoted equity investment	(2,946,962)	(2,949,962)	(2,946,962)	(2,949,962)
Total carrying value of unquoted equity investment	**613,244**	**549,215**	**608,164**	**544,052**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Balance at 1 January	549,215	79,100	544,052	74,053
- Exchange difference	(83)	116		-
- Disposal	-	(264,201)	-	(264,201)
- Reversal of impairment	3,000	264,201	3,000	264,201
- Transfer from equity investments at fair value	61,112	469,999	61,112	469,999
Balance, end of the period	613,244	549,215	608,164	544,052

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment..

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table. The outstanding carrying amount on the book for these investments as at 30th June 2015 is N608,164,000 (December 2014: N544,052,000).

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

• There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.

• The Group does not provide essential technical information to the entities.

• There is no inter-change of personnel between the Group and the entities.

• Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

27 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Financial assets held for trading	**8,691**	**5,558**	**-**	**-**
- Treasury bills	8,691	5,558	-	-
Investment Securities - available for sale (See note (c) below):	**57,910,022**	**39,173,640**	**57,910,022**	**39,173,640**
- Treasury bills	57,910,022	39,173,640	57,910,022	39,173,640
	57,918,713	39,179,198	57,910,022	39,173,640
Current	57,910,022	39,173,640	57,910,022	39,173,640
Non-current	8,691	5,558	-	-

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

(c) Bonds and Treasury Bills pledged as collateral of N8,691,000 (Parent: nil) (December 2014: N5,558,000) have been reclassified from financial assets held for trading at fair value.

(c) Treasury Bills pledged as collateral of N57,910,022,000 (December 2014: N39,173,640,000) have been reclassified from available for sale investment securities at fair value.

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

28 Loans and advances to banks

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Loans and advances to banks	356,620	5,695,613	17,982	30,836
Less specific allowances for impairment	-	-	-	-
Less collective allowances for impairment	(22)	(21)	(22)	(21)
	356,598	5,695,592	17,960	30,815
Current	356,598	5,695,592	17,960	30,815
Non-current	-	-	-	-

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

Group

In thousands of Nigerian Naira	Jun-2015 Specific allowance for impairment	Jun-2015 Collective allowance for impairment	Jun-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	-	21	21	-	11	11
Increase in impairment allowances	-	1	1	-	10	10
	-	22	22	-	21	21

Parent

In thousands of Nigerian Naira	Jun-2015 Specific allowance for impairment	Jun-2015 Collective allowance for impairment	Jun-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	-	21	21	-	11	11
Increase in impairment allowances	-	1	1	-	10	10
	-	22	22	-	21	21

29 Loans and advances to customers

Jun-2015	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Loans to individuals:				
Loans	77,219,927	79,329,101	58,466,535	65,316,975
Overdrafts	8,341,541	8,506,771	6,050,933	5,815,694
Others[1]	145,532	6,948	-	-
Gross loans	**85,707,000**	**87,842,820**	**64,517,468**	**71,132,669**
Loans	(275,756)	(32,741)	-	-
Overdrafts	(354,821)	(317,057)	(321,139)	(69,838)
Others[1]	(2,140)	(850)	-	-
Specific impairment	**(632,717)**	**(350,648)**	**(321,139)**	**(69,838)**
Loans	(416,747)	(351,910)	(340,425)	(343,386)
Overdrafts	(507,318)	(332,562)	(497,996)	(268,199)
Others[1]	(593)	(221)	-	-
Collective impairment	**(924,658)**	**(684,693)**	**(838,421)**	**(611,585)**
Loans	(692,503)	(384,651)	(340,425)	(343,386)
Overdrafts	(862,139)	(649,619)	(819,135)	(338,037)
Others[1]	(2,733)	(1,071)	-	-
Total impairment	**(1,557,375)**	**(1,035,341)**	**(1,159,560)**	**(681,423)**
Loans	76,527,424	78,944,450	58,126,110	64,973,589
Overdrafts	7,479,402	7,857,152	5,231,798	5,477,657
Others[1]	142,799	5,877	-	-
Carrying amount	**84,149,625**	**86,807,479**	**63,357,908**	**70,451,246**
Loans to Non-individuals:				
Loans	961,695,182	946,454,911	948,862,143	907,178,355
Overdrafts	208,115,403	174,990,995	164,671,279	142,378,503
Others[1]	77,738,618	97,012,660	56,424,075	87,762,518
Gross loans	**1,247,549,203**	**1,218,458,566**	**1,169,957,497**	**1,137,319,376**
Loans	(14,468,262)	(14,066,172)	(14,156,753)	(12,283,990)
Overdrafts	(9,771,405)	(7,013,627)	(8,716,843)	(6,195,852)
Others[1]	(517,389)	(1,042,253)	-	-
Specific impairment	**(24,757,056)**	**(22,122,052)**	**(22,873,596)**	**(18,479,842)**
Loans	(3,886,853)	(4,689,538)	(3,790,281)	(4,412,610)
Overdrafts	(3,425,882)	(2,420,835)	(3,098,954)	(2,293,763)
Others[1]	(477,666)	(352,485)	(317,269)	(190,533)
Collective impairment	**(7,790,401)**	**(7,462,858)**	**(7,206,504)**	**(6,896,906)**
Loans	(18,355,115)	(18,755,710)	(17,947,034)	(16,696,600)
Overdrafts	(13,197,287)	(9,434,462)	(11,815,797)	(8,489,615)
Others[1]	(995,055)	(1,394,738)	(317,269)	(190,533)
Total impairment	**(32,547,457)**	**(29,584,910)**	**(30,080,100)**	**(25,376,748)**
Loans	943,340,067	927,699,201	930,915,109	890,481,755
Overdrafts	194,918,116	165,556,533	152,855,482	133,888,888
Others[1]	76,743,563	95,617,922	56,106,806	87,571,985
Carrying amount	**1,215,001,746**	**1,188,873,656**	**1,139,877,397**	**1,111,942,628**
Total carrying amount (individual and non individual)	**1,299,151,371**	**1,275,681,135**	**1,203,235,305**	**1,182,393,874**
Current	776,935,848	734,167,463	705,754,584	660,309,541
Non-current	522,215,523	541,513,672	497,480,721	522,084,333

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

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

Group

In thousands of Nigerian Naira	Jun-2015 Specific allowance for impairment	Jun-2015 Collective allowance for impairment	Jun-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	350,648	684,693	1,035,341	375,223	923,780	1,299,003
Foreign currency translation and other adjustments	2,493	10,459	12,952	21,240	4,060	25,300
Increase in impairment allowances	304,768	241,199	545,967	152,062	44,653	196,715
Reversal of impairment	(3,794)	(11,693)	(15,487)	(146,058)	(287,800)	(433,858)
Write offs	(21,398)	-	(21,398)	(51,819)	-	(51,819)
Balance, end of period	632,717	924,658	1,557,375	350,648	684,693	1,035,341

Parent

In thousands of Nigerian Naira	Jun-2015 Specific allowance for impairment	Jun-2015 Collective allowance for impairment	Jun-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	69,838	611,585	681,423	180,579	880,293	1,060,872
Increase in impairment allowances	268,819	229,797	498,616	13,355	-	13,355
Reversal of impairment	(3,794)	(2,961)	(6,755)	(114,047)	(268,708)	(382,755)
Write offs	(13,724)	-	(13,724)	(10,049)	-	(10,049)
Balance, end of period	321,139	838,421	1,159,560	69,838	611,585	681,423

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

Group

In thousands of Nigerian Naira	Jun-2015 Specific allowance for impairment	Jun-2015 Collective allowance for impairment	Jun-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	22,122,052	7,462,858	29,584,910	16,047,503	6,469,999	22,517,502
Foreign currency translation and other adjustments	(155,461)	(63,835)	(219,296)	(163,300)	(31,319)	(194,619)
Increase in impairment allowances	5,444,401	1,033,430	6,477,831	8,084,759	1,074,140	9,158,899
Reversal of impairment	(197,641)	(642,052)	(839,693)	(829,258)	(49,962)	(879,220)
Write offs	(2,456,295)	-	(2,456,295)	(1,017,652)	-	(1,017,652)
Balance, end of period	24,757,056	7,790,401	32,547,457	22,122,052	7,462,858	29,584,910

Parent

In thousands of Nigerian Naira	Jun-2015 Specific allowance for impairment	Jun-2015 Collective allowance for impairment	Jun-2015 Total allowance for impairment	Dec-2014 Specific allowance for impairment	Dec-2014 Collective allowance for impairment	Dec-2014 Total allowance for impairment
Balance at 1 January	18,479,842	6,896,906	25,376,748	12,947,786	5,990,891	18,938,677
Foreign currency translation and other adjustments	(248)	-	(248)	97	-	97
Increase in impairment allowances	5,310,440	931,927	6,242,367	6,469,733	906,015	7,375,748
Reversal of impairment	(84,000)	(622,329)	(706,329)	(694,160)	-	(694,160)
Write offs	(832,438)	-	(832,438)	(243,614)	-	(243,614)
Balance, end of period	22,873,596	7,206,504	30,080,100	18,479,842	6,896,906	25,376,748

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

Group

Jun-2015

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	17	17	-	-	-	-	21	21
Increase in impairment allowances	-	-	-	-	1	1	-	-	-	-	1	1
	-	4	4	-	18	18	-	-	-	-	22	22

Group

Dec-2014

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	-	11	11	-	-	-	-	11	11
Increase in impairment allowances	-	4	4	-	6	6	-	-	-	-	10	10
	-	4	4	-	17	17	-	-	-	-	21	21

Parent

Jun-2015

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	17	17	-	-	-	-	21	21
Increase in impairment allowances	-	-	-	-	1	1	-	-	-	-	1	1
	-	4	4	-	18	18	-	-	-	-	22	22

Parent
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	-	-	-	11	11	-	-	-	-	11	11
Increase in impairment allowances	-	4	4	-	6	6	-	-	-	-	10	10
	-	4	4	-	17	17	-	-	-	-	21	21

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

Group
Jun-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	32,741	351,910	384,651	317,057	332,562	649,619	850	221	1,071	350,648	684,693	1,035,341
Foreign currency translation and other adjustments	1,087	4,714	5,801	1,398	5,738	7,136	8	7	15	2,493	10,459	12,952
Increase in impairment allowances	245,273	8,769	254,042	58,187	232,059	290,246	1,308	371	1,679	304,768	241,199	545,967
Reversal of impairment	-	51,354	51,354	(3,794)	(63,041)	(66,835)	-	(6)	(6)	(3,794)	(11,693)	(15,487)
Write offs	(3,345)	-	(3,345)	(18,027)	-	(18,027)	(26)	-	(26)	(21,398)	-	(21,398)
Balance, end of period	275,756	416,747	692,503	354,821	507,318	862,139	2,140	593	2,733	632,717	924,658	1,557,375

Group
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	144,040	514,115	658,155	229,360	409,258	638,618	1,823	407	2,230	375,223	923,780	1,299,003
Foreign currency translation and other adjustments	1,983	2,087	4,070	19,205	1,972	21,177	52	1	53	21,240	4,060	25,300
Increase in impairment allowances	16,554	12,423	28,977	135,205	32,194	167,399	303	36	339	152,062	44,653	196,715
Reversal of impairment	(115,887)	(176,715)	(292,602)	(28,944)	(110,862)	(139,806)	(1,227)	(223)	(1,450)	(146,058)	(287,800)	(433,858)
Write offs	(13,949)	-	(13,949)	(37,769)	-	(37,769)	(101)	-	(101)	(51,819)	-	(51,819)
Balance, end of period	32,741	351,910	384,651	317,057	332,562	649,619	850	221	1,071	350,648	684,693	1,035,341

Parent
Jun-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	343,386	343,386	69,838	268,199	338,037	-	-	-	69,838	611,585	681,423
Increase in impairment allowances	-	-	-	268,819	229,797	498,616	-	-	-	268,819	229,797	498,616
Reversal of impairment	-	(2,961)	(2,961)	(3,794)	-	(3,794)	-	-	-	(3,794)	(2,961)	(6,755)
Write offs	-	-	-	(13,724)	-	(13,724)	-	-	-	(13,724)	-	(13,724)
Balance, end of period	-	340,425	340,425	321,139	497,996	819,135	-	-	-	321,139	838,421	1,159,560

Parent
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	124,096	509,659	633,755	56,483	370,634	427,117	-	-	-	180,579	880,293	1,060,872
Increase in impairment allowances	-	-	-	13,355	-	13,355	-	-	-	13,355	-	13,355
Reversal of impairment	(114,047)	(166,273)	(280,320)	-	(102,435)	(102,435)	-	-	-	(114,047)	(268,708)	(382,755)
Write offs	(10,049)	-	(10,049)	-	-	-	-	-	-	(10,049)	-	(10,049)
Balance, end of period	-	343,386	343,386	69,838	268,199	338,037	-	-	-	69,838	611,585	681,423

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

Group
Jun-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	14,066,172	4,689,538	18,755,710	7,013,627	2,420,835	9,434,462	1,042,253	352,485	1,394,738	22,122,052	7,462,858	29,584,910
Foreign currency translation and other adjustments	(67,894)	(28,771)	(96,665)	(87,042)	(35,023)	(122,065)	(525)	(41)	(566)	(155,461)	(63,835)	-
Increase in impairment allowances	2,143,673	45,748	2,189,421	3,305,316	860,881	4,166,197	(4,588)	126,801	122,213	5,444,401	1,033,430	-
Reversal of impairment	(133,528)	(819,662)	(953,190)	(63,729)	179,189	115,460	(384)	(1,579)	(1,963)	(197,641)	(642,052)	-
Write offs	(1,540,161)	-	(1,540,161)	(396,767)	-	(396,767)	(519,367)	-	(519,367)	(2,456,295)	-	-
Balance, end of period	14,468,262	3,886,853	18,355,115	9,771,405	3,425,882	13,197,287	517,389	477,666	995,055	24,757,056	7,790,401	29,584,910

Group
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	10,545,114	4,044,803	14,589,917	3,966,149	2,192,263	6,158,412	1,536,240	232,933	1,769,173	16,047,503	6,469,999	22,517,502
Foreign currency translation and other adjustments	(15,160)	(16,097)	(31,257)	(147,744)	(15,212)	(162,956)	(396)	(10)	(406)	(163,300)	(31,319)	(194,619)
Increase in impairment allowances	4,156,397	701,042	4,857,439	3,858,439	250,279	4,108,718	69,923	122,819	192,742	8,084,759	1,074,140	9,158,899
Reversal of impairment	(304,291)	(40,210)	(344,501)	(251,578)	(6,495)	(258,073)	(273,389)	(3,257)	(276,646)	(829,258)	(49,962)	(879,220)
Write offs	(315,888)	-	(315,888)	(411,639)	-	(411,639)	(290,125)	-	(290,125)	(1,017,652)	-	(1,017,652)
Balance, end of period	14,066,172	4,689,538	18,755,710	7,013,627	2,420,835	9,434,462	1,042,253	352,485	1,394,738	22,122,052	7,462,858	29,584,910

Parent
Jun-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	12,283,990	4,412,610	16,696,600	6,195,852	2,293,763	8,489,615	-	190,533	190,533	18,479,842	6,896,906	25,376,748
Foreign currency translation and other adjustments	(248)	-	(248)	-	-	-	-	-	-	(248)	-	(248)
Increase in impairment allowances	2,789,449	-	2,789,449	2,520,991	805,191	3,326,182	-	126,736	126,736	5,310,440	931,927	6,242,367
Reversal of impairment	(84,000)	(622,329)	(706,329)	-	-	-	-	-	-	(84,000)	(622,329)	(706,329)
Write offs	(832,438)	-	(832,438)	-	-	-	-	-	-	(832,438)	-	(832,438)
Balance, end of period	14,156,753	3,790,281	17,947,034	8,716,843	3,098,954	11,815,797	-	317,269	317,269	22,873,596	7,206,504	30,080,100

Parent
Dec-2014

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	9,160,378	3,830,771	12,991,149	3,370,230	2,100,155	5,470,385	417,178	59,965	477,143	12,947,786	5,990,891	18,938,677
Foreign currency translation and other adjustments	97	-	97	-	-	-	-	-	-	97	-	97
Increase in impairment allowances	3,644,111	581,839	4,225,950	2,825,622	193,608	3,019,230	-	130,568	130,568	6,469,733	906,015	7,375,748
Reversal of impairment	(276,982)	-	(276,982)	-	-	-	(417,178)	-	(417,178)	(694,160)	-	(694,160)
Write offs	(243,614)	-	(243,614)	-	-	-	-	-	-	(243,614)	-	(243,614)
Balance, end of period	12,283,990	4,412,610	16,696,600	6,195,852	2,293,763	8,489,615	-	190,533	190,533	18,479,842	6,896,906	25,376,748

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

In thousands of Nigerian Naira	**Parent Jun-2015**	**Parent Dec-2014**
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	9,597,924	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
	41,905,781	40,130,284
Current	-	-
Non-current	41,905,781	40,130,284

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

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

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

Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at 30 June 2015, are as follows:

Full year profit and loss
Jun-2015

In thousands of Nigerian Naira	***GTBank Plc***	***SIT***	***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	106,632,274	(63,676)	4,480,327	1,861,201	874,395	1,178,914	1,044,305	156,945	3,336,686
Operating expenses	(41,428,518)	426,956	(1,886,743)	(917,849)	(604,642)	(1,083,552)	(578,512)	(360,771)	(2,646,820)
Loan impairment charges	(6,001,644)	-	66,803	(34,989)	(24,331)	-	(2,226)	-	45,638
Profit before tax	59,202,112	363,280	2,660,387	908,363	245,422	95,362	463,567	(203,826)	735,504
Taxation	(8,267,256)	-	(805,373)	(272,509)	-	-	(171,328)	-	(221,920)
Profit after tax	50,934,856	363,280	1,855,014	635,854	245,422	95,362	292,239	(203,826)	513,584

Please refer to note 45 for subsidiarieswith material non controlling interest.

Condensed financial position
Jun-2015

In thousands of Nigerian Naira	*GTBank Plc*	*SIT*	*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	172,715,917	52,450	26,680,696	8,531,880	7,638,846	64,978,495	5,030,923	806,237	20,109,354
Loans and advances to banks	17,960	-	-	-	-	-	-	338,638	-
Loans and advances to customers	1,203,235,305	-	27,441,566	6,970,828	5,227,929	15,025,607	4,823,976	1,194,379	36,659,329
Financial assets held for trading	9,380,731	-	-	-	-	-	6,961,698	-	-
Derivative financial assets	1,679,868	-	-	-	-	-	-	-	-
Investment securities:									
– Available for sale	345,322,999	3,987,575	-	7,145,322	-	6,696,703	1,850,723	5,080	7,315,646
– Held to maturity	3,963,698	-	5,656,759	-	1,558,227	-	-	1,710,123	13,083,521
Investment in subsidiaries	41,905,781	-	-	-	-	-	-	-	-
Assets pledged as collateral	57,910,022	-	-	-	-	-	-	8,691	-
Property and equipment	69,787,376	-	1,256,162	1,177,848	972,989	490,547	1,415,411	789,525	2,519,292
Intangible assets	2,494,385	-	86,748	-	24,755	10,985	16,121	67,696	1,228,752
Deferred tax assets	-	-	73,774	5,770	-	310,711	-	-	415,512
Restricted deposits and other assets	399,224,034	-	871,886	292,984	2,188,252	396,495	466,542	547,626	1,860,723
Total assets	2,307,638,076	4,040,025	62,067,591	24,124,632	17,610,998	87,909,543	20,565,394	5,467,995	83,192,129
Financed by:									
Deposits from banks	97,024	-	742,516	-	-	39,816,017	-	617	10,909,452
Deposits from customers	1,518,861,493	-	45,785,209	19,269,209	10,827,717	37,932,760	14,411,329	2,763,198	54,826,166
Financial liabilities held for trading	310,296	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	392,840
Current income tax liabilities	7,896,557	-	(227,691)	176,820	-	-	74,904	-	33,830
Deferred tax liabilities	5,091,738	-	106,348	-	-	-	154,737	-	109,258
Other liabilities	77,011,028	8,670,949	688,999	999,322	2,045,043	458,315	2,209,551	510,873	1,466,104
Other borrowed funds	319,699,470	2,067,590	5,347,114	-	1,492,125	-	1,597,812	-	162,992
Total liabilities	1,928,967,606	10,738,539	52,442,495	20,445,351	14,364,885	78,207,092	18,448,333	3,274,688	67,900,642
Equity and reserve	378,670,470	(6,698,514)	9,625,096	3,679,281	3,246,113	9,702,451	2,117,061	2,193,307	15,291,487
	2,307,638,076	4,040,025	62,067,591	24,124,632	17,610,998	87,909,543	20,565,394	5,467,995	83,192,129

Please refer to note 45 for subsidiarieswith material non controlling interest.

Condensed cash flow
Jun-2015

In thousands of Nigerian Naira	*GTBank Plc*	*SIT*	*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	27,083,596	952,042	3,342,632	(981,764)	231,762	12,960,868	3,246,636	(649,141)	(4,614,615)
- from investing activities	(31,028,643)	-	2,937,118	(843,815)	106,394	603,144	(1,728,332)	361,442	8,283,923
- from financing activities	7,729,012	(929,572)	(89,757)	-	1,492,125	(1,883,097)	1,597,812	-	10,552
Increase in cash and cash equivalents	3,783,965	22,470	6,189,993	(1,825,579)	1,830,281	11,680,915	3,116,116	(287,699)	3,679,860
Cash balance, beginning of period	161,778,647	29,980	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210
Effect of exchange difference	7,153,305	-	(5,132,512)	933,440	325,388	4,297,699	147,988	(2,236)	(298,716)
Cash balance, end of period	172,715,917	52,450	26,680,696	8,531,880	7,638,846	64,978,495	5,030,923	806,237	20,109,354

(b) Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2015, are as follows:

Profit and loss
Jun-2015

In thousands of Nigerian Naira	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Operating income	1,949,515	1,021,915	403,283
Operating expenses	(1,298,709)	(916,551)	(431,560)
Loan impairment charges	4,801	387	2,418
Profit before tax	655,607	105,751	(25,859)
Taxation	(196,681)	-	(25,240)
Profit after tax	458,926	105,751	(51,099)

Condensed financial position
Jun-2015

In thousands of Nigerian Naira	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Assets			
Cash and cash equivalents	15,309,831	4,058,876	740,645
Loans and advances to customers	22,465,253	11,487,525	2,706,548
Investment securities:	-	-	-
– Available for sale	7,315,646	-	-
– Held to maturity	6,638,365	4,856,997	1,588,159
Investment in subsidiaries	5,486,462	-	-
Property and equipment	1,076,974	1,224,237	218,081
Intangible assets	523,520	385,786	275,727
Deferred tax assets	39,823	-	375,689
Other assets	1,602,002	438,409	233,570
Total assets	60,457,876	22,451,830	6,138,419
Financed by:			
Deposits from banks	10,545,940	307	363,205
Deposits from customers	33,238,016	18,325,006	3,263,144
Debt securities issued	-	-	-
Current income tax liabilities	33,830	-	-
Deferred tax liabilities	-	109,258	-
Other liabilities	872,274	838,212	168,876
Other borrowed funds	-	162,992	-
Total liabilities	44,690,060	19,435,775	3,795,225
Equity and reserve	15,767,816	3,016,055	2,343,194
	60,457,876	22,451,830	6,138,419

(c Condensed results of the consolidated entities as at 30 June 2014, are as follows:

Jun-2014

In thousands of Nigerian Naira	***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	94,524,495	(46,969)	-	4,405,220	1,329,374	681,813	951,559	854,028	96,338	2,777,538
Operating expenses	(38,188,815)	(137,267)	-	(1,956,224)	(729,032)	(503,271)	(937,559)	(481,280)	(311,951)	(2,117,472)
Loan impairment charges	(5,252,074)	-	-	(178,841)	1,216	(8,385)	-	(4,387)	-	103,603
Profit before tax	51,083,606	(184,236)	-	2,270,155	601,558	170,157	14,000	368,361	(215,613)	763,669
Taxation	(7,955,437)	-	-	(883,706)	(180,467)	-	-	(117,878)	-	(251,221)
Profit after tax	43,128,169	(184,236)	-	1,386,449	421,091	170,157	14,000	250,483	(215,613)	512,448

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

Dec-2014

In thousands of Nigerian Naira	***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	161,778,647	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210
Loans and advances to banks	30,815	-	-	-	-	-	5,664,777	-	-	-
Loans and advances to customers	1,182,393,874	-	167,517,540	27,610,612	5,440,847	4,793,027	12,019,277	5,460,914	728,199	39,633,328
Financial assets held for trading	5,675,545	-	-	-	-	-	-	3,740,374	-	-
Derivative financial assets	529,732	-	-	-	-	-	-	-	-	-
Investment securities:										
– Available for sale	317,749,878	3,987,575	-	-	5,729,421	-	6,678,503	-	5,163	14,538,969
– Held to maturity	4,511,342	-	-	11,490,198	-	1,680,191	-	-	2,143,932	15,334,977
Investment in subsidiaries	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	39,173,640	-	-	-	-	-	-	-	5,558	-
Property and equipment	68,042,098	-	-	1,496,676	988,910	834,963	482,926	1,148,296	831,662	2,410,916
Intangible assets	2,417,700	-	-	105,759	-	1,800	19,605	14,365	85,235	1,265,768
Deferred tax assets	-	-	-	67,579	6,343	-	317,145	-	-	467,165
Other assets	304,174,757	-	-	1,135,073	200,093	2,007,580	330,235	2,001,611	697,716	3,619,307
Total assets	2,126,608,312	4,017,555	167,517,540	67,529,112	21,789,633	14,800,738	74,512,349	14,132,379	5,593,637	93,998,640
Financed by:										
Deposits from banks	143,713	-	-	3,000,171	-	-	35,167,632	487,436	4,635	15,115,332
Deposits from customers	1,439,522,070	-	-	45,822,391	18,100,842	10,075,521	30,106,971	11,613,732	2,532,115	60,437,627
Derivative financial liabilities	253,374	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	166,919,321	-	-	-	-	-	-	401,886
Current income tax liabilities	12,657,634	-	-	(6,202)	261,622	-	-	45,680	-	98,182
Deferred tax liabilities	3,955,805	-	-	136,437	-	-	-	163,941	-	135,485
Other liabilities	47,714,495	8,082,186	-	1,463,975	691,677	1,753,109	384,845	145,035	635,823	3,034,128
Other borrowed funds	252,830,895	2,997,162	-	5,231,164	-	-	1,729,883	-	-	155,807
Total liabilities	1,757,077,986	11,079,348	166,919,321	55,647,936	19,054,141	11,828,630	67,389,331	12,455,824	3,172,573	79,378,447
Equity and reserve	369,530,326	(7,061,793)	598,219	11,881,176	2,735,492	2,972,108	7,123,018	1,676,555	2,421,064	14,620,193
	2,126,608,312	4,017,555	167,517,540	67,529,112	21,789,633	14,800,738	74,512,349	14,132,379	5,593,637	93,998,640

Jun-2014

In thousands of Nigerian Naira	*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	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	31,421,005	(1,940,861)	-	6,193,311	(938,079)	(233,105)	(2,564,586)	59,853	(257,970)	(11,929,159)
- from financing activities	(47,593,670)	1,453,679	234,999	(1,218,149)	(137,238)	-	-	(112,262)	-	4,098
Increase in cash and cash equivalents	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 perioc	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	771,701	(182)	-	(4,928,443)	116,347	63,697	2,138,488	(2,253)	3,506	177,258
Cash balance, end of period	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***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	1,646,798	925,481	295,914
Operating expenses	(983,496)	(815,009)	(322,676)
Loan impairment charges	17,730	(2,210)	1,734
Profit before tax	681,032	108,262	(25,028)
Taxation	(204,310)	(32,479)	(14,579)
Profit after tax	476,722	75,783	(39,607)

Condensed financial position

Dec-2014

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

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2015	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781
Exchange difference	26,826	(1,735)	34,127	3,574	-	6,205	68,997
Additions	790,064	2,975	1,990,503	657,017	35,547	4,394,444	7,870,550
Disposals	(2,928)	-	(2,429,186)	(534,857)	-	-	(2,966,971)
Transfers	660,964	180,250	525,161	192,363	-	(1,558,738)	-
Reclassifications to other assets	-	-	-	-	-	(54,557)	(54,557)
Balance at 30 June 2015	41,531,982	9,085,803	51,229,726	8,696,953	4,263,679	17,328,657	132,136,800
Balance at 1 January 2014	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278
Exchange difference	89,074	(44,135)	155,045	(14,510)	-	(19,835)	165,639
Additions	2,313,155	1,428	5,319,483	1,386,818	45,856	5,469,348	14,536,088
Disposals	-	-	(1,774,059)	(1,079,740)	-	26,685	(2,827,114)
Transfers	2,793,979	820,301	4,871,879	308,343	-	(8,794,502)	-
Reclassifications from other assets	-	-	-	-	-	4,296,890	4,296,890
Reclassifications to other assets	27,239	-	-	-	-	(27,239)	-
Balance at 31 December 2014	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781

[1] 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 bein depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2015	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Exchange difference	20,992	5,869	28,172	10,112	-	-	65,145
Charge for the period	919,632	54,851	3,633,651	685,056	262,394	-	5,555,584
Disposal	(2,928)	-	(2,421,331)	(451,154)	-	-	(2,875,413)
Balance at 30 June 2015	8,330,957	676,508	36,365,183	5,459,426	2,895,576	-	53,727,650
Balance at 1 January 2014	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Exchange difference	21,545	818	34,242	(36,053)	-	-	20,552
Charge for the period	1,763,571	103,211	7,214,573	1,410,096	507,664	-	10,999,115
Disposal	-	-	(1,774,059)	(1,004,355)	-	-	(2,778,414)
Balance at 31 December 2014	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Carrying amounts:							
Balance at 30 June 2015	33,201,025	8,409,295	14,864,543	3,237,527	1,368,103	17,328,657	78,409,150
Balance at 31 December 2014	32,663,795	8,288,525	15,984,430	3,163,444	1,594,950	14,541,303	76,236,447

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2015	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202
Exchange difference	-	-	-	-	-	-	-
Additions	525,265	-	1,679,512	367,842	35,547	4,129,817	6,737,983
Disposals	-	-	(2,111,454)	(436,133)	-	-	(2,547,587)
Transfers	606,810	180,250	375,320	190,155	-	(1,352,535)	-
Reclassifications to other assets	-	-	-	-	-	(54,557)	(54,557)
Balance at 30 June 2015	36,364,275	8,480,866	44,681,850	7,282,297	4,263,679	16,622,074	117,695,041
Balance at 1 January 2014	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015
Exchange difference	-	-	-	-	-	-	-
Additions	1,998,333	-	3,873,763	1,082,626	45,856	5,163,325	12,163,903
Disposals	-	-	(1,631,625)	(1,008,981)	-	-	(2,640,606)
Transfers	2,614,401	820,301	4,765,194	308,343	-	(8,508,239)	-
Reclassifications from other assets	-	-	-	-	-	4,296,890	4,296,890
Balance at 31 December 2014	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2015	6,389,345	545,428	31,369,167	4,579,982	2,633,182	-	45,517,104
Exchange difference	-	-	-	-	-	-	-
Charge for the period	741,017	55,068	3,249,500	578,545	262,394	-	4,886,524
Disposal	-	-	(2,104,214)	(391,749)	-	-	(2,495,963)
Balance at 30 June 2015	7,130,362	600,496	32,514,453	4,766,778	2,895,576	-	47,907,665
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	1,550,077	103,733	6,415,375	1,197,161	507,664	-	9,774,010
Disposal	-	-	(1,631,601)	(944,637)	-	-	(2,576,238)
Balance at 31 December 2014	6,389,345	545,428	31,369,167	4,579,982	2,633,182	-	45,517,104
Carrying amounts:							
Balance at 30 January 2015	29,233,913	7,880,370	12,167,397	2,515,519	1,368,103	16,622,074	69,787,376
Balance at 31 December 2014	28,842,855	7,755,188	13,369,305	2,580,451	1,594,950	13,899,349	68,042,098

(c) The Bank had capital commitments of N693,280,000 (31 December 2014: N587,193,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2014: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2015	8,650,704	10,035,233	18,685,937
Exchange translation differences	(995)	(42,671)	(43,666)
Additions	-	623,123	623,123
Disposals	-	(2,070,269)	(2,070,269)
Balance at 30 June 2015	8,649,709	8,545,416	17,195,125
Balance at 1 January 2014	8,646,631	7,529,614	16,176,245
Exchange translation differences	4,073	24,792	28,865
Additions	-	2,480,827	2,480,827
Balance at 31 December 2014	8,650,704	10,035,233	18,685,937
Amortization and impairment losses			
Balance at 1 January 2015	-	6,169,718	6,169,718
Exchange translation differences	-	(8,075)	(8,075)
Amortization for the period	-	568,322	568,322
Disposals	-	(2,070,268)	(2,070,268)
Balance at 30 June 2015	-	4,659,697	4,659,697
Balance at 1 January 2014	-	4,961,971	4,961,971
Exchange translation differences	-	55,207	55,207
Amortization for the period	-	1,152,540	1,152,540
Balance at 31 December 2014	-	6,169,718	6,169,718
Carrying amounts			
Balance at 30 June 2015	8,649,709	3,885,719	12,535,428
Balance at 31 December 2014	8,650,704	3,865,515	12,516,219

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended June 2015 (2014: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2015	7,616,866
Additions	525,964
Disposals	(1,894,180)
Balance at 30 June 2015	6,248,650
Balance at 1 January 2014	6,639,769
Additions	977,097
Balance at 31 December 2014	7,616,866
Amortization and impairment losses	
Balance at 1 January 2015	5,199,166
Amortization for the period	449,278
Disposals	(1,894,179)
Balance at 30 June 2015	3,754,265
Balance at 1 January 2014	4,383,001
Amortization for the period	816,165
Balance at 31 December 2014	5,199,166
Carrying amounts	
Balance at 30 June 2015	2,494,385
Balance at 31 December 2014	2,417,700

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	**Jun -15**	**Dec-14**
Rest of West Africa:		
- Corporate Banking	35,757	36,070
- Commercial Banking	6,373	6,836
- Retail Banking	8,792	8,015
East Africa:		
- Corporate Banking	6,038,034	6,091,621
- Commercial Banking	1,076,144	1,154,521
- Retail Banking	1,484,608	1,353,639
	8,649,709	**8,650,702**

No impairment loss on goodwill was recognised during the period ended 30 Jun. 2015 (2014: nil).

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

Cash Flow Forecasts

The cash flows projections used for the 2 periods were based on actual operating results and the 5-year business plan appropriately approved by senior management. Cash flows were projected for a period of 5-years using a constant growth rate of 4.9 per cent and 4.3 per cent in 2015 and 2014 respectively. This constant growth rate is based on the long term forecast of GTBank's growth rate in the countries in which the CGU's operate centred on past performance, current industry trend and management's expectations of market development. This growth rate used does not exceed the long-term average growth rate for the countries/regions in which the goodwill was allocated. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.

Valuation Assumptions and Other Disclosures

For each of the CGUs for which the goodwill was allocated, the key assumptions used in Value-in-use calculations are as follows:

The recoverable amount of the regions for which goodwill was allocated has been based on their value in use which was determined by discounting the projected cash flows generated by the segments with an average discount rate of 8.4% derived using earnings yield approach. It would require over N9.5billion change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated the CGU can be assumed impaired.

2015-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Operating Income Growth Rate (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Operating Costs (₦'Million)	2,316	1,723	3,603	1,575	1,172	2,450
Annual Capital Expenditure (₦'Million)	165	211	290	34	43	59
Recoverable Amount (₦'Million)	105,669	29,184	32,643	42,647	11,408	13,383
Long Term Growth Rate (%)	2.8%-6%	2.8%-6%	2.8%-6%	4%-6%	4%-6%	4%-6%
Discount Rate (%)	10.43%	10.43%	10.43%	10.43%	10.43%	10.43%

2014-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	10.5%	10.5%	10.5%	9.5%	9.5%	9.5%
Operating Income Growth Rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other Operating Costs (₦'Million)	2,006	2,585	4,177	1,118	1,441	2,329
Annual Capital Expenditure (₦'Million)	64	12	14	443	314	60
Recoverable Amount (₦'Million)	102,109	19,222	39,608	13,556	4,080	8,855
Long Term Growth Rate (%)	4%-7.3%	4%-7.3%	4%-7.3%	4%-7.3%	4%-7.3%	4%-7.3%
Discount Rate (%)	10.42%	10.42%	10.42%	10.42%	10.42%	10.42%

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira		**Jun-2015**			**Dec-2014**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	668,271	-	668,271	284,065	-	284,065
Fair value reserves	63,722	-	63,722	25,026	-	25,026
Allowances for loan losses/Fraudloss provision	73,774	-	73,774	431,850	-	431,850
Other assets	-	-	-	32,756	-	32,756
Foreign currency translation difference	1,969,922	-	1,969,922	1,584,583	-	1,584,583
Net deferred tax assets/(liabilities)	2,775,689	-	2,775,689	2,358,280	-	2,358,280

In thousands of Nigerian Naira	**Jun-2015**	**Dec-2014**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,107,418	2,074,215
-Deferred tax assets to be recovered after more than 12 months	668,271	284,065

Group
Deferred tax liabilities

In thousands of Nigerian Naira	**Jun-2015**			**Dec-2014**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	8,057,341	8,057,341	-	7,583,757	7,583,757
Fair value reserves	-	274,898	274,898	514,236	-	(514,236)
Allowances for loan losses/Fraudloss provision	2,420,687	-	(2,420,687)	2,318,803	-	(2,318,803)
Mark to market loss on valuation of securities	4,713	-	(4,713)	-	1,882	1,882
Defined benefit obligation/Actuarial Loss	238,800	-	(238,800)	238,800	-	(238,800)
Other assets	205,957	-	(205,957)	122,132	-	(122,132)
Net deferred tax (assets)/liabilities	2,870,157	8,332,239	5,462,082	3,193,971	7,585,639	4,391,668

In thousands of Nigerian Naira	**Jun-2015**	**Dec-2014**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,870,157	3,193,971
-Deferred tax assets to be recovered after more than 12 months	-	-
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	274,898	1,882
-Deferred tax liabilities to be recovered after more than 12 months	8,057,341	7,583,757

Parent
Deferred Tax Liabilities

In thousands of Nigerian Naira		**Jun-2015**			**Dec-2014**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	7,710,896	7,710,896	-	7,147,894	7,147,894
Fair value reserves	-	250,999	250,999	514,236	-	(514,236)
Allowances for loan losses/Fraudloss provision	2,420,687	-	(2,420,687)	2,318,803	-	(2,318,803)
Mark to market loss on valuation of securities	4,713	-	(4,713)	-	1,882	1,882
Defined benefit obligation/Actuarial Loss	238,800	-	(238,800)	238,800	-	(238,800)
Other assets	205,957	-	(205,957)	122,132	-	(122,132)
Net deferred tax (assets)/liabilities	2,870,157	7,961,895	5,091,738	3,193,971	7,149,776	3,955,805

In thousands of Nigerian Naira	**Jun-2015**	**Dec-2014**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	2,870,157	3,193,971
-Deferred tax assets to be recovered after more than 12 months	-	-
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	250,999	1,882
-Deferred tax liabilities to be recovered after more than 12 months	7,710,896	7,147,894

Movements in temporary differences during the year

Group
Jun-2015

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2015	7,299,692	(539,262)	(2,750,653)	1,882	(238,800)	(154,888)	(1,584,583)	2,033,388
Exchange Difference	(145,885)	-	(49,565)	(4,988)	-	50,574	9,890	(139,974)
Recognised in Profit or loss	235,263	(46,785)	305,757	(1,607)	-	(101,643)	-	390,985
Other comprehensive Income	-	797,223	-	-	-	-	(395,229)	401,994
Balance at 30, Jun 2015	7,389,070	211,176	(2,494,461)	(4,713)	(238,800)	(205,957)	(1,969,922)	2,686,393

Group
Dec-2014

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2014	6,128,536	1,288,082	(2,902,008)	(37,857)	(495,061)	204,343	(1,066,039)	3,119,996
Exchange Difference	264,585	-	(170,282)	(4,988)	-	94,336	(82,833)	100,818
Recognised in Profit or loss	906,571	(107,147)	321,637	44,727	495,061	(453,567)	-	1,207,282
Other comprehensive Income	-	(1,720,197)	-	-	(238,800)	-	(435,711)	(2,394,708)
Balance at 31, Dec 2014	7,299,692	(539,262)	(2,750,653)	1,882	(238,800)	(154,888)	(1,584,583)	2,033,388

Parent
Jun-2015

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2015	7,147,894	(514,236)	(2,318,803)	1,882	(238,800)	(122,132)	-	3,955,805
Recognised in Profit or loss	563,002	-	(101,884)	(6,595)	-	(83,825)	-	370,698
Other comprehensive Income	-	765,235	-	-	-	-	-	765,235
Balance at 30, Jun 2015	7,710,896	250,999	(2,420,687)	(4,713)	(238,800)	(205,957)	-	5,091,738

Parent
Dec-2014

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2014	6,219,780	1,238,836	(2,808,099)	(37,857)	(495,061)	666,724	-	4,784,323
Recognised in Profit or loss	928,114	-	489,296	39,739	495,061	(788,856)	-	1,163,354
Other comprehensive Income	-	(1,753,072)	-	-	(238,800)	-	-	(1,991,872)
Balance at 31, Dec 2014	7,147,894	(514,236)	(2,318,803)	1,882	(238,800)	(122,132)	-	3,955,805

Temporary difference relating to the Group's Investment in subsidiaries as at 30 June 2015 is N1.4billion (Dec 2014: 2.1bn). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the temporary differences would not reverse in the foreseeable future. Hence, the deferred tax arising from the temporary differences have not been recognised.

34 (a) Restricted deposits and other assets

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Prepayments	31,108,713	16,267,107	27,343,542	10,327,710
Foreign Banks - Cash Collateral	9,835,092	24,843,035	9,835,092	31,406,543
Restricted deposits with central banks (See note 34(a) below)	359,392,106	261,009,876	356,703,857	257,098,961
Recognised assets for defined benefit obligations (See note 40)	5,647,099	5,647,099	5,647,099	5,647,099
	405,983,010	**307,767,117**	**399,529,590**	**304,480,313**
Impairment on other assets (See note 34(b) below)	(305,556)	(305,556)	(305,556)	(305,556)
	405,677,454	307,461,561	399,224,034	304,174,757
Current	400,030,355	301,668,643	393,576,935	298,527,658
Non-current	5,647,099	5,792,918	5,647,099	5,647,099

(b) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N356,703,857,000 with the Central Bank of Nigeria (CBN) as at 30th June 2015 (December 2014: N257,098,961,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 31% of total Naira deposits (December 2014: 15% non-government, 75% government deposit) which should be held with the Central Bank of Nigeria as a regulatory requirement.

As at 30 June 2015, GTB Liberia and Cote d'ivoire had restricted balances of N1,466,280,000 and N115,476,000 with the Central Bank of Liberia and the BCEAO respectively (December 2014: N1,203,885,000 and N104,972,000). The Cash Reserve Ratic in Liberia and Cote d'ivoire represents a mandatory 15% and 5% respectively of local currency deposit which should be held with respective Central Banks as a regulatory requirement. In the same period, GTBank Kenya had restricted deposits of N1,106,493,0 (December 2014: N970,247,000).

(b) Movement in impairment of other assets:

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Opening Balance	305,556	305,556	305,556	305,556
Closing Balance	305,556	305,556	305,556	305,556

35 Deposits from banks

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Money market deposits	10,731,749	17,929,547	-	139
Other deposits from banks	9,934,998	13,732,075	97,024	143,574
	20,666,747	31,661,622	97,024	143,713
Current	10,152,785	31,661,622	97,024	143,713
Non-current	10,513,962	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Retail customers:				
Term deposits	185,143,027	188,580,701	157,358,503	158,550,297
Current deposits	278,575,534	271,011,750	232,934,837	228,530,753
Savings	311,010,991	279,551,439	272,321,674	246,710,922
Corporate customers:				
Term deposits	332,522,430	248,578,930	311,519,917	226,427,755
Current deposits	597,417,114	630,485,374	544,726,562	579,302,343
	1,704,669,096	1,618,208,194	1,518,861,493	1,439,522,070
Current	1,697,297,729	1,616,284,159	1,518,847,278	1,439,520,778
Non-current	7,371,367	1,924,035	14,215	1,292

37 Financial liabilities held for trading

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Bond short positions	310,296	-	310,296	-
	310,296	-	310,296	-
Current	310,296	-	310,296	-

Bond shortsale relates to FGN 10 series 1.

38 Debt securities issued

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Debt securities at amortized cost:				
Eurobond debt security	179,017,208	166,919,321	-	-
Corporate bonds	392,840	401,886	-	-
	179,410,048	167,321,207	-	-
Current	99,170,344	-	-	-
Non-current	80,239,704	167,321,207	-	-

Debt securities of N179,017,208,000 (USD 899,810,000) (December 2014: N166,919,321,000 (USD 897,657,000))represents amortised cost of Dollar guaranteed note issued by GTB B.V. Netherlands. The note of USD 500,000,000 (principal) was issued in May 2011 for a period of 5 years at 7.5% per annum payable semi-annually while the second tranche of 400,000,000 (principal was issued in November 2013 for a period of 5 years at 6% .

The proceeds of Eurobond debt security issued by GTB Finance BV borrowed by the parent are shown as part of other borrowed fund in note 41.

39 Other liabilities

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Cash settled share based payment liability (Note 39(d))	8,670,949	8,082,186	-	-
Liability for defined contribution obligations (Note 39(a))	60,624	53,824	-	-
Deferred income on financial guarantee contracts	158,180	93,907	44,546	65,785
Certified cheques	7,759,116	8,353,368	6,864,846	7,016,047
Lease obligation (Note 39(b))	2,316,610	2,528,236	2,316,610	2,528,236
Customers' deposit for foreign trade (Note 39(c))	9,843,560	24,843,092	9,843,560	31,406,600
Customers' escrow balances	27,918,812	-	27,918,812	-
Other current liabilities	27,173,787	13,034,335	20,043,182	6,493,752
Deposit for shares	9,987,450	211,513	9,979,472	204,075
	93,889,088	57,200,461	77,011,028	47,714,495
Current	81,512,316	24,287,614	74,861,117	24,259,841
Non-current	12,376,772	32,912,847	2,149,911	23,454,654

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators.

(b) The lease obligation relates to other transportation equipment held under a finance lease arrangement. The net carrying amount of the assets, included within property, plant and equipment is N1,368,102,000 (December 2014: N1,594,950,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2014:Nil)

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Not more than one year	954,855	669,346	954,855	669,346
Over one year but less than five years	1,591,425	2,156,783	1,591,425	2,156,783
Over five years	-	-	-	-
	2,546,280	2,826,129	2,546,280	2,826,129
Less future finance charges	(229,670)	(297,893)	(229,670)	(297,893)
	2,316,610	2,528,236	2,316,610	2,528,236

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Jun-2015	Dec-2014	Jun-2015	Dec-2014
Not more than one year	818,626	549,307	818,626	549,307
Over one year but less than five years	1,497,984	1,978,929	1,497,984	1,978,929
Over five years	-	-	-	-
	2,316,610	2,528,236	2,316,610	2,528,236

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Jun-2015		Dec-2014	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	20.13	401,415	18.36	406,626
Granted	10.79	20,769	10.46	28,690
Exercised	21.80	(17,615)	22.22	(33,901)
At at end of the period	**21.43**	**404,569**	**20.13**	**401,415**

Out of the 404,569,000 outstanding SARs (2014: 401,415,000 SARs), 287,440,956 SARs (2014: 285,243,397) were exercisable. SARs exercised in 2015 resulted in 17,615,000 shares (2014:33,901,000) being issued at a weighted average price of N21.80 each (2014: N22.22 each).

The fair value of Share Appreciation Right was determined using a multi-factor model which entails using average share price for vested shares and multiple combination of 9.25% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

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

Naira	Exercise price		Share options (thousands)	
Grant-Vest	Jun-2015	Dec-2014	Jun-2015	Dec-2014
2004-2009	24.49	22.89	4,596,864	4,630,195
2004-2017	18.24	16.33	67,520	58,012
2005-2010	22.45	20.06	525,939	459,300
2005-2011	24.90	23.53	68,537	64,744
2005-2013	24.48	23.40	521,746	489,344
2006-2011	21.11	20.48	179,671	161,620
2006-2014	24.05	20.82	226,805	188,613
2007-2012	20.51	19.07	631,894	535,479
2007-2013	16.04	15.13	41,166	35,464
2007-2014	21.19	19.96	191,927	166,651
2007-2015	22.13	20.41	126,708	105,800
2007-2016	20.39	18.35	337,202	284,866
2008-2013	19.33	16.62	240,096	201,742
2008-2014	18.93	18.07	82,724	65,850
2008-2015	17.64	15.28	34,537	27,717
2008-2016	20.90	17.18	27,631	30,791
2008-2017	17.75	14.76	37,495	24,113
2009-2014	22.91	19.62	104,338	90,919
2009-2015	19.69	15.68	9,550	7,569
2009-2016	21.86	20.18	3,416	3,363
2010-2015	17.54	12.91	104,231	70,149
2010-2016	18.26	12.94	40,801	28,638
2010-2017	18.24	15.36	29,910	22,838
2010-2018	15.34	12.17	28,995	30,799
2010-2019	11.89	9.50	24,266	19,383
2011-2016	12.73	10.30	146,681	103,060
2011-2017	10.66	7.46	10,534	7,422
2011-2018	9.19	6.62	14,249	9,261
2011-2019	13.68	9.55	31,118	21,722
2011-2020	14.89	9.82	13,403	8,840
2011-2021	14.17	14.38	70,828	71,892
2012-2017	7.42	5.85	32,117	20,574
2012-2018	7.41	5.32	3,118	1,375
2012-2019	12.63	5.35	3,578	1,606
2012-2021	7.49	3.79	2,247	1,136
2012-2022	4.62	3.59	1,114	864
2013-2018	4.95	3.84	32,370	18,755
2014-2019	3.95	3.05	12,204	5,158
2014-2022	3.25	8.03	1,678	6,562
2015-2020	2.94	0.00	8,919	-
2015-2022	2.91	0.00	2,330	-
2015-2023	2.98	0.00	492	-
			8,670,949	8,082,186

40 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years and it is paid when employees exit the bank.

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Present value of funded obligations	(2,300,259)	(2,300,259)	(2,300,259)	(2,300,259)
Total present value of defined benefit obligations	(2,300,259)	(2,300,259)	(2,300,259)	(2,300,259)
Fair value of plan assets	7,947,358	7,947,358	7,947,358	7,947,358
Present value of net asset/(obligations)	5,647,099	5,647,099	5,647,099	5,647,099
Recognized asset/(liability) for defined benefit obligations	5,647,099	5,647,099	5,647,099	5,647,099

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 Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
(Deficit)/surplus on defined benefit obligations, beginning of period	5,647,099	5,779,442	5,647,099	5,779,442
Net (Expense) / Income recognised in Profit and Loss[1]	-	608,525	-	608,525
Re-measurements recognised in Other Comprehensive Income[2]	-	(796,000)	-	(796,000)
Contributions paid	-	55,132	-	55,132
(Deficit)/surplus for defined benefit obligations, end of period	5,647,099	5,647,099	5,647,099	5,647,099

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

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

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

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Interest income on assets	-	982,814	-	982,814
Interest cost on defined benefit obligation	-	(244,744)	-	(244,744)
	-	738,070	-	738,070

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

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Equity securities:				
- Quoted	2,439,658	2,439,658	2,439,658	2,439,658
- Unquoted	-	-	-	-
Government securities				
- Quoted	-	-	-	-
- Unquoted	225,376	225,376	225,376	225,376
Offshore investments				
- Quoted	1,411,734	1,411,734	1,411,734	1,411,734
- Unquoted	-	-	-	-
Cash and bank balances				
- Quoted	-	-	-	-
- Unquoted	3,870,590	3,870,590	3,870,590	3,870,590
	7,947,358	7,947,358	7,947,358	7,947,358

Group

In thousands of Nigerian Naira	Jun-2015		Dec-2014	
Equity securities	2,439,658	30%	2,439,658	30%
Government securities	225,376	3%	225,376	3%
Offshore investments	1,411,734	18%	1,411,734	18%
Cash and bank balances	3,870,590	49%	3,870,590	49%
	7,947,358	100%	7,947,358	100%

Parent

In thousands of Nigerian Naira	Jun-2015		Dec-2014	
Equity securities	2,439,658	30%	2,439,658	30%
Government securities	225,376	3%	225,376	3%
Offshore investments	1,411,734	18%	1,411,734	18%
Cash and bank balances	3,870,590	49%	3,870,590	49%
	7,947,358	100%	7,947,358	100%

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

Plan assets include the Group's ordinary shares with a fair value of N2,454,171,000 (2014: N2,271,540,000) and money market placements with a fair value of N3,448,227,000 (2014:N3,292,634,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2015 are N142,019,000 (December 2014: N132,297,000) while gratuity payments are estimated to be N142,019,000 (December 2014: N132.297,000)

(d) Defined benefit cost for year ending December 2015 is expected to be as follows:

	Group Jun-2016	Parent Jun-2016
Current service cost	168,486	129,545
Net Interest on Net benefit liability	(826,893)	(743,085)
Expense/(Income) recognised in profit or loss	(658,407)	(613,540)

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

	Group Jun-2016	Parent Jun-2016
Interest cost on defined benefit obligation	357,263	239,729
Interest income on assets	(1,184,156)	(982,814)
Total net interest cost	(826,893)	(743,085)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Fair value of plan assets, beginning of the period	7,947,358	7,560,108	7,947,358	7,560,108
Contributions paid into/(withdrawn from) the plan	-	55,132	-	55,132
Benefits paid by the plan	-	(55,132)	-	(55,132)
Actuarial gain/(loss)	-	(595,564)	-	(595,564)
Expected return on plan assets	-	982,814	-	982,814
Fair value of plan assets, end of the period	7,947,358	7,947,358	7,947,358	7,947,358

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

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Present value of obligation, beginning of the period	2,331,035	1,780,666	2,300,259	1,780,666
Interest cost	-	244,744	-	244,744
Current service cost	11,280	129,545	-	129,545
Benefits paid	(2,263)	(55,132)	-	(55,132)
Actuarial (gain)/loss on obligation	(7,140)	200,436	-	200,436
Present value of obligation at end of the period	2,332,912	2,300,259	2,300,259	2,300,259

(g) Expense recognised in profit or loss:

In thousands of Nigerian Naira	Group Jun-2015	Group Jun-2014	Parent Jun-2015	Parent Jun-2014
Current service costs	11,280	129,545	-	129,545
Interest on obligation	-	(738,070)	-	(738,070)
To profit or loss	11,280	(608,525)	-	(608,525)

(h) Actuarial assumptions

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

	2015	2014
Discount rate	14.90%	14.90%
Salary increase rate	10%	10%
Inflation	8%	8%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 14%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 2% per annum. The inflation component has been worked out at 10% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(i) Reasonably possible changes at the reporting date of discount rate, salary increase rate and mortality rate would have affected the defined benefit obligation by the amounts shown below:

Group

Jun-2015

In thousands of Nigerian Naira except percentages

Impact on defined benefit obligation

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,141,016)	2,478,872
Salary increase rate	1.00%	2,489,285	(2,129,719)
Mortality rate	1 year	2,303,568	(2,297,239)

Group
Jun-2014
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,141,016)	2,478,872
Salary increase rate	1.00%	2,489,285	(2,129,719)
Mortality rate	1 year	2,303,568	(2,297,239)

Parent
Jun-2015
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,141,016)	2,478,872
Salary increase rate	1.00%	2,489,285	(2,129,719)
Mortality rate	1 year	2,303,568	(2,297,239)

Parent
Jun-2014
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,141,016)	2,478,872
Salary increase rate	1.00%	2,489,285	(2,129,719)
Mortality rate	1 year	2,303,568	(2,297,239)

In practice, changing an actuarial assumption while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

(j) Expected maturity analysis of undiscounted pension and post-employement medical benefits:

In thousands of Nigerian Naira	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Present value of the defined benefit obligation	-	2,596	2,700	12,895,092	12,900,388
	-	2,596	2,700	12,895,092	12,900,388

(k) Historical information

In thousands of Nigerian Naira	Jun-2015	Dec-2014	Dec-2013	Dec-2012	Dec-2011
Present value of the defined benefit obligation	(2,307,399)	(2,099,823)	(2,303,929)	422,669	(2,065,771)
Fair value of plan assets	7,947,358	8,542,922	7,427,603	6,403,690	6,403,690
Experience adjustments on plan liabilities	7,140	(200,436)	523,263	362,207	362,207
Experience adjustments on plan assets	-	(595,564)	132,505	(314,927)	(314,927)
Surplus/(deficit)	5,647,099	5,647,099	5,779,442	6,873,639	4,385,199

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

41 Other borrowed funds

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Due to IFC (see note (i) below)	63,771,601	26,689,891	60,518,672	26,534,084
Due to ADB (see note (ii) below)	10,689,679	11,656,689	10,689,679	11,656,689
Due to FMO	5,347,114	5,231,164	-	-
Due to BOI (see note (iii) below)	50,070,075	40,916,461	50,070,075	40,916,461
Due to GTBV (see note (iv) below)	-	-	179,017,208	166,919,321
Due to CACS (see note (v) below)	7,150,471	3,693,901	7,150,471	3,693,901
Due to Proparco (see note (vi) below)	12,203,365	3,110,439	12,203,365	3,110,439
MSME Development Fund (see note (vii) below)	50,000	-	50,000	-
	149,282,305	91,298,545	319,699,470	252,830,895
Current	23,200,426	22,323,380	115,388,748	17,092,216
Non-current	126,081,879	68,975,165	204,310,722	235,738,679
			-	-

i). The amount of N60,518,672,000 (USD 304,190,000) (December 2014: N26,534,084,000 ; USD 142,695,000) represents the balan on various facilities granted by the International Finance Corporation (IFC) between January 2007 and February 2015, repayable over 7 to 9 years at interest rates varying from 2.75% to 4% above LIBOR rates.

ii). The amount of N10,689,679,000 (USD 53,730,000) (December 2014: N11,656,689,000; USD62,687,000) 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 N50,070,075,000 (December 2014: N40,916,461,000) represents the outstanding balance on a naira facility granted by (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.

iv). The amount of N179,017,208,000 (USD 899,810,000) (December 2014: N166,919,321,000; USD897,657,000)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 N7,150,471,901,000 (December 2014: N3,693,901,000) represents the outstanding balance on the facilities 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 for on lending to commercial agriculture enterprise at a maximum rate of 9.00% p.a.

vi). The amount of N12,203,365,000 (USD 61,339,000) (December 2014: N3,110,439,000; USD16,727,000)represents the outstanding balance on dollar term loan facilities granted by Proparco between December 2011 and January 2015 for a period of 5 years. Interest is payable half yearly over the tenure of the facilities.

vii). The amount of N50,000,000 (December 2014: Nil) represents outstanding balance on a naira facility granted by the Central Bank of Nigeria aimed at the growth and development of Micro, Small and Medium Enterprises. The funds are made available to participating banks for onlending to the MSMEs at 9% p.a.

42 Capital and reserves

Share capital

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

	In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
(a)	Authorised -				
	50,000,000,000 ordinary shares of 50k each (31 December 2014: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

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

Components of issued and fully paid shares are as shown below:

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
26,285,611,437 ordinary shares of 50k each (31 December 2014: 26,269,336,687)	13,142,806	13,134,669	13,142,806	13,134,669
3,145,567,787 ordinary shares (GDR) of 50k each (31 December 2014: 3,161,842,537)	1,572,784	1,580,921	1,572,784	1,580,921
	14,715,590	14,715,590	14,715,590	14,715,590

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

In thousands of Nigerian Naira	Group Jun-2015	Group Dec-2014	Parent Jun-2015	Parent Dec-2014
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
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 2014	29,431,180	14,715,590	123,471,114	(2,046,714)
(Purchases)/sales of treasury shares	-	-	-	(1,940,861)
At 31 December 2014/1 January 2015	**29,431,180**	**14,715,590**	**123,471,114**	**(3,987,575)**
At 30 June 2015	**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 N15,280,457,000 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 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 2014 : 1,240,674,231 units) held by the Staff Investment Trust as at 30 June 2015.

(iv) **Fair value reserve**
The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve**
The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria as opposed to the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines is the inclusion of 1% General Loan Loss provisioning of performing loans in the entity impairment figures, this 1% provision amounting to N11,917,926,000 is not required by IAS 39. The total Parent's balance in regulatory risk reserve is N28,349,056,000

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

(vii) **Non-controlling interest**
The entities accounting for the non-controlling interest balance is shown below:

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
GTB (Gambia) Limited	459,945	372,605	-	-
GTB (Sierra Leone) Limited	565,126	438,790	-	-
GTB (Ghana) Limited	486,804	607,503	-	-
GTB Liberia	18,346	16,290	-	-
GTB Kenya Limited	4,563,589	4,244,134	-	-
	6,093,810	5,679,322	-	-

43 Dividends

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

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Balance, beginning of period	-	-	-	-
Final dividend declared	44,146,768	42,675,209	44,146,768	42,675,209
Interim dividend declared	-	7,357,795	-	7,357,795
Payment during the period	(44,146,768)	(50,033,004)	(44,146,768)	(50,033,004)
Balance, end of period	-	-	-	-

Subsequent to the balance sheet date, the board of directors proposed an interim dividend of 25k per share (30 June 2014: 25k per share on the issued ordinary shares of 29,431,179,224 of 50k each.

44. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 421 cases as a defendant (31 December 2014: 394) and 180 cases as a plaintiff (31 December 2014: 176). The total amount claimed in the 421 cases against the Bank is estimated at N512.83 Billion and $132.14 Million (31 December 2014: N447.12 Billion and $135.42 Million) while the total amount claimed in the 180 cases instituted by the Bank is N66.5 Billion (31 December 2014: N66.4 Billion). However, the solicitors of the Bank are of the view that the liability which may arise from the cases pending against the Bank is not likely to exceed N109,781,042 (31 December 2014: N93,601,000).

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.
Guarantees and letters of credit are given as security to support the performance of a customer to third parties.
As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness.
Documentary credits commit the Group to make payments to third parties, are on production of documents, which usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Jun-2015**	**Dec-2014**	**Jun-2015**	**Dec-2014**
Contingent liabilities:				
Transaction related bonds and guarantees	452,430,536	497,857,280	445,000,090	483,566,238
	452,430,536	497,857,280	445,000,090	483,566,238
Commitments:				
Short term foreign currency related transactions	1,694,355	23,086,579	-	20,103,363
Clean line facilities and letters of credit	95,697,985	153,494,479	81,630,979	145,470,036
Other commitments	10,814,963	8,485,425	-	-
	108,207,303	185,066,483	81,630,979	165,573,399

b. 57% (N255,237,965,000) of all the transaction related bonds and guarantees are collaterised (December 2014: 61%: N294,975,405,000). The cash component of the collaterised bond and guarantee is N65,782,355,000 (31 December 2014: N85,297,099,000) while the balance of N189,455,610,000 (December 2014: N209,678,306,000) is non-cash

45. Group entities

The Group is controlled by Guaranty Trust Bank Plc "the ultimate Parent" (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

i. **Significant subsidiaries**

		Country of incorporation	Ownership interest Jun-15	NCI Jun-15	Ownership interest Dec-14	NCI Dec-14
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	84.24%	15.76%	84.24%	15.76%
3	Guaranty Trust Bank Ghana Limited	Ghana	95.37%	4.63%	95.37%	4.63%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	0.00%	100.00%	0.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	0.57%	99.43%	0.57%
6	Guaranty Trust Bank Cote D'Ivoire S.A	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
7	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	30.00%	70.00%	30.00%
	Special purpose entities:					
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%
	Guaranty Trust Bank Finance BV	Netherlands	100.00%	0.00%	100.00%	0.00%

ii. **Indirect investment in Sub-subsidiaries**

		Country of incorporation	Ownership interest Jun-15	NCI Jun-15	Ownership interest Dec-14	NCI Dec-14
1	Guaranty Trust Bank Rwanda Limited*	Rwanda	67.2%	32.8%	64.00%	36.00%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	30.00%	70.00%	30.00%

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

The subsidiaries and sub-subsidiaries of the Group are all involved in the Banking business only.

(a) GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.

(b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.

(c) Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.

(d) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.

(e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(f) Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank was licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and commenced operations on April 16, 2012.

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

(h) GTB Finance B.V was incorporated in December 2006 as a special purpose entity with the principal purpose of providing funding, through the international capital markets to the ultimate parent. The Bond issued by GTB Finance B.V are guaranteed by Guaranty Trust Bank Plc.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for period ended June 30, 2015:

Significant subsidiaries						
		Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
			Jun-15	Dec-14	Jun-15	Dec-14
1	Guaranty Trust Bank Gambia Limited	Gambia	459,945	372,605	64,855	102,877
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	565,126	438,790	100,181	140,298
3	Guaranty Trust Bank Ghana Limited	Ghana	486,804	607,503	86,572	185,612
4	Guaranty Trust Bank Liberia Limited	Liberia	18,346	16,290	1,391	1,881
5	Guaranty Trust Bank Kenya Limited	Kenya	4,563,589	4,244,134	153,750	266,966

Guaranty Trust Bank (Ghana) Limited paid dividend during the period in the sum of N65, 937,907 (December 2014: N98, 102,000) to non-controlling interest.

46. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the entity	Terra Kulture Limited	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	96%	70%	51%
Nature of entity	Arts & Culture	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment	Government-induced investment
Activities of entity	Promotion of Nigerian culture and art through its gallery, restaurant, language and craft book, reading room and multi-purpose hall	Provision of hospitality services	Rearing of birds and production of table eggs
***Carrying amount**	N469,998,600 (Dec. 2014: N469,998,600)	N508,016,000(Dec-2014: N515,041,000)	N40,500,000 (Dec-2014: N40,500,000)
Line item in SOFP	Investment securities- AFS	Investment securities-AFS	Investment securities- AFS
Loans granted	-	N2,621,262,032 (Dec-2014: N2,058,620,550)	-
****Maximum exposure to loss**	N469,998,600 (Dec-2014: N469,998,600)	N3,637,294,032 (Dec-2014: N3,074,652,550)	N40,500,000 (Dec-2014: N40,500,000)
Source of Financing	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions

* Carrying amount is investment amount net of impairment or where information is available, represents fair value
** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.

The Bank does not provide financial support to these unconsolidated structured entities and has no plans to provide financial support to these entities in the future. However, the bank extended loans to the entities in the normal course of business at arm’s length.

47. Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or another party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) Subsidiaries

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. These transactions are eliminated on consolidation, hence, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the period, the Bank received Dividend of ₦1, 358, 206,951 from GTBank Ghana Ltd.

The Bank also has receivables from GTBank Sierra Leone, GTBank Liberia, GTBank Ghana and GTBank UK in the sum of ₦123,215,342, ₦7,133,988 and ₦25,861,336 as at 30th June, 2015 respectively (December 2014: GTBank Gambia, GTBank Sierra Leone, GTBank Liberia, GTBank Ghana and GTBank Kenya in the sum of ₦1,596,000, ₦121,155,885, ₦3,352,365, ₦14,577,169 and ₦3,711,000 respectively).

(c)Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management include the close family members of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close family members are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) Risk assets outstanding 30 June 2015

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N467,079,000 (31 December 2014:N881,920,000) was outstanding on these facilities at the end of the period. The status of performance of each facility is as shown below:

Name of company /individual *In thousands of Nigerian Naira*	Relationship	Facility type	Status	Nature of Security	**Parent** **Jun-2015**	**Parent** **Dec-2014**
Ithena Logic Ltd	Director Related	Overdraft	Performing	Lien On Shares	6,970	-
International Travel Express Ltd	Director Related	Overdraft	Performing	Tripartite Legal Mortgage, Personal Guarantee	99,185	113,033
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	17,212	29,512
Polystyrene Industries Ltd	Director Related	Term Loan	Performing	Mortgage Debenture,Personal Guarantee	70,229	96,881
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan / Overdraft	Performing	Domiciliation; Personal Guarantee	15,101	15,263
Enwereji Nneka Stella	Director Related	Gt Mortgage	Performing	Legal Mortgage	18,000	19,800
Cubic Contractors Limited	Director Related	Bond & Gtee Line / Overdraft	Performing	Cash In Pledged Funds,Mortgage Debentures,Personal Guarantee	93,836	128,351
Payless Butchers And Supermart	Director Related	Overdraft	Performing	Tripartite Legal Mortgage	-	8,714
Augusto Enterprises	Director Related	Overdraft	Performing	Tripartite Legal Mortgage, Personal Guarantee	748	-
Contemporary Gifts Limited	Director Related	Overdraft	Performing	All Asset Debenture	9,845	-
Agbaje, Olufemi Augustus	Director Related	Maxplus Loan	Performing	Domiciliation	12,369	14,551
Fola Adeola	Director Related	Overdraft	Performing	Equitable Mortgage	-	337,294
IBFC Alliance Limited	Director related	Overdraft	Performing	Treasury Bills	4,124	11,886
Olanrewaju Kalejaiye	Insider Related	Gt Mortgage / Max Advance	Performing	Legal Mortgage	119,461	106,635
					467,079	881,920

(e) Director/insiders related deposit liabiilties

Name of company/Individual *In thousands of Nigerian Naira*	*Relationship*	*Type of Deposit*	***Parent*** **Jun-2015**	***Parent*** **Dec-2014**
Agusto & Co. Limited	Director related	Demand Deposit	15,684	48,634
Alliance Consulting	Director related	Demand Deposit	2,852	318
Comprehensive Project Mgt. Servi	Director related	Demand Deposit	35,336	15,260
Cubic Contractors Limited	Director related	Demand Deposit	10,244	2,315
Eterna Plc	Director related	Demand Deposit	3,425	3,522
F & C Securities Limited	Director related	Demand Deposit	14,041	51,054
IBFC Limited	Director related	Demand Deposit	43	6
Jaykay Pharmacy Limited	Director related	Demand Deposit	11	11
Kresta Laurel Limited	Director related	Demand Deposit and Time Deposit	78,072	6,559
Main One Cable Company Ltd	Director related	Demand Deposit	4,449	2,778
Mayfield Finance Company	Director related	Demand Deposit	55	58
Mayfield Ventures Limited	Director related	Demand Deposit	93	93
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	321	91
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	3	3
WSTC Financial Services Ltd	Director related	Demand Deposit and Time Deposit	137,157	1,286,798
WSTC Nominee Limited	Director related	Demand Deposit	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	74	61
International Travel Express Ltd	Director related	Demand Deposit	11	10
Afren Onshore Ltd	Director related	Demand Deposit	1	1
Afren Resources Limited	Director related	Demand Deposit and Time Deposit	109	13,249
Ademola Kuye & Company	Insider Related	Demand Deposit and Time Deposit	12,269	9,948
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	100	100
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	2,658	3,526
Polystyrene Industries Ltd	Director related	Demand Deposit	7,781	8,422
Touchdown Travels Limited	Insider Related	Demand Deposit and Time Deposit	14,858	11,870
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	1,395	14,861
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	6	5
Agbaje, Olufemi Augustus	Director related	Demand Deposit	25,826	7,222
Adeola Razack Adeyemi	Director related	Demand Deposit	20,000	12,427
Enwereji Nnneka Stella	Director related	Demand Deposit	212	1,260
IBFC Alliance	Director related	Demand Deposit	139	222
Jaykay Pharmaceutical & Chemist	Director related	Demand Deposit	1,001	8
Olanrewaju Kalejaiye	Insider Related	Demand Deposit	1,468	791
			390,125	1,501,914

(f) Subsidiaries' deposit account balances

Name of company/Individual	*Relationship*	*Type of Deposit*	**Jun-2015**	**Dec-2014**
			₦	₦
GTB Sierra Leone	Subsidiaries	Domicilliary	736,322	688,208
GTB Ghana	Subsidiaries	Demand Deposit	2,144,859	2,144,859
GTB Ghana	Subsidiaries	Domicilliary	3,784,586	239,649
			6,665,767	3,072,716

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

Loans and advances:

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Secured loans	467,079	881,920	467,079	881,920

Deposits:

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Dec-2014**	**Parent Jun-2015**	**Parent Dec-2014**
Total deposits	390,125	1,501,914	390,125	1,501,914

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

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

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Wages and salaries	1,098,520	867,080	940,666	720,373
Post-employment benefits	4,061	-	4,061	-
Share-based payments	358,614	139,228	-	-
Increase /(decrease) in share appreciation rights	765,862	652,054	-	-
	2,227,057	1,658,362	944,727	720,373

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

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

In thousands of Nigerian Naira	**Group Jun-2015**	**Group Jun-2014**	**Parent Jun-2015**	**Parent Jun-2014**
Fees as directors	60,877	90,502	25,000	45,500
Other allowances	213,506	129,511	115,220	93,559
	274,383	220,013	140,220	139,059
Executive compensation	301,290	292,457	294,322	287,663
	575,673	512,470	434,542	426,722

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Jun-2015	Parent Jun-2014
Chairman	19,970	15,062
Highest paid director	70,513	73,121

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

	Parent Jun-2015	Parent Jun-2014
N 6,500,001 - N11,000,000	-	1
N11,000,001 - N11,500,000	-	3
N13,000,001 - N13,500,000	1	-
N13,500,001 - N22,500,000	3	4
Above N22,500,001	7	5
	11	13

48 Contraventions

INFRACTION	AMOUNT
• Penalty on the reporting of public sector deposits as at August 2014	N68 million
• Infraction arising from contravention of Banking Rules and Regulations	N2 million
• Penalty for contravention of section 3.1 of the Prudential guidelines 2010 which requires a review of credit policy at least every 3 years	N2 million
• Contravention of CBN AML/CFT Regulation 2013	N8 million
• Failure for non-issuance of certificate of capital importation in favour of Airtel Network within 24 hours of receipt of shipping documents.	N2 million

49 Subsequent events

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

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

(b) The non-distributable reserve should be classified under Tier 1 as part of core capital.

The group has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. Loans other than Specialized Loans

The provisioning policy for 'loans other than specialized loans' covers the following:

i. Commercial Loans
ii. Commodities Financing
iii. Corporate Loans
iv. Retail & Consumer Credits
v. Neither past due nor impaired
vi. Facilities granted to Federal, State and Local governments and their parastatals.
vii. Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

No of Days Overdrawn	Classification	% Provision taken
90 – 180	Substandard	10
180 – 360	Doubtful	50
Over 360	Lost	100

As soon as an account is classified as non-performing, the interest is accounted for on non-accrual basis i.e. interest is not recognized as income but suspended.

Furthermore, if the occurrence of a loss event is certain, appropriate provisions will be made regardless of the fact that such loans does not fall in any of the above categories.

2. Specialized Loans

The provisioning policy for specialized loans covers the following:

i. Agriculture Finance
ii. Margin Loans
iii. Project Finance
iv. Object Finance
v. Real Estate Loans (Commercial and Residential)
vi. SME Loans

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

i. Agriculture Finance

a. Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance

4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

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

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

ii. Mortgage Loans

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

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

iii. Margin Loans

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlining shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

v. Object Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. SME

a. SME Loans - SME short term facilities (Maturities of 1 year)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

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

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

Operational risk Management

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as "the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events". This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

- **Loss Incident Reporting** – Loss incidents are reported to OpRisk Group by all business areas in the Bank. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has a robust OpRisk loss database detailing relevant OpRisk loss data for four years. Information collated is analyzed for identification of risk concentrations and appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide. All branches and Head-Office departments are required to complete related templates at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. These assessments enable risk profiling and risk mapping of prevalent operational risks.

  Risk Assessments of the Bank's new and existing products and services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Other Risk Assessments conducted include Process Risk Assessments, Product Risk Assessments, Vendor Risk Assessments, and Fraud Risk Assessments.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with BS 25999 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP). This plan assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. It is reviewed monthly and when necessary, it is updated to ensure reliability and relevance of information contained.

  The bank is currently in the process of being certified by the globally recognized by British Standards Institute.

- **Compliance and Legal Risk Management** – Compliance Risk Management involves close monitoring of KYC compliance by the Bank, escalation of Audit Non-conformances, Complaints Management, and observance of the Bank's zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

  Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium – High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors

  As a result, the following are conducted and monitored: Fire Risk Assessments, Quarterly Fire Drills, Burglaries and Injuries that occur within the Bank's premises.

- **Operational Risk Capital Calculation** – The Bank has adopted the Basel II Pillar 1 defined "Standardized Approach" for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to the Advanced Measurement Approach, it is mindful of investing in the additional resources required especially as the Central Bank of Nigeria has recommended the Basic Indicator Approach for all banks in Nigeria. The Estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

- **Operational Risk Reporting** – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

  To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk application – OFSAA, has been acquired by the Bank, and has been successfully implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Operational Risk Management Philosophy and Principles

Governance Structure

- The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.

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

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

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

Approach to Managing OpRisk

- Guaranty Trust Bank adopts operational risk procedures and practices that are "fit for purpose" and will increase the efficiency and effectiveness of the bank's resources, minimize losses and utilize opportunities.

- This outlook embeds OpRisk practices in the bank's day-to-day business activities.

- It also aligns with the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organizations (COSO) / Sarbanes-Oxley (SOX) standards, and 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.

Agents and Locations

List of Agents and Locations		
S/N	**Name**	**Location**
1	Prince Ebeano Supermarket	9, Northern Business District, Lekki Phase 1, Lagos
2	De Prince Supermarket	3A Adejokun Street, Isheri-Magodo
Select Forte Oil Filling Stations in Lagos		
3	Forte Oil, Bank Road	1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos
4	Forte Oil, Old Airport Road	Muritala Mohammed 2, Local Airport Road, Ikeja
5	Forte Oil, Kingsway Road Apapa	Kingsway Avenue Apapa, Lagos
6	Forte Oil, Mushin Isolo	259, Agege Motor Road, Mushin, Lagos
7	Forte Oil, Festac Town	21, Road, Festac Town, Lagos
8	Forte Oil, Shomolu	138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos
9	Forte Oil, Wharf Road Apapa	Barracks Bus Stop, Wharf Road, Apapa, Lagos
10	Forte Oil, Ikorodu Round About	2, Sagamu Road, Ikorodu
11	Forte Oil, Jebba	80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos
12	Forte Oil Campus Road	1, Igbosere Road, Campos Lagos Island
13	Forte Oil, Oshodi Apapa (Mile 2)	Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos
14	Forte Oil, Western Avenue	113/115, Funsho Williams Avenue, Surulere
15	Forte Oil, Boundary Apapa	82/84 Mobil Road, Boundary Bus stop Ajegunle Lagos
16	Forte Oil, Old Apapa Road, Costain	80, Old Apapa Road Ebute Metta West , Costain Lagos
17	Forte Oil, Ogba	Oba Ogunji Road, Pen Cinema, Ogba Lagos
18	Forte Oil, Oba-Akran	39, Oba Akran Avenue Ikeja Lagos
19	Forte Oil, Ladipo-Mushin	110, Ladipo Street , Matori Industrial Estate Mushin
20	Forte Oil, Bariga	6/ 8 Fetuga Street, Bariga
21	Forte Oil, Ajiwe-Ajah	Opposite Abraham Adesanya Estate, Ajah
22	Forte Oil, Okota	51 Okota Road Opposite Police Barracks, Okota
23	Forte Oil, Idimu	222 Egbeda-Idimu road, Carwash Bus-stop, Idimu
24	Forte Oil, Awolowo Road	111 – 113 Awolowo Road, Ikoyi

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for period ended 30th June 2015.

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

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Jun-15	Dec-14	Jun-15	Dec-14	Jun-15	Dec-14
	'000	'000	₦'mm	₦'mm	₦'mm	₦'mm
Naira denominated debit cards	82,006	154,975	108,767	235,884	846,908	1,638,088
Foreign currency credit cards	50	115	4,110	9,508	-	-
Foreign currency debit cards	155	274	5,674	10,526	-	-

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

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	Jun-15	Dec-14	Jun-15	Dec-14	Jun-15	Dec-14	Jun-15	Dec-14
Naira MasterCard debit	1,094	2,129	2,554	4,575	73,279	140,723	5,080	7,547
Foreign Currency Denominated Cards:								
MasterCard debit	5	-	34	-	-	-	-	-
MasterCard credit	1	2	10	20	-	-	-	-
Visa classic debit	21	42	95	232	-	-	-	-
Visa classic credit	4.3	11	31.1	75	-	-	-	-
World credit	0.2	0.5	2.4	6	-	-	-	-
Total	**1,126**	**2,185**	**2,727**	**4,908**	**73,279**	**140,723**	**5,080**	**7,547**

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

In millions of Naira	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
	Jun-15	**Dec-14**	**Jun-15**	**Dec-14**	**Jun-15**	**Dec-14**	**Jun-15**	**Dec-14**
Naira MasterCard debit	49,222	127,142	59,544	108,742	787,483	1,547	59,425	90,865
Foreign Currency Denominated Cards								
MasterCard debit	182	-	1,082					
MasterCard credit	88	158	616	1,150	-	-	-	-
Visa classic debit	1,087	2,739	3,322	7,788	-	-	-	-
Visa classic credit	405	1,429	2,286	5,018	-	-	-	-
World credit	21	43	695	1,710	-	-	-	-
Total	**51,005**	**131,511**	**67,545**	**124,408**	**787,483**	**1,547**	**59,425**	**90,865**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Secure Code/ Online Registration (Required for Card Safety and Fraud Prevention)	Inability to generate secure code.	Wrong Input of Secure code. Card Activation Code not uploaded.	Commenced development of dynamic 3D authentication system. Daily Reconciliation of activation code records.
Complaints on International withdrawal limits& annual spend limit	Spend Limits	Reviewed Regulatory policy on spend limits	Awareness and proffering alternative payment solutions.
Dispense Error	Cash Not Dispensed	Cash not presented due to network issues.	Implement Acquirer Initiated Refunds Implementation of enhanced Auto reversal process. Continue to engage Technology & TPP for improved network up-time.
Declined transactions due to Network fluctuations from Third Party Processors	Declined Transactions	Network Fluctuation	Implementation of in-house transaction processing. Implementation of enhanced Auto reversal process. Continue to engage Technology & TPP for improved network up-time.

Value Added Statements
For the period ended 30 June 2015

In thousands of Nigerian Naira	Jun-2015 Group	%	Jun-2014 Group	%
Gross earnings	152,995,735		132,985,010	
Interest expense:				
-Local	(21,999,531)		(18,675,384)	
- Foreign	(11,765,269)		(9,477,677)	
	119,230,935		104,831,949	
Loan impairment charges / Net impairment loss on financial assets	(5,947,749)		(5,104,667)	
	113,283,186		99,727,282	
Bought in materials and services				
- Local	(28,424,126)		(26,700,407)	
- Foreign	(514,238)		(326,780)	
Value added	84,344,822	100	72,700,095	100
Distribution				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	15,108,949	18	13,449,790	19
Government				
- Taxation	9,738,386	12	9,388,709	13
Retained in the Group				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	6,123,906	7	5,853,568	8
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	53,373,581	62	44,008,028	61
	84,344,822	100	72,700,095	100

Value Added Statements

For the period ended 30 June 2015

	Jun-2015		Jun-2014	
In thousands of Nigerian Naira	Parent		Parent	
		%		%
Gross earnings	137,685,110		120,127,398	
Interest expense:				
-Local	(21,996,716)		(18,673,525)	
- Foreign	(8,100,138)		(6,337,164)	
	107,588,256		95,116,709	
Loan impairment charges / Net impairment loss on financial assets	(5,998,644)		(5,017,873)	
	101,589,612		90,098,836	
Bought in materials and services				
- Local	(25,495,336)		(23,243,546)	
- Foreign	(514,238)		(326,780)	
Value added	75,580,038	100	66,528,510	100
Distribution				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	11,042,124	15	10,251,189	15
Government				
- Taxation	8,267,256	11	7,955,437	12
Retained in the Bank				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	5,335,802	7	5,193,715	7
- Profit for the year (including statutory and regulatory risk reserves)	50,934,856	67	43,128,169	66
	75,580,038	100	66,528,510	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Jun-2015	Dec-2014	Dec-2013	Dec-2012	Dec-2011
Assets					
Cash and cash equivalents	275,637,936	246,939,868	307,395,676	276,856,206	349,060,323
Financial assets held for trading	16,342,429	9,415,919	17,223,667	271,073,896	173,297,556
Derivative financial assets	1,679,868	529,732	170,101	-	-
Investment securities:					
– Available for sale	368,336,473	344,701,935	374,673,147	15,765,789	3,744,970
– Held to maturity	25,972,329	35,160,640	84,741,890	129,490,810	161,196,356
Assets pledged as collateral	57,918,713	39,179,198	28,442,629	31,203,230	45,588,084
Loans and advances to banks	356,598	5,695,592	5,596,476	4,864,824	158,616
Loans and advances to customers	1,299,151,371	1,275,681,135	1,002,370,638	779,050,018	706,893,133
Property and equipment	78,409,150	76,236,447	68,306,197	60,886,728	57,510,622
Intangible assets	12,535,428	12,516,219	11,214,274	1,772,176	1,006,470
Deferred tax assets	2,775,689	2,358,280	1,945,629	991,791	96,820
Restricted deposits and other assets	405,677,454	307,461,561	200,766,091	162,922,392	100,320,495
	2,544,793,438	2,355,876,526	2,102,846,415	1,734,877,860	1,598,873,445
Assets classified as held for sale and discontinued operations	-	-	-	-	9,779,201
Total assets	2,544,793,438	2,355,876,526	2,102,846,415	1,734,877,860	1,608,652,646
Liabilities					
Deposits from banks	20,666,747	31,661,622	15,208,300	23,860,259	37,229,029
Deposits from customers	1,704,669,096	1,618,208,194	1,427,493,697	1,148,197,165	1,026,119,419
Financial liabilities held for trading	310,296	-	-	-	-
Derivative financial liabilities	-	253,374	3,883	-	-
Other liabilities	93,889,088	57,200,461	61,014,954	83,278,066	52,323,162
Current income tax liabilities	6,106,411	11,208,907	13,073,847	15,630,973	14,062,596
Deferred tax liabilities	5,462,082	4,391,668	5,065,625	2,596,405	3,407,652
Debt securities issued	179,410,048	167,321,207	156,498,167	86,926,227	145,767,516
Other borrowed funds	149,282,305	91,298,545	92,134,872	92,561,824	93,230,139
	2,159,796,073	1,981,543,978	1,770,493,345	1,453,050,919	1,372,139,513
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	-	6,119,979
Total liabilities	2,159,796,073	1,981,543,978	1,770,493,345	1,453,050,919	1,378,259,492
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	(3,987,575)	(3,987,575)	(2,046,714)	(2,046,714)	(2,046,714)
Retained earnings	53,246,005	61,043,431	55,205,142	39,766,597	25,130,520
Other components of equity	191,458,423	173,410,666	135,924,361	104,651,663	67,121,427
Total equity attributable to owners of the Bank	378,903,557	368,653,226	327,269,493	280,558,250	228,391,937
Non-controlling interests in equity	6,093,808	5,679,322	5,083,577	1,268,691	2,001,217
Total equity	384,997,365	374,332,548	332,353,070	281,826,941	230,393,154
Total equity and liabilities	2,544,793,438	2,355,876,526	2,102,846,415	1,734,877,860	1,608,652,646

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	**Jun-2015**	**Jun-2014**	**Jun-2013**	**Jun-2012**	**Jun-2011**
Interest income	113,884,461	99,715,892	92,000,395	83,176,926	61,466,364
Interest expense	(33,764,800)	(28,153,061)	(23,460,611)	(18,785,450)	(11,942,656)
Net interest income	**80,119,661**	**71,562,831**	**68,539,784**	**64,391,476**	**49,523,708**
Loan impairment charges	(5,950,749)	(5,338,868)	(1,317,532)	(2,410,863)	(7,526,168)
Net interest income after loan impairment charges	**74,168,912**	**66,223,963**	**67,222,252**	**61,980,613**	**41,997,540**
Fee and commission income	24,609,003	24,761,713	25,048,165	24,809,180	22,078,092
Fee and commission expense	(1,090,768)	(967,674)	(490,823)	(783,073)	(1,438,544)
Net fee and commission income	**23,518,235**	**23,794,039**	**24,557,342**	**24,026,107**	**20,639,548**
Net gains/(losses) on financial instruments classified as held for trading	7,596,332	5,935,317	3,517,125	2,981,141	1,965,034
Other income	6,905,939	2,572,088	3,636,678	2,559,255	4,753,613
Operating income	112,189,418	98,525,407	98,933,397	91,547,116	69,355,735
Net impairment reversal on financial asse	3,000	234,201	-	-	(1,181,354)
Net operating income after net impairment loss on financial assets	**112,192,418**	**98,759,608**	**98,933,397**	**91,547,116**	**68,174,381**
Personnel expenses	(15,108,949)	(13,449,790)	(10,976,285)	(10,400,084)	(11,097,798)
Operating lease expenses	(535,361)	(452,324)	(410,118)	(638,698)	(373,072)
Depreciation and amortization	(6,123,906)	(5,853,568)	(4,902,531)	(4,187,943)	(3,586,036)
Other operating expenses	(27,312,235)	(25,607,189)	(25,279,976)	(22,684,307)	(20,202,953)
Operating expenses	(49,080,451)	(45,362,871)	(41,568,910)	(37,911,032)	(35,259,859)
Profit before income tax	**63,111,967**	**53,396,737**	**57,364,487**	**53,636,084**	**32,914,522**
Income tax expense	(9,738,386)	(9,388,709)	(8,349,626)	(8,693,445)	(6,075,516)
Profit for the period from continuing operations	**53,373,581**	**44,008,028**	**49,014,861**	**44,942,639**	**26,839,006**
Profit for the period from discontinued operations	-	-	-	609,077	811,186
Profit for the period	**53,373,581**	**44,008,028**	**49,014,861**	**45,551,716**	**27,650,192**
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	1.88	1.55	1.73	1.59	0.95
– Diluted	1.88	1.55	1.73	1.59	0.95
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	-	-	-	0.02	0.02
– Diluted	-	-	-	0.02	0.02

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	Jun-2015	Dec-2014	Dec-2013	Dec-2012	Dec-2011
Assets					
Cash and cash equivalents	172,715,917	161,778,647	228,609,551	210,300,286	311,072,270
Financial assets held for trading	9,380,731	5,675,545	13,746,682	267,417,182	151,819,087
Derivative financial assets	1,679,868	529,732	170,101	-	-
Investment securities:					
– Available for sale	345,322,999	317,749,878	364,056,362	10,138,761	3,744,970
– Held to maturity	3,963,698	4,511,342	46,682,498	118,897,917	163,914,120
Assets pledged as collateral	57,910,022	39,173,640	28,440,947	31,203,230	45,588,084
Loans and advances to banks	17,960	30,815	16,976	177,985	158,616
Loans and advances to customers	1,203,235,305	1,182,393,874	926,967,093	742,436,944	679,358,919
Investment in subsidiaries	41,905,781	40,130,284	40,130,284	22,925,088	16,233,581
Property and equipment	69,787,376	68,042,098	61,419,683	55,496,808	52,494,230
Intangible assets	2,494,385	2,417,700	2,256,768	1,539,717	762,709
Restricted deposits and other assets	399,224,034	304,174,757	191,868,850	159,783,305	94,880,959
	2,307,638,076	2,126,608,312	1,904,365,795	1,620,317,223	1,520,027,545
Assets classified as held for sale and discontinued operations	-	-	-	-	3,500,000
Total assets	2,307,638,076	2,126,608,312	1,904,365,795	1,620,317,223	1,523,527,545
Liabilities					
Deposits from banks	97,024	143,713	88,729	7,170,321	21,636,242
Deposits from customers	1,518,861,493	1,439,522,070	1,261,927,035	1,054,122,573	962,486,292
Financial liabilities held for trading	310,296	-	-	-	-
Derivative financial liabilities	-	253,374	3,883	-	-
Other liabilities	77,011,028	47,714,495	49,008,466	72,178,426	45,275,666
Current income tax liabilities	7,896,557	12,657,634	12,632,975	15,340,116	13,760,343
Deferred tax liabilities	5,091,738	3,955,805	4,784,323	2,533,627	3,308,557
Debt securities issued	-	-	13,233,595	13,238,291	13,233,169
Other borrowed funds	319,699,470	252,830,895	233,040,108	169,194,418	229,647,220
Total liabilities	1,928,967,606	1,757,077,986	1,574,719,114	1,333,777,772	1,289,347,489
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	-	-	-	-	-
Retained earnings	49,950,009	58,442,378	55,079,117	45,944,146	31,560,746
Other components of equity	190,533,757	172,901,244	136,380,860	102,408,601	64,432,606
Total equity	378,670,470	369,530,326	329,646,681	286,539,451	234,180,056
Total equity and liabilities	2,307,638,076	2,126,608,312	1,904,365,795	1,620,317,223	1,523,527,545

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	**Jun-2015**	**Jun-2014**	**Jun-2013**	**Jun-2012**	**Jun-2011**
Interest income	103,006,457	90,342,844	86,280,338	79,179,733	57,800,758
Interest expense	(30,096,854)	(25,010,689)	(21,799,503)	(17,677,481)	(10,595,000)
Net interest income	**72,909,603**	**65,332,155**	**64,480,835**	**61,502,252**	**47,205,758**
Loan impairment charges	(6,001,644)	(5,252,074)	(1,107,877)	(1,707,356)	(7,478,091)
Net interest income after loan impairment charges	**66,907,959**	**60,080,081**	**63,372,958**	**59,794,896**	**39,727,667**
Fee and commission income	20,692,826	21,410,122	21,615,202	22,012,856	19,793,874
Fee and commission expense	(958,982)	(826,415)	(452,538)	(747,079)	(1,436,180)
Net fee and commission income	**19,733,844**	**20,583,707**	**21,162,664**	**21,265,777**	**18,357,694**
Net gains/(losses) on financial instruments classified as held for trading	6,211,074	4,694,862	2,711,183	2,069,859	1,071,840
Other income	7,774,753	3,679,570	4,554,382	2,859,975	6,102,985
Total Operating income	100,627,630	89,038,220	91,801,187	85,990,507	65,260,186
Net impairment reversal on financial asse	3,000	234,201	-	-	(1,181,354)
Net operating income after net impairment loss on financial assets	**100,630,630**	**89,272,421**	**91,801,187**	**85,990,507**	**64,078,832**
Personnel expenses	(11,042,124)	(10,251,189)	(9,705,384)	(8,213,674)	(7,751,433)
Operating lease expenses	(337,919)	(334,811)	(306,534)	(383,482)	(275,359)
Depreciation and amortization	(5,335,802)	(5,193,715)	(4,458,684)	(3,767,274)	(3,176,182)
Other operating expenses	(24,712,673)	(22,409,100)	(22,891,774)	(20,778,251)	(18,405,884)
Total expenses	(41,428,518)	(38,188,815)	(37,362,376)	(33,142,681)	(29,608,858)
Profit before income tax	**59,202,112**	**51,083,606**	**54,438,811**	**52,847,826**	**34,469,974**
Income tax expense	(8,267,256)	(7,955,437)	(7,326,577)	(8,141,325)	(5,126,280)
Profit for the period	**50,934,856**	**43,128,169**	**47,112,234**	**44,706,501**	**29,343,694**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	1.73	1.47	1.60	1.52	1.00
– Diluted	1.73	1.47	1.60	1.52	1.00
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	-	-	-	-	-
– Diluted	-	-	-	-	-

Share Capitalisation History

YEAR	AUTHORISED		ISSUED			
	INCREASE	CUMULATIVE	INCREASE	CUMMULATIVE	NO. OF SHARES	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	CASH
1992	35,000,000	60,000,000	NIL	25,000,000	25,000,000	NIL
1993	NIL	60,000,000	25,000,000	50,000,000	50,000,000	SCRIP
1994	40,000,000	100,000,000	NIL	50,000,000	50,000,000	NIL
1995	NIL	100,000,000	50,000,000	100,000,000	100,000,000	SCRIP
1996	100,000,000	200,000,000	300,000,000	400,000,000	400,000,000	CASH
1997	300,000,000	500,000,000	600,000,000	1,000,000,000	1,000,000,000	SCRIP
1998	250,000,000	750,000,000	500,000,000	1,500,000,000	1,500,000,000	SCRIP
1999	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2000	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2001	250,000,000	1,000,000,000	500,000,000	2,000,000,000	2,000,000,000	Initial Public Offer
2002	1,000,000,000	2,000,000,000	500,000,000	2,500,000,000	2,500,000,000	SCRIP
2003	NIL	2,000,000,000	500,000,000	3,000,000,000	3,000,000,000	SCRIP
2004	1,000,000,000	3,000,000,000	1,000,000,000	4,000,000,000	4,000,000,000	SCRIP
2004	NIL	3,000,000,000	2,000,000,000	6,000,000,000	6,000,000,000	PUBLIC OFFER
2005	2,000,000,000	5,000,000,000	NIL	6,000,000,000	6,000,000,000	NIL
2006	NIL	5,000,000,000	2,000,000,000	8,000,000,000	8,000,000,000	SCRIP
2007	2,500,000,000	7,500,000,000	2,000,000,000	10,000,000,000	10,000,000,000	SCRIP
2007	NIL	7,500,000,000	3,679,415,650	13,679,415,650	13,679,415,650	GDR Underlying Shares
2008	7,500,000,000	15,000,000,000	1,243,583,241	14,922,998,890	14,922,998,890	SCRIP
2008	NIL	15,000,000,000	3,730,749,723	18,653,748,613	18,653,748,613	SCRIP
2009	NIL	15,000,000,000	4,663,437,153	23,317,185,766	23,317,185,766	SCRIP
2010	15,000,000,000	30,000,000,000	NIL	23,317,185,766	23,317,185,766	NIL
2010	20,000,000,000	50,000,000,000	5,829,296,442	29,146,482,207	29,146,482,207	SCRIP
2011	NIL	50,000,000,000	284,697,017	29,431,179,224	29,431,179,224	IFC Special Placement
2012	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2013	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2014	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2015	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

Dividend History

Ten-year dividend and unclaimed dividend history as at 30 June 2015

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 30 June 2015	Percentage Dividend Amount Unclaimed
Payment 26	Interim	28/02/2005	1,000,000,000.00	25 kobo	56,418,284.89	5.64%
Payment 27	Final	28/02/2005	2,700,000,000.00	45 kobo	79,160,984.20	2.93%
Payment 28	Interim	28/02/2006	1,500,000,000.00	25 kobo	65,374,542.07	4.36%
Payment 29	Final	28/02/2006	4,200,000,000.00	70 kobo	164,084,305.14	3.91%
Payment 30	Interim	28/02/2007	2,000,000,000.00	25 kobo	182,136,553.82	9.11%
Payment 31	Final	28/02/2007	4,000,000,000.00	50 kobo	203,658,426.22	5.09%
Payment 32	Interim	28/02/2008	3,419,853,912.50	25 kobo	242,835,570.94	7.10%
Payment 33	Final	28/02/2008	9,575,590,955.00	70 kobo	568,769,706.10	5.94%
Payment 34	Final	31/12/2008	14,922,998,891.00	100 kobo	875,246,819.67	5.87%
Payment 35	Final	31/12/2009	13,990,311,460.50	75 kobo	836,974,071.01	5.98%
Payment 36	Interim	31/12/2010	5,829,296,441.75	25 kobo	325,092,187.39	5.58%
Payment 37	Final	31/12/2010	17,487,889,325.37	75 kobo	983,651,252.24	5.62%
Payment 38	Interim	31/12/2011	7,286,620,552.30	25 Kobo	398,716,126.19	5.47%
Payment 39	Final	31/12/2011	25,016,502,340.40	85 Kobo	1,323,415,169.92	5.29%
Payment 40	Interim	31/12/2012	7,357,794,806.00	25 Kobo	383,829,336.19	5.22%
Payment 41	Final	31/12/2012	38,260,532,991.20	130 kobo	2,004,938,514.74	5.24%
Payment 42	Interim	31/12/2013	7,357,794,806.00	25 Kobo	445,774,123.13	6.06%
Payment 43	Final	31/12/2013	42,675,209,874.80	145 kobo	2,504,890,405.56	5.87%
Payment 44	Interim	31/12/2014	7,357,794,806.00	25 Kobo	439,393,033.59	5.97%
Payment 45	Final	31/12/2014	44,146,768,836.00	150 kobo	2,923,228,430.43	6.62%

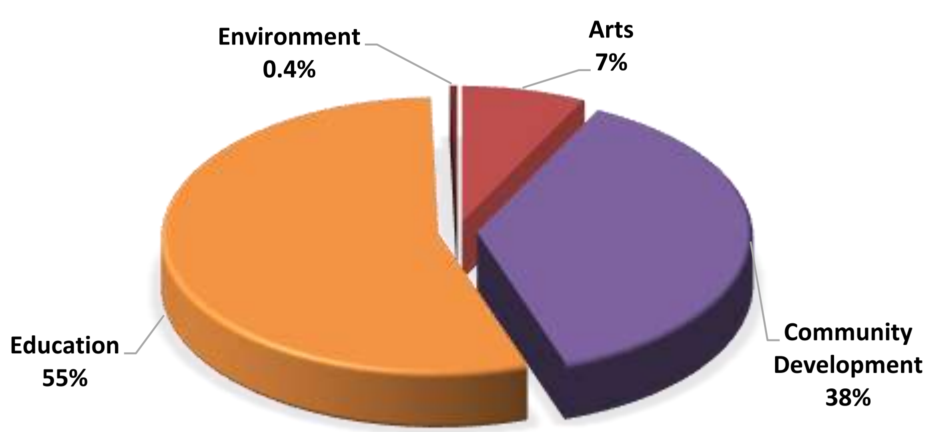
Corporate Social Responsibility Report

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

Our foot prints in Corporate Social Responsibility are projects are targeted towards the needs of the society and are sustainable. They are guided strategically by our decision to operate on the four major pillars of Education, Community Development, Arts and the Environment, which we believe are essential building blocks for the development of communities and prerequisites for economic growth.

As at 30 June 2015, we invested the sum of **₦241, 666,961.10** to develop our business community. This investment was made through our CSR initiatives with focus on the four main pillars of Education, Community Development, Arts and the Environment.

Pillar	**Amount (N)**	**Percentage (%)**
Education	132,357,264.30	54.8%
Community Development	90,621,366.07	37.5%
Arts	17,649,830.75	7.3%
Environment	1,038,499.98	0.4%
Total	**241,666,961.10**	**100%**



Our work in Education is guided by the conviction that quality education is important for both individual and societal advancement and aims to develop young people and ensure that they do not stop learning and make meaningful contributions to the society. This is achieved by creating conducive learning environment, equipping teachers to engage their students through effective teaching practices and motivating/encouraging the students through scholarships and extra-curricular activities.

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

We are a strong advocate of the Arts as a means of unlocking personal and professional innovation and creativity. We support Art in all forms which include painting, drama, poetry and music. At its most basic level we buy art work from talented Nigerian artists and display them at our offices and branches to promote the works of indigenous artists.

The effect of climate change being felt all over the world with debilitating consequences has called for concerted effort to address environmental issues. We take steps to safeguard our environment by ensuring the sustainable use of our resources.

(1) EDUCATION

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

We are convinced that quality education is important and we aim to ensure young people do not stop learning and make meaningful contributions to the society by; creating conducive learning environment, equipping teachers to engage their students through effective teaching practices and motivating/encouraging the students through scholarships and extra-curricular activities.

Projects

Adopt-a-School Programme: The GTBank Adopt-a-School project is a child focused programme introduced by the Bank in 2004, to improve the quality of public education available to the Nigerian Child. This programme is designed to support schools in high density areas across the nation. We have to date, fully adopted 6 schools and partially adopted / supported several other schools across the geo-political zones of the country.

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

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

Highlights of 2015 Half Year Projects
Adopt-a-school Initiative

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

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

Sports Education through Football Tournaments: We are a major sponsor of sports education in Nigeria and our interest in supporting sport is borne out of our understanding that sport plays a major role in the development of life skills.

Our football programme include; The Principals Cup tournament, The Masters Cup (formerly known as Heritage Cup) tournament, The Super Cup tournament, Players Development Programme (known as CAMP GTBank) and Tournament Ambassadors Programme (TAP).

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

- **The Principals Cup football tournament:** This competition currently runs in Lagos and Ogun and they are in their 6th and 3rd seasons respectively. The sports is for all Secondary Schools in the participating States and is coordinated in partnership with the State Ministry of Youth, Sports & Social development and the Ministry of Education.

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

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

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

- **The Masters Cup football tournament:** This tournament which was formerly known as the Heritage Cup tournament, was introduced in 2012 for non-Government managed schools which are under the Lagos State First Generation Colleges Association (LAFGECA).

(2) COMMUNITY DEVELOPMENT

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

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

Within the review period, we invested in the following projects

Highlights for 2015 Half Year Projects
Orange Ribbon Initiative

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

GTBank Orange Ribbon Initiative: The Orange Ribbon Initiative is an advocacy program designed to support children with developmental disabilities in Nigeria especially Autism Spectrum Disorders (ASD).
Our aim is to create awareness about ASD, ensure autism is diagnosed early in children and provide the required support for caregivers, health practitioners, parents, teachers, and the society to help in proper management of ASD.

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

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

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

Maternal and Child health Initiative: This targets the Millennium Development Goals 4 (reducing child mortality), 5 (improving maternal health) and 6 (combating HIV, malaria and other diseases). We supported sick children in Massey Children's Hospital Lagos and victims of terror in Northern Nigeria.

During the period under review, we have;

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

(3) ARTS

We are a strong advocate of the Arts as a means of unlocking personal and professional innovation and creativity. We support Art in all forms which include painting, drama, poetry and music. At its most basic level we buy art work from talented Nigerian artists and display them at our offices and branches to promote the works of indigenous artists.

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

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

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

(4) ENVIRONMENT

The effect of climate change being felt all over the world with debilitating consequences has called for concerted effort to address environmental issues. We take steps to safeguard our environment by ensuring the sustainable use of our resources.

Beautification and conservation: We adopted 3 major public areas in Lagos, Kano and Sokoto to tend and beautify and ensure their maintenance.
We also invest in energy efficient solutions as part of our contribution to mitigating the effect of climate change in our environment, through renewable energy and resource efficient ways of conducting our business.