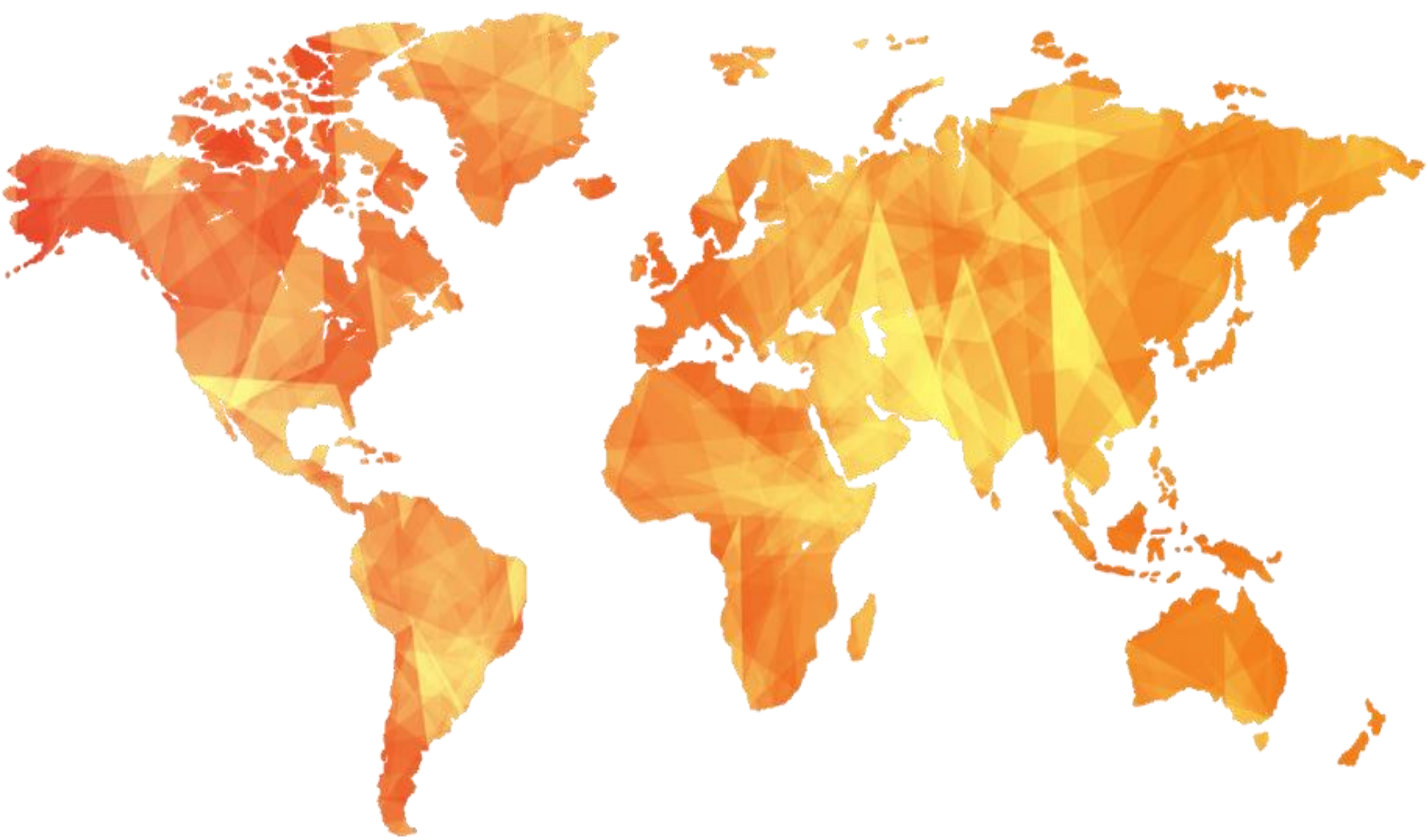
Guaranty Trust Bank plc
RC 152321

Guaranty Trust Bank Plc and Subsidiary Companies

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

December 2016



Introduction

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Corporate Governance

Introduction

In our pursuit to deliver greater shareholder value, Guaranty Trust Bank Plc ("the Bank") continues to subject its operations to the highest standards of corporate governance, which is an essential foundation for sustainable corporate success. We believe good corporate governance practices enhance the confidence placed in the Bank by our shareholders, business partners, employees and the financial markets in which we operate. The belief that success is only worth celebrating when achieved the right way through a process supported and sustained with the right values remains one of the Bank's guiding principles. Our commitment to this principle is for us, the key to keeping public trust and confidence in our Bank and the key to our continued long-term success.

Maintaining good corporate governance practices has become even more important, in view of the increased risks brought about by globalization and digitalization in the Banking industry.

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 has a Code of Corporate Governance which provides a robust framework for the governance of the Board and the Bank. The Bank ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission ("the SEC Code"), the revised Code of Corporate Governance for Banks and Discount Houses in Nigeria issued by the Central Bank of Nigeria ("the CBN Code") in May 2014, as well as disclosure requirements under the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), United Kingdom, which are applicable to non-United Kingdom companies with Global Depositary Receipts (GDRs) listed on the London Stock Exchange.

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

The Bank complies with the requirements of the Central Bank of Nigeria ("CBN") in respect of 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. The Bank also conducts an Annual Board and Directors' Review/Appraisal covering all aspects of the Boards' structure, composition, responsibilities, processes and relationships, in compliance with the requirement of the CBN Code. To conduct the Annual Board Appraisal for the financial year ended December 31, 2016, the Board engaged the consultancy firm of Ernst and Young LP. The independent consultants carried out a comprehensive review of the effectiveness of the Board by assessing the performance of the Board, the Board Committees and Directors. The report of the Appraisal will be presented to Shareholders at the 27th Annual General Meeting of the Bank.

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 Board ensures that an appropriate level of checks and balances is maintained, in order to ensure that decisions are taken with the best interests of the Bank's stakeholders in mind. Directors of the Bank possess the right balance of expertise, skills and experience, which translates to an effective Board and an executive management team capable of steering the affairs of the Bank in an ever changing and challenging environment. The Bank's robust appointment and effective succession planning framework is one way of ensuring that we continue to have the right people to drive the business of the Bank in the desired direction.

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.

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 Committees. 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 of Directors of the Bank is made up of seasoned professionals who have excelled in various sectors including banking, accounting, engineering, oil and gas as well as law. They possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors' fees and hold interest in shares). The Directors have a good understanding of the Bank's businesses and affairs to enable them properly evaluate information and responses provided by Management, and to provide objective challenge to Management. Directors challenge each other's assumptions, beliefs or viewpoints as necessary for the good of the Bank and question intelligently, debate constructively and make decisions dispassionately.

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met four (4) times during the financial year ended December 31, 2016.

Responsibilities of the Board

The Board has ultimate responsibility for determining 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 has delegated the responsibility for day-to-day operations of the Bank to Management and 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.

Notwithstanding the delegation of the operation of the Bank to Management, the Board reserved certain powers which 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 Chairman and Chief Executive have separate roles on the Board 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 responsibility for the day-to-day management of the Bank has been delegated by the Board to the Managing Director/Chief Executive Officer, who is supported by the other Executive Directors. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

Director Nomination Process

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

With respect to new appointments, the Board Human Resources and Nominations Committee identifies, reviews and recommends candidates for potential appointment as Directors. In identifying suitable candidates, the Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board, including gender as well as the balance and mix of appropriate skills and experience.

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

Upon 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 acquiring 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.

The Bank attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong. All the Bank's Non-Executive Directors attended foreign and/or local courses during the 2016 financial year.

Changes on the Board

In the course of the financial year ended December 31, 2016, Mr. Akindele Akintoye and Mr. Andrew Alli retired from the Board, having served as Independent Non-Executive Directors for two (2) terms of four (4) years each (i.e. eight years) in line with the provisions of the Code of Corporate Governance of the Bank and regulatory requirements, which stipulates a maximum of two (2) terms of four (4) years each for Independent Directors.

Messrs Akintoye and Alli were appointed to the Board in June, 2008. Prior to retirement, Mr. Akintoye served as the Chairman of the Board Credit Committee, while Mr. Alli served as the Chairman of the Board Human Resources and Nomination Committee as well as the Board Audit Committee.

Also in the course of the year, the Board appointed Mr. Babatunde Soyoye as a Non-Executive (Independent) Director to fill the vacancy created on the Board. The appointment of Mr. Soyoye has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this Meeting.

With the appointment of Mr. Soyoye, the Bank has two (2) Independent Non-Executive Directors, appointed based on the criteria laid down by the CBN for the appointment of Independent Directors.

Worthy of note is the retirement of Mrs. Catherine Echeozo from the Board with effect from March 15, 2017, having served as an Executive Director of the Bank for three (3) terms of four (4) years, which is the maximum term stipulated for Executive Directors in line with the Bank's Code of Corporate Governance.

In view of Mrs. Echeozo's scheduled retirement, the Board appointed Mr. Mobolaji Jubril Lawal as an Executive Director, with effect from March 16, 2017, to fill the scheduled vacancy.

The appointment of Mr. Lawal has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this Meeting.

Profile of Mr. Soyoye

Mr. Babatunde Soyoye holds a Bachelor of Engineering degree in Electrical Engineering (1991) from Kings College, University of London, London, England and a Master in Business Administration (1995) from the Imperial College London, England.

Mr. Soyoye is a seasoned professional with over twenty-four (24) years' work experience, twenty-one (21) of which has been spent in investment/financial advisory services.

He is the co-founder and Managing Partner of Helios Investment Partners LLP, a private investment firm with its principal office in the United Kingdom, formed to pursue alternative asset class investments in Sub-Saharan Africa, specializing in investment in companies, growth capital for private enterprises, restructurings, joint ventures, startups and structured investments.

Prior to co-founding Helios Investment Partners, Mr. Soyoye was responsible for Telecoms & Media investments across Europe for TPG Capital. He served as a senior member of the corporate strategy team at British Telecom, and manager of business development at Singapore Telecom International.

Mr. Soyoye has played a key role in the execution of over $3 billion of investments across Africa, Europe, Asia and North America.

He is in his late forties and is primarily resident in the United Kingdom.

Profile of Mr. Lawal

Mr. Mobolaji Jubril Lawal holds a Bachelor of Laws degree from Obafemi Awolowo University (1990); B.L from the Nigerian Law School (1991) and a Master of Business Administration from the Oxford University, United Kingdom (2002). He has attended several executive management and banking specific developmental programs in leading educational institutions such as Harvard Business School, Stanford Graduate School of Business and Institut Européen d'Administration des Affaires (INSEAD)

Mr. Lawal joined the Bank in 1992 as an Executive Trainee and rose through the ranks to become a General Manager, a position he held until his appointment as Executive Director.

He has over twenty-four (24) years' of banking experience which covers various aspects of banking including Credit Risk Management, Corporate Banking Group; Commercial Banking Group;, Investment Banking and Corporate Finance where he served as Group Head. Under his leadership, the Group worked on several landmark debt syndications, capital market and project finance transactions both in Nigeria and abroad.

Mr. Lawal is the Divisional Head, Digital Banking Division of the Bank.

He is in his late forties and is resident in 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, Mrs. Osaretin Demuren and Mr. Ibrahim Hassan will retire at the 27th Annual General Meeting and both being eligible, offer themselves for re-election.

Profile of retiring Directors

1. Mrs. Osaretin Demuren

Mrs. Demuren is the Chairman of the Board of Directors of the Bank. She holds a Master of Science 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.

Mrs. Demuren had a successful career with the CBN which spanned over thirty-three (33) years, during which she served as Director, Trade and Exchange Department and was deployed to serve as the Director, Human Resource Department, a position which she held until her retirement from the Central Bank of Nigeria in December, 2009.

Mrs. Demuren was at various times a Member and Secretary to the Public Enlightenment Committee on Second-tier Foreign Exchange Market and Representative of the Central Bank of Nigeria on Special Investigation Panel on Trade Malpractices of the Federal Ministry of Commerce and Tourism. She has served on the boards of several public institutions including the National Social Insurance Trust Fund (NSITF), Nigerian Investment Promotion Commission (NIPC) and Nigeria Export Processing Zone Authority (NEPZA).

She was also the nominee of the CBN on the Governing Council of the Nigerian Investment Promotion Commission, nominee of the CBN on the Board of Nigerian Export Processing Zone Authority, Chairman, International Technical Committee on the Comprehensive Import Supervision Scheme, Chairman, Interministerial Technical Committee on the Nigerian Export Supervision Scheme, Member, Presidential committee on the Review of the Pre-Shipment Inspection Scheme, Member, Residential Committee on the investigation of illegal siphoning of foreign exchange outside Nigeria, Member, Presidential Committee on Trade Malpractices and Co-ordinator, Implementation of Travelers Cheques accessibility to the Nigerian Public.

She is an alumnus of several local and international training programs on Management, Banking, Finance, Trade and Investment at institutions such as the Michigan Ross Business School, Detroit and Institut Européen d'Administration des Affaires (INSEAD), France.

Mrs. Demuren joined the Board on April 17, 2013. She attended all the Board Meetings during the period under review. A record of her attendance at Board Meetings is available on page 15 of this Report.

Mrs. Demuren is in her sixties and resident in Nigeria.

2. Mr. Ibrahim Hassan (Non-Executive Director)

A Petroleum Geologist, Mr. Hassan holds a Bachelor of Technology in Geology degree (1992) from Federal University of Technology, Yola, Adamawa State, and a Master of Science degree in Oil and Gas Enterprise Management (2005) from the University of Aberdeen, United Kingdom. He is an experienced Petroleum Geologist with over 21 years' work experience in the Oil and Gas industry with various multi-disciplinary oil and gas service companies.

He is an alumnus of the Lagos Business School Executive Program (SMP - Senior Management Programme).

Mr. Hassan is currently the Managing Director and CEO of Summit Energy Limited, and a member of several professional bodies, including Council of Nigerian Mining Engineers and Geoscientists (COMEG) and the Nigerian Association of Petroleum Explorationists (NAPE).

He joined the Board on April 22, 2010 and is the Chairman, Board Human Resources and Nominations Committee. He is also a Member of the Credit Committee; the Board Audit Committee and the Statutory Audit Committee of the Bank.

Mr. Hassan attended all Board and Board Committee Meetings during the period under review. A record of his attendance at Board and Board Committee Meetings is available on page 15 of this Report.

Mr. Hassan is in his forties and resident in Nigeria.

Non-Executive Directors' Remuneration

The Bank's policy on remuneration of Non-Executive Directors is guided by the provisions of the CBN Code which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees and reimbursable travel and hotel expenses.

Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 47 of this 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 Technology Strategy Committee and Board Audit Committee.

Through these Committees, the Board is able to effectively carry out its oversight responsibilities, and to take advantage of individual 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, reputational risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time.

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

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

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the financial year ended December 31, 2016.

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

S/NO	NAME	STATUS	DESIGNATION
1.	Mr. H. A. Oyinlola	Non-Executive Director	Chairman (Current)[1]
2.	Mr. A. F. Alli	Non-Executive (Independent) Director	Chairman (Former)[2]
3.	Mr. J. K. O. Agbaje	Managing Director	Member
4.	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member[3]
5.	Mr. A. A. Odeyemi	Executive Director	Member
6.	Mrs. O. O. Omotola	Executive Director	Member

[1] Appointed as the Chairman of the Committee upon the retirement of Mr. Alli
[2] Retired from the Board with effect from June 30, 2016, having served the maximum term prescribed for Independent Directors;
[3] Appointed as a member of the Committee at the Board Meeting held in April, 2016

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 four (4) times during the financial year ended December 31, 2016.

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

S/NO	NAME	STATUS	DESIGNATION
1	Mr. O. M. Agusto	Non-Executive Director	Chairman (Current)[1]
2	Mr. A. O. Akintoye	Non-Executive (Independent) Director	Chairman (Former)[2]
3	Mrs. C. N. Echeozo	Deputy Managing Director	Member
4	Mr. K. A. Adeola	Non-Executive Director	Member
5	Mr. I. Hassan	Non-Executive Director	Member
6	Mr. A. A. Oyedeji	Executive Director	Member
7	Mr. H. Musa	Executive Director	Member

[1] Appointed as the Chairman of the Committee upon the retirement of Mr. Akintoye;
[2] Served as Chairman until his retirement from the Board with effect from June 30, 2016, having served the maximum term prescribed for Independent Directors

Board Human Resources and Nominations Committee

This Committee is responsible for the approval of 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. I. Hassan	Non-Executive Director	Chairman (Current)[1]
2	Mr. A. F. Alli	Non-Executive (Independent) Director	Chairman (Former)[2]
3	Mr. J.K.O. Agbaje	Managing Director	Member
4	Mr. A. O. Akintoye	Non-Executive (Independent) Director	Member[3]
5	Mr. H.A. Oyinlola	Non-Executive Director	Member
6	Mrs. O. O. Omotola	Executive Director	Member
7	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member[4]

[1] Appointed as the Chairman of the Committee upon the retirement of Mr. Alli;
[2] Served as Chairman until his retirement from the Board with effect from June 30, 2016, having served the maximum term prescribed for Independent Directors
[3] Retired from the Board with effect from June 30, 2016, having served the maximum term prescribed for Independent Directors
[4] Appointed as a member of the Committee at the Board Meeting held in April, 2016

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met three (3) times during the financial year ended December 31, 2016.

Board Remuneration Committee

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

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

S/NO	NAME	STATUS	DESIGNATION
1	Mr. O. M. Agusto	Non-Executive Director	Chairman
2	Mr. K.A. Adeola	Non-Executive Director	Member
3	Mr. A. O. Akintoye	Non-Executive (Independent) Director	Member[1]

[1] Retired from the Board with effect from June 30, 2016, having served the maximum term prescribed for Independent Directors

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

Board Information Technology Strategy Committee

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

The Terms of Reference of the Board Information Technology Strategy Committee include:

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

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

S/NO	NAME	STATUS	DESIGNATION
1.	Mr K. A. Adeola	Non-Executive Director	Chairman
2.	Mr J. K. O. Agbaje	Managing Director	Member
3.	Mr A. A. Odeyemi	Executive Director	Member
4.	Mr. H. A. Oyinlola	Non-Executive Director	Attendee
5.	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Attendee

The Committee is required to hold its Meetings bi-annually or at such other frequency as may be required. The Committee met two (2) times during the period under review.

Board Audit Committee

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

The Terms of Reference of the Board Audit Committee include:

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

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

S/No	Name	Status	Designation
1.	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Chairman (Current)[1]
2.	Mr. A. F. Alli	Non-Executive (Independent) Director	Chairman (Former)[2]
3.	Mr. O. M. Agusto	Non-Executive Director	Member
4.	Mr. I. Hassan	Non-Executive Director	Member

[1] Appointed as the Chairman of the Committee upon the retirement of Mr. Alli
[2] Ceased to be Chairman of the Committee upon his retirement, which became effective June 30, 2016.

The Committee is required to hold its Meetings once every quarter. The Committee met four (4) times in the financial year ended December 31, 2016.

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' representatives appointed at Annual General Meetings, while the Chief Inspector/Chief Internal Auditor 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' representatives serve as the Chairman of the Committee.

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

The Statutory Audit Committee of the Bank met four (4) times during the period.

The following members served on the Committee during the financial year ended December 31, 2016:

S/NO	NAME	STATUS	DESIGNATION	ATTENDANCE
1	Mr. A. B. Akisanmi	Shareholders' Representative	Chairman	4
2	Alhaji M. O. Usman	Shareholders' Representative	Member	4
3	Mrs. S. O. J. Mbagwu-Fagbemi	Shareholders' Representative	Member	4
4	Mr. I. Hassan	Non-Executive Director	Member	4
5	Mr. O. M. Agusto	Non-Executive Director	Member	4
6	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	2 [1]
7	Mr. A. F. Alli	Non-Executive (Independent) Director	Member	2 [2]

[1] Filled the vacancy created by the retirement of Mr. Alli in June 2016

[2] Retired from the Board with effect from June 30, 2016, having served the maximum term prescribed for Independent Directors

Attendance of Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the financial year ended December 31, 2016.

	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I. T. STRATEGY	BOARD AUDIT COMMITTEE
S/N	DATE OF MEETINGS	27- Jan-2016 20-Apr-2016 27-Jul-2016 19-Oct-2016	26-Jan-2016 19-Apr-2016 26-Jul-2016 18-Oct-2016	26-Jan-2016 19-Apr-2016 26-Jul-2016 18-Oct-2016	25-Jan-2016 18-Apr-2016 25-Jul--2016	27-Jan-2016	18-Apr-2016 17-Oct-2016	25-Jan-2016 18-Apr-2016 25-Jul-2016 17-Oct-2016
	NUMBER OF MEETINGS	4	4	4	3	1	2	4
1	Mrs. O. A. Demuren[1]	4	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. J. K. O. Agbaje	4	N/A	4	3	N/A	2	N/A
3	Mrs. C. N. Echeozo	4	4	N/A	N/A	N/A	N/A	N/A
4	Mr. A O. Akintoye[2]	2	2	N/A	2	1	N/A	N/A
5	Mr. A. F. Alli[2]	2	N/A	2	2	N/A	N/A	2
6	Mr. O. M. Agusto	4	4	N/A	N/A	1	N/A	4
7	Mr. K. A. Adeola	4	4	N/A	N/A	1	2	N/A
8	Mr. I. Hassan	4	4	N/A	3	N/A	N/A	4
9	Mr. H. A. Oyinlola	4	N/A	4	3	N/A	N/A	N/A
10	Ms. I. Akpofure	4	N/A	2	1	N/A	N/A	2
11	Mr. B. T. Soyoye[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	Mr. A. A. Odeyemi	4	N/A	4	N/A	N/A	2	N/A
13	Mrs. O. O. Omotola	4	N/A	4	3	N/A	N/A	N/A
14	Mr. A. Oyedeji	4	4	N/A	N/A	N/A	N/A	N/A
15	Mr. H. Musa	4	4	N/A	N/A	N/A	N/A	N/A
16	Mr. M. J. Lawal[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1] The Chairman is not a member of any Board Committee in compliance with the CBN Code which prohibits the Chairman of the Board from being a member of any Board Committee;
[2] Retired from the Board with effect from June 30, 2016, having served the maximum term prescribed for Non-Executive (Independent) Directors;
[3] Yet to be appointed to Board Committee(s) as at December 2016
[4] Appointed with effect from March 16, 2017
N/A -Not Applicable

Tenure of Directors

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

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

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, Ernst and Young LP, to carry out the annual Board and Directors appraisal for the 2016 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

The Annual Board and Director Review/Appraisal Report for the 2016 financial year will be presented to shareholders at the 27th 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 Flow

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 in place 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 Securities and Exchange Commission and the Nigerian Stock Exchange. The policy is periodically circulated on the Bank's internal communication network ("Intranet") to serve as a reminder to staff of their obligations thereunder.

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, 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.
- Ensure the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
- Review key IT risk and security issues relevant to the Bank's IT processes / systems.
- Ensure that the Bank complies 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 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 for whistle-blowers. The Bank has two (2) hotlines and a direct link on the Bank's website, provided for the purpose of whistle-blowing. The hotline numbers are 01-4480905 and 01-4480906 and the Bank's website is www.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.

Codes of Conduct

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

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

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 45 of this Annual Report.

Employee Share-ownership Scheme

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

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

Internal Management Structure

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

Subsidiary governance

Subsidiary governance is an integral part of a company's risk management framework. It provides the structure through which 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.

As at 31 December 2016, Guaranty Bank had seven (7) international banking subsidiaries and two (2) sub-subsidiaries. The operations and management of these 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. The Subsidiaries' Board of Directors are responsible for the governance of the Bank and accountable for creating and delivering sustainable value through the management of the Subsidiaries.

Subsidiary Board Committees

The Subsidiaries' Board also exercises its oversight responsibilities through four major committees as follows:

- **Board Audit Committee (BAC)** reviews accounting policies and practices, controls and procedures established by management for compliance with regulatory and financial reporting requirements.
- **Board Risk Management Committee (BRC)** oversees and advises the Board on risk-related matters and risk governance.
- **Board Credit Committee (BCC)** decides on requests for the extension of existing or new credit facilities with a proposed aggregate exposure above a limit fixed by the Board of Directors.
- **Board Asset and Liability Committee (BALC)** oversees a variety of risks arising from the Subsidiaries' 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.

Each of these Board Committees meet at least once per quarter to review the affairs of the bank.

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

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

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

Existence of Group Co-ordination Unit

The business activities of GTBank Subsidiaries are monitored through the Group Co-ordination unit of GTBank Plc. The Unit is saddled with the responsibility of monitoring the subsidiaries and addressing issues arising from their activities. The unit also prepares monthly report on the performance of the subsidiary to the Board of Directors of the bank. The performance of the unit is assessed based on the extent to which the subsidiaries are effectively monitored and attended to.

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.

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

Introduction

As a foremost financial services provider, Guaranty Trust Bank is strategically positioned to influence national economic development through its bouquet of customer-centric products and services. We continuously ensure that our business operations and activities are carried out in line with applicable regulations and international best practices. Our commitment is evident in the entrenchment of Environmental and Social considerations in our activities and operations.

These practices have also been extended to the activities of the Bank's stakeholders – customers, suppliers, workers and communities where we operate. The 2016 Sustainability Report is a representation of our journey in embedding sustainability into our corporate performance. The scope of the report covers areas of sustainability such as Marketplace, Community, Environment and Workplace.

Marketplace

Over the year in review, the Bank integrated the Environmental & Social Risk Management (ESRM) into the review of activities it finances. This is done by conducting Due Diligence assessments on qualifying transactions and follow-up onsite visitations for select projects to assess the customer's level of environmental performance. The ESRM ensures that the Bank continues to provide the highest level of service to our customers whilst ensuring that the credits which we finance do not have adverse environmental and social implications.

In furtherance of the Financial Literacy drive, initiated by the Central Bank of Nigeria, we carried out trainings in 7 schools across the 6 geopolitical zones in Nigeria on the World Savings Day. In 2016, we opened over 400,000 accounts through our 38 Agent Banking locations while we also utilized our 'Bank 737' to provide simple but effective financial services to the unbanked population. We will continue to leverage on technology and explore new locations with the core objective of bringing first class financial services to the unbanked Nigerian demography.

To support our strategic intent and also drive growth and economic development, we sponsored the Food Fair and Fashion Weekend during the financial year. The main aim was to create an international platform for SME Businesses to showcase their products and services.

Community

As part of our sustainability goal, GTBank has continued to bolster existing CSR Initiatives and explore new avenues to enrich the lives of communities which we operate in. This touches healthcare through the Orange Ribbon Initiative, which funds children with special development needs, to educational projects such as the Adopt-A-School program designed to renovate public schools.

The Bank also partnered with Work-in-Progress Alliance to sponsor She Leads Africa Accelerator Program designed to create a platform for young female entrepreneurs to acquire basic business skills and grow their businesses. Full details of the Bank's CSR Projects, as regards Sustainability, can be found in the Corporate Social Responsibility section of this annual report.

Environment

In its drive to become more environmentally sustainable, the bank monitors its carbon footprint. This is mainly done by actively tracking our energy consumption and use of paper. To this end, the procurement business line championed the Green Ambassador Program which was implemented to generally raise awareness about thinking green and get people to be conscious about paper consumption. The core objectives was not only to minimise paper usage and eliminate wastages but also to reduce our environmental footprints and enhance our public image.

As a bank we have recorded a steady reduction in the consumption of paper under the year in review by 39%. We expect a sustained performance in the coming years as we continue to push awareness on the need to recycle paper.

Workplace

The Bank facilitated an introductory training on E&S Risk Management and the Nigerian Sustainability Banking Principles to its existing workforce and new entrants in 2016. This was to create awareness on how to effectively screen projects we finance and how the bank's activities could pose a threat to the environment directly and indirectly.
Also, during the year, the bank introduced the CSR Challenge; an initiative aimed at encouraging all employees to participate in CSR related projects. The exercise was championed by Human Resources and the main essence was to give back to the environment where we operate in.

The drive for a safe and healthy work environment was further sustained by inculcating a culture that encourages staff to undertake periodic full medical check-up annually. This is supported by the circulation of various health related topics, every Wednesday, on the intranet via our "Wellness Wednesday" series. Other initiatives, such as the establishment of a staff gymnasium and a crèche, designed to promote work-life balance and ease the work pressure on nursing mothers are still in place.

In line with GTBank's continuous commitment to gender equality and women economic empowerment, the ratio of women in the employment of the Bank was recorded as 45% while the ratio of women in the Senior Management cadre increased to 36% in 2016.

Introduction

At Guaranty Trust Bank plc. ("the Bank"), our vision is to deliver the utmost in customer service. Accordingly 'treating customers fairly' principles have been incorporated into our business strategy, because we appreciate the fact that our customers are key stakeholders in our business.

We recognize that customer feedback is an important tool in monitoring and responding to customer expectations. We therefore believe in the value of implementing and maintaining a robust feedback management system and process. We are attentive to our customers' needs and we ensure that appropriate responses are provided when enquiries are made.

In a bid to improve our products and services, we analyze data and feedback received to identify recurring systemic issues. The information gathered is used for root cause analysis which is reviewed by the relevant stakeholders for learning purposes and to prevent a reoccurrence of identified issues.

Feedback Channels/Customer Touch points

We value the feedback provided by our customers, as such the following channels/touch points are available to encourage our customers' interaction with the Bank:

- The Complaints portal on the Bank's website;
- GT Connect (a 24 hours self-service interactive call center);
- Social Media feedback platform;
- The Customer Information Service desk at any of our branches;
- The Whistle Blowing portal on the Bank's website;

Customers' opinion on products, services and processes

The Bank constantly evaluates valuable insights provided by customers and other stakeholders on our products, services and policies in order to improve the business, products and overall customer experience.

The review and evaluation is carried out using various methods including:

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

Complaints Handling and Resolution Structure

The Bank is committed to effective complaint handling and values feedback through complaints if and when they arise. The complaints and feedback structure ensures the prompt resolution of customers' complaints. The Complaints Unit of the Bank is charged with the responsibility for receipt, prompt investigation and resolution of customers' complaints. It also serves as the liaison between the Bank and its customers as well as regulatory authorities.

Complaints received are given a unique identifier number for tracking purposes, acknowledged and addressed promptly. Where a resolution can be provided immediately, the customer is provided with feedback, if not, the issue raised is referred to the appropriate team in the Bank for prompt resolution. The customer is kept informed throughout the process until final feedback is provided and resolution attained. The complaint is then marked as closed.

The complaints handling process is reviewed periodically and complaints received are categorized and reviewed properly with the aim of enhancing the Bank's delivery of efficient and effective services.

The Bank ensures that complaints are dealt with in an equitable, objective and unbiased manner. We also endeavor to align our procedures with regulatory requirements and international best practice in a bid to ensure that the complaint handling process is fair and reasonable

Reports to the Central Bank of Nigeria

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

Below is a breakdown of Complaints received and resolved by the Bank between during the financial year ended 31 December 2016 pursuant to CBN circular dated August 16, 2011.

	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
		2016	2015	2016	2015	2016	2015
1	Pending Complaints brought forward from prior period	114	129	876,776	2,976,536	-	-
2	Received Complaints	6,047	6,011	557,585	1,328,997	-	-
3	Resolved Complaints	6,011	6,026	507,771	3,428,757	328,921	161,505
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward	150	114	926,590	876,776	-	-

*Some of the outstanding complaints also include complaints on excess charges, complaints on loan and facilities availed by the Bank.
** Majority of the outstanding complaints as at December 31, 2016 also constitute unauthorized International card transaction that are yet to be resolved by International card operators and International dispense errors (which requires a minimum of 45 working days for investigation and resolution).

The tables below show Complaints received and resolved by the Bank in other currencies for the year ended December 2016 and December 2015 respectively.

RECEIVED COMPLAINTS (Per Currency)

	CURRENCY	Amount Claimed	
		2016	2015
1	United States Dollars	$115,594	$359,122
2	Great Britain Pounds	£7,909	£23,700
3	Euros	£39,516	£67,008

RESOLVED COMPLAINTS (Per Currency)

	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		2016	2015	2016	2015
1	United States Dollars	$116,494	$378,068	$96,727	$229,297
2	Great Britain Pounds	£7,909	£25,200	£3,099	£20,254
3	Euros	₤39,516	₤67,008	₤22,012	₤7,373

UNRESOLVED COMPLAINTS (Per Currency)

	Description	Amount Claimed	
		2016	2015
1	United States Dollars	$578	$1,478
2	Great Britain Pounds	-	-
3	Euros	-	-

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

Guaranty Trust Bank plc is fully committed to the global fight against all forms of financial crimes, including money laundering and terrorist financing. In this regard, the Bank has implemented a framework for Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and the prevention of the financing and proliferation of weapons of mass destruction.

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

Structure of the framework

Policies and procedural guidelines have been set up by the Bank and are regularly reviewed/revised to ensure that they remain relevant and current and are in line with the evolving regulatory requirements and leading practices.

The Bank has moved away from a "rule based and tick box" approach for combating financial crime risk, to a risk based approach. Thus, the Bank identifies and assesses the risks from a proactive stance and allocates the requisite resources which center around systems and controls to manage these risks.

Scope of the framework

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

(i) Board and Management responsibilities:

The Board of Directors of the Bank has oversight responsibilities for the AML/CFT framework. The Board ensures that the Bank's Management and all employees conform strictly with all regulatory and internal procedures relating to AML/CFT and that the Bank maintains a zero tolerance to regulatory infraction. In accordance with AML/CFT global best practice, the "tone is set from the top".

(ii) Reports to Senior Management and the Board:

AML & CFT reports are submitted monthly and quarterly to senior management and the Board respectively. These reports provide the Board and senior management with information to enable them assess the Bank's compliance with its regulatory obligations. The reports also ensures that Directors and senior management are kept abreast on current trends and developments in the financial industry, particularly in the area of AML/CFT risk management.

(iii) Know Your Customer (KYC) procedures:

A duly completed account opening form and the collection of identification and other relevant information and documents are the foundation/bedrock for on-boarding a customer in the Bank. Customer Due Diligence (CDD) is conducted prior to entering into any banking relationship with a customer. This includes at a minimum, identity and address verification as well as ascertaining the source of income and wealth of the customer.

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

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

As part of the Bank's KYC and CDD procedures, identification documents are requested and obtained to confirm the beneficial owners of a business and the organization's control and structure.

The Bank as part of its regulatory requirements from the CBN, made it mandatory for customers to acquire a Bank Verification Number (BVN) to transact on their accounts and have access to loans and purchase of foreign exchange.

(iv) Transaction Monitoring:

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

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

To properly monitor transactions passing through the Bank's systems, the SAS AML tool, has been fully deployed in the Bank, providing an advancement in the means by which transactions are monitored and investigated.

(v) Transaction Reporting:

Regulatory and statutory requirements provide that certain reports and returns are made to regulatory bodies. In Nigeria, the Nigerian Financial Intelligence Unit (NFIU) is the agency charged with the responsibility of receiving the following core transaction based reports:

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

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

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

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

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

(vi) Relationship with Regulators and Law Enforcement Agencies:

The Bank understands that part of its corporate and social role is to cooperate with law enforcement agencies in the fight against financial crime. To this end, the Bank maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Bank promptly complies with all requests made, pursuant to the law, and provides information to regulators including the NFIU, the CBN and other relevant agencies.

(vii) Sanctions Compliance Management:

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

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

(viii) Politically Exposed Persons (PEPs)

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

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

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

(ix) AML/CFT principles for Correspondent Banking:

The Bank only enters into and maintains correspondent banking relationships with financial institutions that have implemented sufficient AML/CFT policies and procedures. The Bank does not deal with shell banks nor maintain any payable through accounts. The Bank ensures that due diligence is performed annually on our correspondent relationships to avoid AML/CFT risks.

(x) AML/CFT Training:

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

(xi) AML/CFT Audits:

In order to adhere to regulations and to ensure an ever evolving fit for use Compliance function, internal audit of the AML/CFT function is conducted on a quarterly basis. The purpose of the audit is to test for, and ensure the effectiveness of the AML/CFT measures put in place by the Bank.

The report and findings of the audit are circulated to various levels of senior management. A follow-up to the audits takes place to ensure that the relevant issues are closed out and highlighted recommendations have been implemented.

(xii) Record Retention:

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

(xiii) Subsidiaries

In compliance with international best practice, the Bank ensures that its foreign subsidiaries AML/CFT provisions are consistent with the Bank's framework which is based on global best 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 apply.

Greater collaboration has been fostered and control measures taken based on the current international best practices, this is to ensure that all our subsidiaries maintain the highest standard for AML/CFT controls.

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

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

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

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

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

Control Environment

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

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

Risk Assessment

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

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

Control Activities

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

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

Top Management Reviews

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

Activity Control

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

Physical Controls

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

Compliance with Limits

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

Approval and Authorisation Limits

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

Verifications and Reconciliations

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

Whistle Blowing

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

Information and Communication/ Monitoring

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

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

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

Directors' Report

For the financial year ended December 31, 2016

The Directors of Guaranty Trust Bank Plc ("the Bank") are pleased to present their report on the affairs of the Bank and its subsidiaries ("the Group"), together with the Group audited financial statements and the Auditor's report for the financial year ended December 31, 2016.

Legal form and principal activity

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

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

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

The Bank has the following overseas subsidiaries: Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (United Kingdom) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Cote d'Ivoire) S. A, Guaranty Trust Bank (Kenya) Limited, Guaranty Trust Bank (Rwanda) Limited, Guaranty Trust Bank (Uganda) Limited; as well as GTB Finance B.V. Netherlands, the special purpose entity used to raise funds from the international financial market.

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

Operating results

The Group's Gross earnings increased by 37%. Highlights of the Group's operating results for the year ended 31 December 2016 are as follows:

	Group Dec-2016 N'000	**Group Dec-2015 N'000**	**Parent Dec-2016 N'000**	**Parent Dec-2015 N'000**
Gross Earnings	414,615,588	301,850,111	365,916,860	268,876,290
Profit before income tax	165,136,461	120,694,804	154,005,487	113,027,057
Taxation	(32,855,806)	(21,257,923)	(27,168,695)	(18,718,934)
Profit for the year	132,280,655	99,436,881	126,836,792	94,308,123
Non-controlling interests	938,913	758,454	-	-
Profit attributable to equity holders of the Bank	131,341,742	98,678,427	126,836,792	94,308,123
Earnings Per Share (Kobo) - Basic	467	351	431	320
Earnings Per Share (Kobo) - Diluted	467	351	431	320

Dividends

During the 2016 financial year, Directors declared and paid an interim dividend of 25 Kobo per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each, for the half– year period ended June 30, 2016.

Withholding tax was deducted at the time of payment.

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

The Directors recommend the payment of a final dividend of ₦1.75k (One Naira Seventy Five Kobo Only) per ordinary share of 50 Kobo (bringing the total dividend for the financial year ended December 31, 2016 to ₦2.00 k (2015: ₦1.77k per share). Withholding tax would be deducted at the point of payment.

Directors and their interest

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

	Names	Direct Holding December2016	*Indirect Holding December 2016	Direct Holding December 2015	*Indirect Holding December 2015
		Shares of 50k each		Shares of 50k each	
1	Mrs. O. A. Demuren	356,581	0	356,581	0
2	Mr. J. K. O. Agbaje	32,146,651	9,481,350*	32,146,651	9,481,350*
3	Mrs. C. N. Echeozo	5,608,118	2,940,300*	5,608,118	2,940,300*
4	Mr. A. F. Alli	1,284,548	0	1,163,975	0
5	Mr. A. O. Akintoye	13,800	0	13,800	0
6	Mr. K. A. Adeola	3,181,640	0	3,281,640	0
7	Mr. I. Hassan	630,838	0	630,838	0
8	Mr. O. M. Agusto	1,000,000	0	500,000	0
9	Mr. H. A. Oyinlola	0	0	0	0
10	Ms. I. L. Akpofure	0	0	0	0
11	Mr. B. T. Soyoye	0	0	0	0
12	Mrs. O. O. Omotola	452,531	234,350*	452,531	234,350*
13	Mr. A. A. Odeyemi	7,661,601	1,688,550*	7,661,601	1,688,550*
14	Mr. A. A Oyedeji	492,787	0	492,787	0
15	Mr. H. Musa	2,875	0	2,875	12,500
16	Mr. M. J. Lawal	20,195	0	20,195	0

*Indirect Shareholding includes underlying shares of GDR (Global Depository Receipts)

There has been no material changes to Directors' shareholdings within the year 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 the Securities and Exchange Commission, the Bank makes disclosure of the remuneration paid to its directors as follows:

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

Changes on the Board

In the course of the financial year ended December 31, 2016, Mr. Akindele Akintoye and Mr. Andrew Alli retired from the Board, having served as Independent Non-Executive Directors for two (2) terms of four (4) years each (i.e. eight years) in line with the provisions of the Code of Corporate Governance of the Bank and regulatory requirements, which stipulates a maximum of two (2) terms of four (4) years each for Independent Directors.

Also in the course of the year, the Board appointed Mr. Babatunde Soyoye as a Non-Executive (Independent) Director to fill the vacancy created on the Board. The appointment of Mr. Soyoye has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this Meeting.

With the appointment of Mr. Soyoye, the Bank has two (2) Independent Non-Executive Directors, appointed based on the criteria laid down by the CBN for the appointment of Independent Directors.

Worthy of note is the retirement of Mrs. Catherine Echeozo from the Board with effect from March 15, 2017, having served as an Executive Director of the Bank for three (3) terms of four (4) years, which is the maximum term stipulated for Executive Directors in line with the Bank's Code of Corporate Governance.

Mrs. Echeozo joined the Bank in 1993 and was appointed an Executive Director in March, 2005. She was appointed Deputy Managing Director of the Bank in October, 2011.

During her term as Executive Director and as Deputy Managing Director, Mrs. Echeozo was responsible for the Corporate Bank Group and Institutional Banking Division respectively, and contributed immensely to the business of the Bank. The Board is deeply appreciative of Mrs. Echeozo, for her hardwork and contribution to the success of the Bank, while wishing her success in her future endeavors.

In view of Mrs. Echeozo's scheduled retirement, the Board appointed Mr. Mobolaji Jubril Lawal as an Executive Director, with effect from March 16, 2017, to fill the scheduled vacancy.

The appointment of Mr. Lawal has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this Meeting.

Profile of Mr. Soyoye

Mr. Babatunde Soyoye holds a Bachelor of Engineering degree in Electrical Engineering (1991) from Kings College, University of London, London, England and a Masters in Business Administration (1995) from the Imperial College London, England.

Mr. Soyoye is a seasoned professional with over twenty-four (24) years' work experience, twenty-one (21) of which has been spent in investment/financial advisory services.

He is the co-founder and Managing Partner of Helios Investment Partners LLP, a private investment firm with its principal office in the United Kingdom, formed to pursue alternative asset class investments in Sub-Saharan Africa, specializing in investment in companies, growth capital for private enterprises, restructurings, joint ventures, startups and structured investments.

Prior to co-founding Helios Investment Partners, Mr. Soyoye was responsible for Telecoms & Media investments across Europe for TPG Capital. He served as a senior member of the corporate strategy team at British Telecom, and manager of business development at Singapore Telecom International.

Mr. Soyoye has played a key role in the execution of over $3 billion of investments across Africa, Europe, Asia and North America.

He is in his late forties and is primarily resident in the United Kingdom.

Profile of Mr. Lawal

Mr. Mobolaji Jubril Lawal holds a Bachelor of Laws degree from Obafemi Awolowo University (1990); B.L from the Nigerian Law School (1991) and a Master of Business Administration from the Oxford University, United Kingdom (2002). He has attended several executive management and banking specific developmental programs in leading educational institutions such as Harvard Business School, Stanford Graduate School of Business and Institut Européen d'Administration des Affaires (INSEAD).

Mr. Lawal joined the Bank in 1992 as an Executive Trainee and rose through the ranks to become a General Manager, a position he held until his appointment as Executive Director.

He has over twenty-four (24) years' of banking experience which covers various aspects of banking including Credit Risk Management, Corporate Banking Group; Commercial Banking Group; Investment Banking and Corporate Finance where he served as Group Head. Under his leadership, the Group worked on several landmark debt syndications, capital market and project finance transactions both in Nigeria and abroad.

Mr. Lawal is the Divisional Head, Digital Banking Division of the Bank.

He is in his late forties and is resident in 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, Mrs. Osaretin Demuren and Mr. Ibrahim Hassan will retire at the 27th Annual General Meeting and both being eligible, offer themselves for re-election.

The profiles of the retiring Directors are available on pages 7 and 8 of this Report.

In the course of the period under review, both Directors attended all Board and Board Committee Meetings (where applicable). A record of their attendance at Meetings is available on page 15 of this Report.

Directors' interest in Contracts

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

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

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

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at December 31, 2016, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	251,893	75.4329	778,439,690	2.6449
10,001	-	50,000	61,352	18.3727	1,328,733,628	4.5147
50,001	-	100,000	9,807	2.9368	689,840,914	2.3439
100,001	-	500,000	8,636	2.5862	1,762,766,562	5.9895
500,001	-	1,000,000	986	0.2953	688,469,532	2.3393
1,000,001	-	5,000,000	958	0.2869	1,923,906,222	6.5370
5,000,001	-	10,000,000	138	0.0413	899,680,465	3.0569
10,000,001	-	50,000,000	111	0.0332	2,534,521,441	8.6117
50,000,001	-	100,000,000	19	0.0057	1,348,411,607	4.5816
100,000,001	-	500,000,000	22	0.0066	4,968,251,114	16.8809
500,000,001	-	1,000,000,000	2	0.0006	1,384,516,947	4.7043
1,000,000,001	-	2,000,000,000	4	0.0012	4,710,121,063	16.0038
2,000,000,001	-	5,000,000,000	1	0.0003	3,377,404,124	11.4768
SUB TOTAL :-			333,929	99.9997	26,393,537,587	89.6788
GTBANK GDR UNDERLYING SHARES			1	0.0003	3,037,641,637	10.3212
TOTAL			**333,930**	**100.0000**	**29,431,179,224**	**100**

According to the Register of Members as at December 31, 2016, 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)	3,037,641,637	10.3212
Stanbic Nominees Nigeria Limited	8,297,833,591	28.1939

Citibank Nigeria Limited ("Citibank") held the 3,037,641,637 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. The role merely confers legal responsibility for the safe custody of the shares on Citibank as custodian. Citibank does not exercise any investor 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 ("Stanbic") held 28.19% of the Bank's shares largely in trading accounts on behalf of various investors. Stanbic does not exercise personal voting rights on the said shares.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of ₦449,616,533 (Dec. 2015: ₦398,211,628) as donations and charitable contributions during the year. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others. A listing of the beneficiary organizations and the amounts donated to them is shown below:

SECTOR	BENEFICIARY/PROJECT	AMOUNT (N)
Arts	Art 635 Gallery Project	726,500
	Global Art Documentary	2,000,000
	Tate Partnership	15,409,000
	Virtual Arts Gallery	1,510,692
	Yinka Shonibare Exhibition	22,808,349
Community Development	Beibei Haven Foundation	500,000
	Child and Maternal Health Care	1,000,000
	Massey Hospital Support	528,290
	Nigerwives Support	4,124,432
	Orange Ribbon Initiative - Autism	66,699,971
	She Leads Africa	6,100,037
	Special Olympics Support	1,000,000
	Support towards special persons	100,000
	Swiss Red Cross Partnership	48,322,045
	She Leads Africa	5,690,688
	Kick Against Indiscpline	3,491,250
	Women In Leadership	780,000
	Lindy's Gem Foundation	500,000
	CBN Multi Purpose	500,000
	IFWA Conference	500,000
	Child Life Line Charity	162,000
	Tristste Heart Foundation	1,000,000
	Honey Bee Foundation	462,406
Education	Adopt-a-school	22,551,894

	CBG Match	250,000
	Day Waterman College	20,000,000
	Emir's Palace Schools Renovation	918,750
	Herbert Macaulay Library Renovation	40,571,150
	Infrastructure Upgrade	221,700
	Masters Cup	22,120,331
	OMR Form for Tetiary Institutions	5,959,500
	OrangeVolunteer	1,170,000
	Principals Cup	124,724,081
	Ready Set Work Partnership	420,157
	School Infrastructure Development	221,700
	School Monopoly Championship	244,650
	School Support	500,000
	Principals Cup	17,870,000
	Orange Volunteer Initiative	1,170,000
	World Savings Day	887,680
	Financial Literacy Initiative	479,542
	Ogun State Summer Camp	1,000,000
	CFA Investment Conference	500,000
Environment	CSR Profiling	840,000
	Roundabout Maintenance	480,000
Others	Others	2,034,240
	Kellogg Emerging Market Conference	565,500
Grand Total		**449,616,533**

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December, 2016 and profit attributable to equity holders on the date other than as disclosed in the financial statements.

Research and development

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

Gender Analysis

The average number and percentage of males and females employed during the year ended December 31, 2016 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		**%**	
Employees	1,834	1,515	**3,349**	55%	45%

<u>Gender analysis in average terms of Board and Top Management as at 31 December, 2016 is as follows:</u>

	Male	Female	Total	Male	Female
		Number		%	
Board	10	4	14	71%	29%
Top Management (AGM - GM)	35	22	57	61%	39%
Total	**45**	**26**	**71**	**63%**	**37%**

Detailed Gender analysis in average terms of Board and Top Management as at 31 December, 2016 is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	13	10	23	57%	43%
Deputy General Manager	13	6	19	68%	32%
General Manager	9	6	15	60%	40%
Executive Director & Deputy Managing Director	3	2	5	60%	40%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	6	2	8	75%	25%
Total	**45**	**26**	**71**	**63%**	**37%**

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 top 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 Top Management levels respectively, subject to identification of candidates with appropriate skills. For the purpose of this statement, "Board" refers to Managing Director/CEO, Deputy Managing Director, Executive Directors and Non-Executive Directors while "Top Management" refers to General Manager, Deputy General Manager and Assistant General Manager grades.

(3) Employment of Physically Challenged Persons

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

In the event of any employee becoming physically challenged 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 year under review, the Bank had three persons on its staff list with physical challenges.

(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 forums including 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 year 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 in due course. 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

Erhi Obebeduo
Company Secretary
FRC/2017/NBA/00000016024
Plot 635, Akin Adesola Street, Victoria Island, Lagos
25 January, 2017

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended December 31, 2016

The Directors accept responsibility for the preparation of the financial statements set out from pages 56-323 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

Going Concern:

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

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

SIGNED ON BEHALF O F THE DIRECTORS BY:

CATHY ECHEOZO	SEGUN AGBAJE
FRC/2013/ICAN/00000001319	FRC/2013/CIBN/00000001782
25 January, 2017	25 January, 2017

Report of the Audit Committee

For the year ended 31 December, 2016

To the members of Guaranty Trust Bank Plc

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

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

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December, 2016 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 N438,857,000 (31 December, 2015: N1,585,455,000) was outstanding as at 31 December, 2016. The status of performance of insider related credits is as disclosed in Note 47(d).

- We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Mr. Akinola B. Akisanmi
Chairman, Audit Committee
FRC/2014/ICAN/00000005627
23 January, 2017

Members of the Audit Committee are:

1.	Mr. Akinola B. Akisanmi	-	Chairman
2.	Alhaji M.A. Usman	}	Shareholder's Representatives
3.	Mrs. Sandra Mbagwu-Fagbemi		
4.	Mr. Bode Agusto		
5.	Ibrahim Hassan		
6.	Andrew Alli[-]		
7.	Ms. Imoni Akpofure[+]		

In attendance:
Mr. Segun Fadahunsi - Secretary

[-] Retires with effect from June 30, 2016
[+] Replaces Andrew Alli with effect from June 30, 2016

Independent auditor's report

To the Members of Guaranty Trust Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Guaranty Trust Bank Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2016, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Guaranty Trust Bank Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter

Allowance for impairment assessment (N80.65billion)

We focused on this area due to the size of the loans and advances balance net of impairment (N1.4trillion) and because it requires significant judgement both for the timing and recognition of impairment and the estimation of the size of any such impairment.

The main components are a specific loss component that relates to individually significant exposures, and a collective loan loss impairment, established for a group of financial assets with similar credit risk characteristics that were collectively assessed for impairment.

See notes 4(f), 6, 11, 28 and 29 to the consolidated and separate financial statements.

We focused on:

- The valuation of collaterals used in the impairment calculation for the facilities individually assessed for specific impairment because of their impact on the determination of recoverable amount.
- Internal rating model developed by management to assess the credit quality and measure the default risk of the obligors. Management's assumptions in arriving at the risk rating in the model is subjective and highly sensitive to the changes in economic and credit conditions across the different segments and industries.
- Foreign currency denominated usance facilities which were grouped on the basis of similar credit risk characteristics. The calculation of probability of default for this group of facilities was more stringent than other collectively impaired facilities as management considered that the marked depreciation of the Naira against Dollars could pose future challenges on the ability

We understood and evaluated the design and operating effectiveness of the controls over loan loss reserves assessment across the bank to determine the extent of substantive testing required. We applied a risk based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements.

Our reviews included checking the details of the borrowers and the account history, the nature of the facility, the industry and other factors that could indicate deterioration in the financial condition and the borrowers' capacity to repay.

For those facilities individually assessed for specific impairment, we formed our own judgement as to the classification of the facility and challenged management where our classification differed from theirs.

We obtained and reviewed the valuation reports for assessment of the collateral values included in the impairment calculation for significant facilities where impairment triggers were identified.

We assessed the reasonableness of management's assumptions with respect to inputs into the incurred loan loss model. We then verified the accuracy of the inputs and recalculated the collective impairment amount.

For facilities denominated in foreign currency experiencing economic stress due to the limited availability of foreign currency and the increased cost to source foreign exchange from alternative markets, we evaluated management's assessment that they were not specifically impaired by reviewing the borrowers' accounts to assess whether there is a shortfall in Dollars or whether the total Naira account balance is sufficient to service the facilities if converted to Naira at the prevailing exchange rate. We also assessed the extent to of the obligors to service maturing obligations as at when due. Approximately 80% of the increase in collective impairment is attributable to the more stringent assessment for the foreign currency denominated usance facilities.

Allowance for impairment is considered a key audit matter in the consolidated and separate financial statements.

which collateral held against the facilities can cover the Naira/Dollar shortfall. We obtained sufficient documentation on the measures taken by the borrowers to source the foreign currency required to service the facilities.

We assessed the probability of default for the foreign currency denominated facilities which at 84% was more stringent than the probability of default for the respective industry buckets within the collective impairment model. We obtained evidence of approval from senior management for the more stringent probability of default.

Assessment for impairment of goodwill (N8.67billion)

See notes 3(p), 6 and 32(c) to the consolidated and separate financial statements

We focused on this area because of the significant judgements involved in estimating the carrying amount of goodwill at the period end date (N8.6billion). In particular, the directors exercised judgement in identifying the Cash Generating Units (CGUs) to which goodwill is allocated, determining the recoverable amounts of the Cash Generating Units (CGUS) and the assumptions applied within the Value-in-use calculations.

This matter is considered a key audit matter in the consolidated financial statements only.

We reviewed management's identification of CGUs which is based on each geographical area the group has invested in rather than each subsidiary as there are synergetic effects affecting subsidiaries in a particular geographic area.

Furthermore, we evaluated the composition of management's future cash flow forecasts for each CGU and assessed the reasonableness of assumptions made by management in relation to growth rates and the weighted average cost of capital. We compared management's cash flow forecasts to actual results obtained based on audited financial statement numbers from prior years.

We considered the country's risk profile, market conditions and industry forecast and challenged management's assumptions in the forecasts for long term growth rate and discount rate.

Other information

The directors are responsible for the other information. The other information include Corporate governance report, Sustainability report, Reports and feedback, Anti-money laundering and combating terrorist financing framework, Internal control and risk management systems in relation to the financial reporting, Statement of directors' responsibilities, Report of the audit committee, Regulatory requirements under IFRS regime, Operational risk management, Activities of card operations, Value added statements, Five year financial summary, Share Capitalisation history and Corporate social responsibility report (but does not include the consolidated and separate financial statement and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Subsidiary governance report, Chairman's statement, Managing Director's statement, Report of the independent consultants on the appraisal of the Board of Guaranty Trust Bank Plc, Corporate information, Products and services and Corporate directory which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the reports not made available to us before the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain pwc

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

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

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

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

v) except for the contraventions disclosed in Note 48 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Obioma Ubah

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

2 March 2017

Engagement Partner: Obioma Ubah
FRC/2013/ICAN/00000002002

Financial statements

Statements of financial position

As at 31 December 2016

In thousands of Nigerian Naira	***Notes***	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Assets					
Cash and cash equivalents	4, 8, 23	455,863,305	254,633,215	233,847,233	173,133,109
Financial assets held for trading	4, 8, 24	12,053,919	34,626,186	6,321,370	25,075,618
Derivative financial assets	25	1,042,470	-	1,042,470	-
Investment securities:					
– Available for sale	4, 8, 26	448,056,733	364,180,150	408,246,905	327,585,822
– Held to maturity	4, 8, 26	80,155,825	29,408,045	5,219,262	3,210,575
Assets pledged as collateral	4, 8, 27	48,216,412	61,954,777	48,205,702	61,946,270
Loans and advances to banks	4, 8, 28	653,718	1,051,521	29,943	638,817
Loans and advances to customers	4, 8, 29	1,589,429,834	1,371,925,547	1,417,217,952	1,265,207,443
Investment in subsidiaries	30	-	-	43,968,474	41,905,781
Property and equipment	31	93,488,055	87,988,778	81,710,025	79,192,748
Intangible assets	32	13,858,906	12,470,612	3,377,961	2,492,959
Deferred tax assets	33	1,578,427	3,244,141	-	-
Restricted deposits and other assets	34	371,995,835	303,110,737	364,152,777	297,240,082
Total assets		**3,116,393,439**	**2,524,593,709**	**2,613,340,074**	**2,277,629,224**
Liabilities					
Deposits from banks	4, 8, 35	125,067,848	26,256,839	40,438	39,941
Deposits from customers	4, 8, 36	1,986,246,232	1,610,349,689	1,681,184,820	1,422,550,125
Financial liabilities held for trading	4, 8, 37	2,065,402	-	2,065,402	-
Derivative financial liabilities	25	987,502	-	987,502	-
Other liabilities	8, 39	115,682,490	104,605,713	90,060,440	85,126,211
Current income tax liabilities	21	17,928,279	17,739,676	17,819,039	19,378,526
Deferred tax liabilities	33	17,641,384	6,839,522	11,946,699	6,345,773
Debt securities issued	4, 8, 38	126,237,863	180,117,424	-	-
Other borrowed funds	4, 8, 41	219,633,604	165,122,908	332,317,881	338,580,300
Total liabilities		**2,611,490,604**	**2,111,031,771**	**2,136,422,221**	**1,872,020,876**

Statements of financial position (Continued)
As at 31 December 2016

In thousands of Nigerian Naira	***Notes***	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
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		(5,291,245)	(4,754,156)	-	-
Retained earnings		90,273,587	51,089,585	83,989,499	46,048,031
Other components of equity		272,891,094	222,651,255	254,741,650	221,373,613
Total equity attributable to owners of the Parent		**496,060,140**	**407,173,388**	**476,917,853**	**405,608,348**
Non-controlling interests in equity		8,842,695	6,388,550	-	-
Total equity		**504,902,835**	**413,561,938**	**476,917,853**	**405,608,348**
Total equity and liabilities		**3,116,393,439**	**2,524,593,709**	**2,613,340,074**	**2,277,629,224**

Approved by the Board of Directors on 25 January 2017:

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

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

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

The accompanying notes are an integral part of these financial statements

Income statements

For the year ended 31 December 2016

In thousands of Nigerian Naira	***Notes***	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Interest income	9	262,494,101	229,236,715	226,579,479	206,478,499
Interest expense	10	(67,093,923)	(69,289,592)	(55,551,522)	(61,445,632)
Net interest income		**195,400,178**	**159,947,123**	**171,027,957**	**145,032,867**
Loan impairment charges	11	(65,290,310)	(12,408,194)	(63,542,640)	(11,769,374)
Net interest income after loan impairment charges		**130,109,868**	**147,538,929**	**107,485,317**	**133,263,493**
Fee and commission income	12	51,273,910	51,865,608	40,397,778	44,034,897
Fee and commission expense	13	(3,456,257)	(3,079,439)	(2,947,714)	(2,689,751)
Net fee and commission income		**47,817,653**	**48,786,169**	**37,450,064**	**41,345,146**
Net gains/(losses) on financial instruments classified as held for trading	14	5,218,451	12,237,394	2,248,241	9,189,686
Other income	15	95,629,125	8,510,394	96,691,361	9,173,208
Personnel expenses	17	(29,453,465)	(27,721,723)	(20,704,772)	(20,727,835)
Operating lease expenses	18	(1,375,228)	(1,124,691)	(670,172)	(674,958)
Depreciation and amortization	19	(15,249,366)	(12,594,522)	(12,730,298)	(10,787,370)
Other operating expenses	20	(67,560,577)	(54,937,146)	(55,764,254)	(47,754,313)
Profit before income tax		**165,136,461**	**120,694,804**	**154,005,487**	**113,027,057**
Income tax expense	21	(32,855,806)	(21,257,923)	(27,168,695)	(18,718,934)
Profit for the year		**132,280,655**	**99,436,881**	**126,836,792**	**94,308,123**
Profit attributable to:					
Equity holders of the parent entity		131,341,742	98,678,427	126,836,792	94,308,123
Non-controlling interests		938,913	758,454	-	-
		132,280,655	**99,436,881**	**126,836,792**	**94,308,123**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic	22	4.67	3.51	4.31	3.20
– Diluted	22	4.67	3.51	4.31	3.20

The accompanying notes are an integral part of these financial statements

Statements of comprehensive income

For the year ended 31 December 2016

In thousands of Nigerian Naira	**Notes**	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Profit for the year		132,280,655	99,436,881	126,836,792	94,308,123
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent years:					
Actuarial gains and losses		1,902,940	(1,342,733)	1,902,940	(1,342,733)
Income tax relating to actuarial gains and losses		(570,882)	402,820	(570,882)	402,820
		1,332,058	(939,913)	1,332,058	(939,913)
Other comprehensive income to be reclassified to profit or loss in subsequent years:					
Foreign currency translation differences for foreign operations		22,134,976	(1,653,527)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	(6,640,493)	496,058	-	-
Net change in fair value of available for sale financial assets		(6,445,561)	5,303,424	(6,878,440)	5,231,517
Income tax relating to Net change in fair value of available for sale financial assets	21	1,982,410	(1,420,464)	2,112,274	(1,398,892)
		11,031,332	2,725,491	(4,766,166)	3,832,625
Other comprehensive income for the year, net of tax		12,363,390	1,785,578	(3,434,108)	2,892,712
Total comprehensive income for the year		**144,644,045**	**101,222,459**	**123,402,684**	**97,200,835**
Total comprehensive income attributable to:					
Equity holders of the parent entity		141,517,020	100,409,556	123,402,684	97,200,835
Non-controlling interests		3,127,025	812,903	-	-
Total comprehensive income for the year		**144,644,045**	**101,222,459**	**123,402,684**	**97,200,835**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
December 2016
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 2016	**14,715,590**	**123,471,114**	**53,793,105**	**169,730,267**	**(4,754,156)**	**3,938,817**	**(4,810,934)**	**51,089,585**	**407,173,388**	**6,388,550**	**413,561,938**
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	131,341,742	131,341,742	938,913	132,280,655
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	13,445,724	-	13,445,724	2,048,759	15,494,483
Actuarial gains	-	-	-	-	-	-	-	1,332,058	1,332,058	-	1,332,058
Fair value adjustment	-	-	-	-	-	(4,602,504)	-	-	(4,602,504)	139,353	(4,463,151)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(4,602,504)**	**13,445,724**	**1,332,058**	**10,175,278**	**2,188,112**	**12,363,390**
Total comprehensive income	-	-	-	-	-	**(4,602,504)**	**13,445,724**	**132,673,800**	**141,517,020**	**3,127,025**	**144,644,045**
Transactions with equity holders, recorded directly in equity:											
Transfers for the year	-	-	1,941,500	39,455,119	-	-	-	(41,396,619)	-	-	-
Outlow from non-controlling interest	-	-	-	-	-	-	-	-	-	(470,293)	(470,293)
Acquisition/disposal of own shares	-	-	-	-	(537,089)	-	-	-	(537,089)	-	(537,089)
Dividend to equity holders	-	-	-	-	-	-	-	(52,093,179)	(52,093,179)	(202,587)	(52,295,766)
	-	**-**	**1,941,500**	**39,455,119**	**(537,089)**	-	-	**(93,489,798)**	**(52,630,268)**	**(672,880)**	**(53,303,148)**
Balance at 31 December 2016	**14,715,590**	**123,471,114**	**55,734,605**	**209,185,386**	**(5,291,245)**	**(663,687)**	**8,634,790**	**90,273,587**	**496,060,140**	**8,842,695**	**504,902,835**

Consolidated Statement of Changes in Equity
Dec-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)**	**51,425,181**	**359,034,976**	**5,679,322**	**364,714,298**
Total comprehensive income for the period:											
Profit for the year	-	-	-	-	-	-	-	98,678,427	98,678,427	758,454	99,436,881
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(1,140,087)	-	(1,140,087)	(17,382)	(1,157,469)
Actuarial gains	-	-	-	-	-	-	-	(939,913)	(939,913)	-	(939,913)
Fair value adjustment	-	-	-	-	-	3,811,129	-	-	3,811,129	71,831	3,882,960
Total other comprehensive income	-	-	-	-	-	**3,811,129**	**(1,140,087)**	(939,913)	1,731,129	**54,449**	**1,785,578**
Total comprehensive income	-	-	-	-	-	**3,811,129**	**(1,140,087)**	**97,738,514**	**100,409,556**	**812,903**	**101,222,459**
Transactions with equity holders, recorded directly in equity:											
Transfers for the year	-	-	25,252,432	21,317,115	-	-	-	(46,569,547)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(766,581)	-	-	-	(766,581)	-	(766,581)
Dividends to equity holders	-	-	-	-	-	-	-	(51,504,563)	(51,504,563)	(103,675)	(51,608,238)
	-	**-**	**25,252,432**	**21,317,115**	**(766,581)**	-	-	**(98,074,110)**	**(52,271,144)**	**(103,675)**	**(52,374,819)**
Balance at 31 December 2015	**14,715,590**	**123,471,114**	**53,793,105**	**169,730,267**	**(4,754,156)**	**3,938,817**	**(4,810,934)**	**51,089,585**	**407,173,388**	**6,388,550**	**413,561,938**

Statement of Changes in Equity
December 2016
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**52,241,013**	**165,367,114**	**3,765,486**	**46,048,031**	**405,608,348**
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	126,836,792	126,836,792
Other comprehensive income, net of tax							
Actuarial gains	-	-	-	-	-	1,332,058	1,332,058
Fair value adjustment	-	-	-	-	(4,766,166)	-	(4,766,166)
Total other comprehensive income	**-**	**-**	**-**	**-**	**(4,766,166)**	**1,332,058**	**(3,434,108)**
Total comprehensive income	-	-	-	-	**(4,766,166)**	**128,168,850**	**123,402,684**
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	83,165	38,051,038	-	(38,134,203)	-
Dividend to equity holders	-	-	-	-	-	(52,093,179)	(52,093,179)
	-	**-**	**83,165**	**38,051,038**	-	**(90,227,382)**	**(52,093,179)**
Balance at 31 December 2016	**14,715,590**	**123,471,114**	**52,324,178**	**203,418,152**	**(1,000,680)**	**83,989,499**	**476,917,853**

[1] **Please refer to Note 42 for further breakdown**

Statement of Changes in Equity
Dec-2015
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 2015	**14,715,590**	**123,471,114**	**28,349,056**	**144,619,327**	**(67,139)**	**48,824,128**	**359,912,076**
Total comprehensive income for the period:							
Profit for the year	-	-	-	-	-	94,308,123	94,308,123
Other comprehensive income, net of tax							
Actuarial gains	-	-	-	-	-	(939,913)	(939,913)
Fair value adjustment	-	-	-	-	3,832,625	-	3,832,625
Total other comprehensive income	-	-	-	-	**3,832,625**	(939,913)	**2,892,712**
Total comprehensive income	-	-	-	-	**3,832,625**	**93,368,210**	**97,200,835**
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	23,891,957	20,747,787	-	(44,639,744)	-
Dividend to equity holders	-	-	-	-	-	(51,504,563)	(51,504,563)
	-	**-**	**23,891,957**	**20,747,787**	-	**(96,144,307)**	**(51,504,563)**
Balance at 31 December 2015	**14,715,590**	**123,471,114**	**52,241,013**	**165,367,114**	**3,765,486**	**46,048,031**	**405,608,348**

Statements of cash flows

For the year ended 31 December 2016

In thousands of Nigerian Naira	***Notes***	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Cash flows from operating activities					
Profit for the period		132,280,655	99,436,881	126,836,792	94,308,123
Adjustments for:					
Depreciation of property and equipment	19, 31	13,537,146	11,417,644	11,461,319	9,858,957
Amortisation of Intangibles		1,712,220	1,176,878	1,268,979	928,413
Gain on disposal of property and equipment		(74,948)	(87,966)	(36,266)	(71,709)
Gain on repossessed collateral and other valuation gains		(7,578,407)	-	(7,578,407)	-
Impairment on financial assets		66,127,118	12,848,841	64,026,771	11,874,199
Net interest income		(195,400,178)	(159,947,123)	(171,027,957)	(145,032,867)
Foreign exchange gains	15	(87,289,532)	(5,195,652)	(86,358,293)	(4,632,908)
Fair value changes for FVTPL		7,754	(2,854,509)	7,754	(2,854,509)
Derivatives fair value changes		(54,968)	276,358	(54,968)	276,358
Dividend received		(93,237)	(99,740)	(2,546,148)	(1,614,082)
Income tax expense	21, 34	32,855,806	21,257,923	27,168,695	18,718,934
Other non-cash items		(38,212)	406,691	(38,212)	406,691
		(44,008,783)	(21,363,774)	(36,869,941)	(17,834,400)
Net changes in:					
Financial assets held for trading		26,837,030	(21,784,261)	18,746,494	(16,545,564)
Assets pledged as collateral		13,742,539	(22,775,784)	13,740,568	(22,772,630)
Loans and advances to banks		(22,730,007)	4,752,092	(22,376,554)	(608,245)
Loans and advances to customers		203,461,473	(52,137,312)	118,596,170	(46,762,811)
Restricted deposits and other assets		(52,315,214)	5,415,252	(53,342,557)	7,847,473
Deposits from banks		78,759,321	(5,075,276)	497	(103,772)
Deposits from customers		150,059,142	(32,289,055)	113,021,266	(44,042,116)
Financial liabilities held for trading		2,065,402	-	2,065,402	-
Other liabilities		(11,827,395)	42,478,592	(13,730,934)	31,828,021
		388,052,291	(81,415,752)	176,720,352	(91,159,644)
Interest received		259,818,523	224,019,106	223,903,900	201,260,889
Interest paid		(66,826,707)	(69,459,262)	(55,284,307)	(61,615,302)
		537,035,324	51,780,318	308,470,004	30,651,543
Income tax paid		(26,070,542)	(23,307,163)	(21,585,865)	(20,222,395)
Net cash/(used in) provided by operating activities		**510,964,782**	**28,473,155**	**286,884,139**	**10,429,148**

Statements of cash flows

For the year ended 31 December 2016

In thousands of Nigerian Naira	***Notes***	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Cash flows from investing activities					
Redemption of investment securities		894,817,978	798,990,946	894,817,978	798,990,946
Purchase of investment securities		(1,005,131,946)	(808,879,886)	(981,030,167)	(801,889,906)
Dividends received		93,237	99,740	2,546,148	1,614,082
Purchase of property and equipment	31	(15,753,352)	(23,155,245)	(14,049,044)	(21,078,594)
Proceeds from the sale of property and equipment		420,630	143,928	106,714	140,696
Purchase of intangible assets	32	(2,392,426)	(1,198,372)	(2,153,981)	(1,003,673)
Additional investment in subsidiary		-	-	(2,062,693)	(1,775,497)
Net cash provided by/(used in) investing activities		(127,945,879)	(33,998,889)	(101,825,045)	(25,001,946)
Cash flows from financing activities					
Increase in debt securities issued		-	1,057,751	-	-
Repayment of debt securities issued		(156,447,729)	-	-	-
Repayment of long term borrowings		(138,920,556)	(27,471,139)	(196,959,871)	(16,030,387)
Increase in long term borrowings		43,770,500	87,044,828	43,770,500	87,044,828
Finance lease repayments		(1,331,093)	(790,947)	(1,331,093)	(790,947)
Purchase of treasury shares		(537,089)	(766,581)	-	-
Dividends paid to owners	43	(52,093,179)	(51,504,563)	(52,093,179)	(51,504,563)
Dividends paid to non-controlling interest		(202,587)	(103,675)	-	-
Increase in non-controlling interest		(470,293)	-	-	-
Net cash provided by financing activities		(306,232,026)	7,465,674	(206,613,643)	18,718,931
Net (decrease) /increase in cash and cash equivalents		76,786,877	1,939,940	(21,554,549)	4,146,133
Cash and cash equivalents at beginning of period		254,633,215	246,939,868	173,133,109	161,778,647
Effect of exchange rate fluctuations on cash held		101,128,332	5,753,407	59,284,102	7,208,329
Cash and cash equivalents at end of the year	23b	432,548,424	254,633,215	210,862,662	173,133,109

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Guaranty Trust Bank Plc (“the Bank” or “the Parent”) is a company domiciled in Nigeria. The address of the Bank’s registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the year ended 31 December 2016, are prepared for the Parent and the Group (Bank and its `subsidiaries, separately referred to as “Group entities”) respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The Consolidated and separate financial statements of the parent and the Group have been prepared in accordance with International Financial Reporting Standards as issued by the IASB, the requirements of the Companies and Allied Matters Act and with the Banks and Other Financial Institutions Act.

These Consolidated and Separate financial statements have been audited and were authorised for issue by the directors on 25 January 2017.

3. (a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the reporting period from 1st January, 2016. They do not have any material impact on the accounting policies, financial position or performance of the Group.

- **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 Group does not have any interest in joint operations and does not plan to acquire interests in same. Hence, the amendment does not impact the bank.

- **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.

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. The amendment does not in any way affect the bank nor its financial statements and accounting policies.

- **Amendments to IAS 27 - Presentation of 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 bank only has investments in subsidiaries which it accounts for using the cost method, one of the allowable methods of accounting for investments in subsidiaries. Hence, the amendment does not in any way affect the bank nor its financial statements and accounting policies.

- **Amendments to IAS 16 – Property, Plant and Equipment**

Amends IAS 16 to clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefit 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 in an intangible asset. The Group's property, plant and equipment are depreciated using the straight line method and is therefore not impacted by the amendment.

- **IAS 38 – Intangible Assets**

Amends IAS 38 to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is required to overcome the presumption. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of Group's intangible asset (Software), hence the amendment does not impact the Group.

- **IAS 41 – Agriculture and IAS 16 – Property, Plant and Equipment**

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

- **IFRS 14- Regulatory deferral accounts:**

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

- **Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities :**

  Applying the consolidation exception

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

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

- **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. This standard does not have any impact on this financial statement.

- **Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions**

Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

- **Amendments to IAS 34 – Interim Financial Reporting**

Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report). This standard does not have any impact on this financial statement.

- **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. This standard does not have any impact on this financial statement.

Standards and interpretations issued/amended but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016. The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements. The Group plans to adopt these standards at their respective effective dates.

Standard	*Content*	*Effective Date*
Amendments to IAS 12	Income Taxes	1-Jan-17
IFRS 15	Revenue from Contracts with Customers	1-Jan-18
Amendments to IAS 7	Statement of Cash Flows	1-Jan-17
IFRS 9	Financial instruments	1-Jan-18
IFRS 16	Leases	1-Jan-19
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an investor and its Associate and Joint Venture	Deferred indefinitely
IFRS 1	First time Adopters: Deletion of short-term exemptions for first time adopters	1-Jan-18
Amendments to IFRS 12	Disclosure of Interests in Other Entities - Clarification of the scope of the standard	1-Jan-17
Amendments to IFRS 2	Share Based Payment - Classification and measurment of share based payment transactions	1-Jan-18
Amendments to IAS 40	Investment Property - Transfers of Investment Property	1-Jan-18
IAS 28	Investment in Associates and Joint ventures	1-Jan-18

Commentaries on these new standards/amendments are provided below.

- **Amendments to IAS 12 – Income Taxes**
  In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Group is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

- **IFRS 15 - Revenue from Contracts with Customers**
  In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. The Group does not anticipate early adopting IFRS 15 and is currently evaluating its impact.

- **Amendments to IAS 7 - Statement of Cash Flows**

  In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g.,gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Group is currently evaluating the impact.

- **IFRS 9 - Financial instruments**

  IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

  While the Group is still undertaking a detailed assessment of the impact of the application of IFRS 9 on its financial statements, the initial gap assessments indicate that there are no major gaps in the current measurement of financial assets as they are largely in line with IFRS 9. There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The new hedging rules are also not expected to impact the Group.

  The impairment model under IFRS 9 is an expected credit loss model which is likely to result in the earlier recognition of credit losses. The Group is however still assessing how its impairment provisions will be affected by the new impairment model for IFRS 9.

  The Bank is currently at the impact assessment phase of the IFRS 9 journey. The focus is on understanding the IFRS 9 financial and operational implications, with outcomes being key inputs to the design and implementation phases. Also, the phase will help the bank identify any gaps with the implementation of IFRS 9, especially in terms of the people, processes, technology and controls that will be necessary to drive an effective implementation.

  The Bank expects to enter the Design phase by Q1, 2017. This phase will involve obtaining information from current systems, adjusting the IT systems to capture the additional data requirements and determination of what constitutes a default and significant credit loss. By Q2 2017, will be ready for a parallel run of the IFRS 9 and IAS 39 standards.

- **IFRS 16 – Leases**

  The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

  IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

  The Group does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

- **Amendments to IFRS 10 and IAS 28 - Sale or contribution of Assets between an investor and its Associate and Joint Venture**
  The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. This amendment does not have any impact on the Group.

- **IFRS 1 - First time Adopters: Deletion of short- term exemptions for first time adopters**
  The IASB deleted short term exemptions granted to first time adopters of IFRS as those reliefs are no longer necessary. This amendment does not have any impact on the Group

- **Amendments to IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the standard**
  This standard clarifies the disclosure requirements of IFRS 12 for Other Entities classified as held for sale and reported in line with IFRS 5 - Non-current Assets Held for Sale or Discontinued Operations. This amendment does not have any impact on the Group.

- **Amendments to IFRS 2 - Share Based Payment - Classification and measurment of share based payment transactions**
  This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exeption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments to not have any material impact on the Group.

- **Amendments to IFRS 40 – Investment Property – Transfers of Investment Property**
  The IASB amends IAS 40 in order to clarify the requirements on transfers to, or from, investment property. Transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. This amendment does not have any impact on the Group.

- **Amendments to IAS 28 - Investment in Associates and Joint ventures**
  The ammendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

  Furthermore, amendments also clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendment does not impact the group in anyway as the Group does not have investments in Associates and Joint Ventures.

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.

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

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

b) Available-for-sale investments

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

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 are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Assets classified as available for sale

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

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

(n) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Item of Property, Plant and Equipment	Estimated Useful Life
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Leasehold Land	Over the remaining life of the lease
Furniture and equipment	5years
Computer hardware	3years
Motor vehicles	4years
Aircraft	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 leasehold land is amortised over the remaining life of the lease as stated in the certificate of occupancy issued by Government.

(iv) De-recognition

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

(o) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

(p) Impairment of non-financial assets

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

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

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

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

(q) Deposits, debt securities issued

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

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

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

(r) Provisions

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

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Group recognizes no provision for future operating losses.
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(s) Financial guarantees

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

(t) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The rate of contribution by the Bank and its employee is 10% and 8% respectively of basic salary, housing and transport allowance. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

(ii) Defined benefit plans

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

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

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

(iii)Termination Benefits

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

(iv)Short-term employee benefits

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

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

(v) Share-based payment transactions

Guaranty Trust Bank operates a cash settled share based compensation scheme managed by a Special Purpose Vehicle (SPV) - Guaranty Trust Bank Staff Investment Trust. The scheme was introduced as a compensation plan for the bank’s management personnel to enhance employee retention, by offering the shares acquired by the SPV by way of Share Appreciation Rights (SARs) and Stock Options (hybrid plan) to qualifying members of staff at prevailing net book value.

Acquisition of the bank’s shares by the SPV was by means of an overdraft facility extended to the scheme. The hybrid nature (i.e. mix of SARs and Stock Options) entitles the scheme to cash dividend which it uses to defray its obligations on the facility, make dividend payments to members that furnished consideration and extinguish its liability to exiting members. Employees exiting the scheme are granted the right to redeem their holdings for cash at the prevailing market price on fulfilment of specified vesting conditions.

At each reporting period, 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. Any change in the fair value of the liability is recognized as personnel expense in the bank's income statement.

(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) Assets acquired in exchange for loans

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

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

(w) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(x) Earnings per share

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

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

(y) Segment reporting

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

4. Financial Risk Management

(a) Introduction and overview

Guaranty Trust Bank has a strong risk culture and follows best practice Enterprisewide Risk Management, which aligns people, strategy, policies, processes, technology and business intelligence in order to evaluate, manage and optimize the opportunities and threats it may face in its efforts to maximize sustainable stakeholders' value within the defined risk appetite.

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

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

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

(b) Risk Management Philosophy

GTBank's Risk Management philosophy describes its attitude to risk taking. It is the driving force behind its officers' behavior in the conduct of business activities and operations from a risk perspective. This is summarized in the statement:
"To enhance shareholders' value by creating and maintaining a culture of intelligent risk-taking".

This philosophy is further cascaded into working statements via the following risk principles:

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

Risk Appetite

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

Risk Appetite Statement

"Guaranty Trust Bank maintains a moderate risk appetite in pursuit of its core strategies to dominate its priority sectors, expand its franchise on Africa continent, contain its operating cost whilst leveraging on technology and remain the most profitable, without taking unnecessary risks."

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

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

Risk Tolerance

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

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

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

(c)Risk Management Framework

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

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

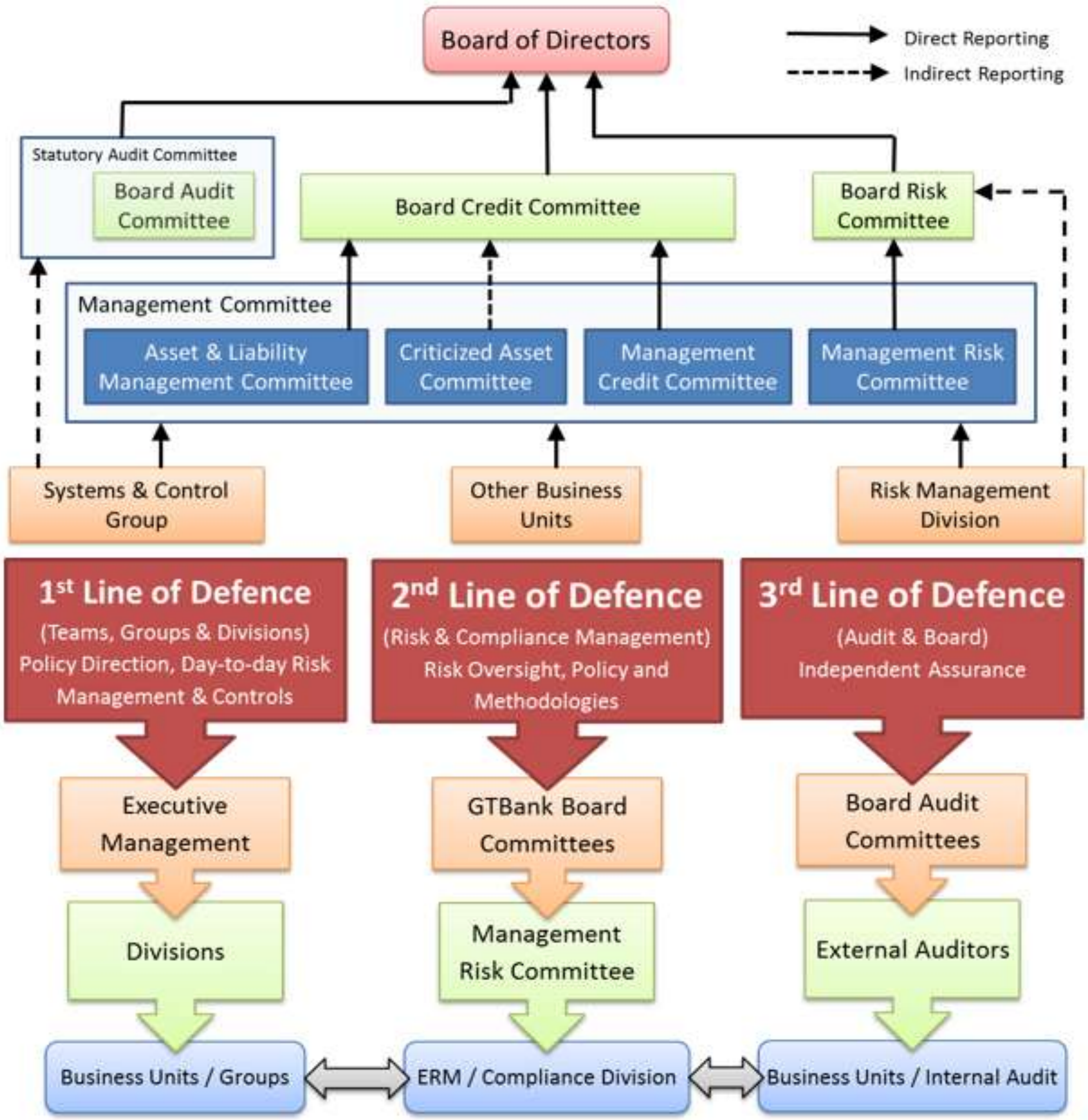
The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees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

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

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

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

The Risk Governance Structure of the Group



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

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

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

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

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

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

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

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

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

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

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

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

The **Credit Risk Management Group** is responsible for identifying, controlling, monitoring and reporting credit risk related issues. The Group also serves as the secretariat for the **Management Credit Committee**.

Credit risk is the most critical risk for the Group as credit exposures, arising from lending activities account for the major portion of the Group's assets and source of its revenue. Thus, the Group ensures that credit risk related exposures are properly monitored, managed and controlled.

The Credit Risk Management Group is responsible for managing the credit exposures, which arise as a result of the lending and investment activities as well as 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 activities of the Group are generated by the various audit/control units for management's decision making. These include:

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

(e) Risk Management Overview

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

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

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

(f) Credit risk

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

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

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

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

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

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 Credit Solution and OFSAA Basel II solution. These softwares are customised to suit the internal processes of GTBank and to interact seamlessly with the bank's core banking application

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

Lead to Loan is an integrated credit solution software which handles credit customers' profiles, rating scores, documents and collateral management, credit workflow processes, disbursement, recoveries and collection.

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.

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

(i) Management of Credit Risk

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

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentation 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 acceptable collaterals 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 select industries, country risk and product types. Regular reports are provided to Risk Management Group on the credit quality of local portfolios and appropriate corrective actions are taken.

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

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

(ii) Credit Risk Measurement

In line with IAS 39, the bank adopted Incurred Loss approach and preparing to migrate to the Expected Credit Loss approach outlined under the new IFRS 9. The Incurred Loss approach takes into consideration the Emergence Period (EP) to arrive at losses that have been incurred at the reporting date. To enable the bank migrate to the Internal Rating Based (IRB - Foundation approach) as well as the Expected Credit Loss approach, the bank has developed its internal rating models.

Guaranty Trust Bank Group undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry and other factors. The Group acknowledges that there are diverse intrinsic risks inherent in its different business segments and, as a result, applies different parameters to adequately dimension the risks in each business segment.

The Bank's rating grades reflect the range of parameters internally 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 checks by the 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

Risk Ratings and Credit scoring models 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 analysts.

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.

(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 of exposure 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 set 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.

These 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 approval process. Approval decisions are guided by the Group's strategic focus as well as the stated risk appetite and 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, up till the Deputy Managing Director approval limit, 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 any other acceptable security.

Contingencies

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

Placements

The Group has placement lines for its 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.

Notes to the financial statements

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 31 December 2016 and 31 December 2015.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Cash and cash equivalents:				
- Unrestricted balances with central bar	53,411,505	40,213,238	18,683,027	25,453,036
- Balances held with other banks	221,157,341	146,072,187	58,380,363	100,404,743
- Money market placements	135,916,085	34,982,217	119,989,594	20,178,228
Loans and advances to banks	653,718	1,051,521	29,943	638,817
Loans and advances to customers[1]:				
- Loans to individuals	154,707,791	105,789,389	111,486,978	77,647,274
- Loans to non-individuals	1,434,722,040	1,266,136,158	1,305,730,974	1,187,560,169
Financial assets held for trading				
- Debt securities	12,053,919	34,626,186	6,321,370	25,075,618
- Derivative financial instruments	1,042,470	-	1,042,470	-
Investment securities:				
- Debt securities	524,295,537	389,366,088	409,556,558	326,579,262
Assets pledged as collateral:				
- Debt securities	48,216,412	61,954,777	48,205,702	61,946,270
Restricted deposits and other assets[2]	344,613,308	283,807,374	342,966,324	281,222,375
Total	**2,930,790,126**	**2,363,999,135**	**2,422,393,303**	**2,106,705,792**
Loans exposure to total exposure	54%	58%	59%	60%
Debt securities exposure to total exposure	20%	21%	19%	20%
Other exposures to total exposure	26%	21%	22%	20%

As shown above, 54% (Parent: 59%) of the total maximum exposures is derived from loans and advances to banks and customers (2015: 58% ; Parent: 60%); while 20% (Parent: 19%) represents exposure to investments in debt securities (2015: 21% ; Parent: 20%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

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

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

Notes to the financial statements

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
	Dec-2016	**Dec-2015**	**Dec-2016**	**Dec-2015**
Financial guarantees	503,027,562	463,573,112	468,303,919	454,123,077
Other contingents	80,470,256	100,847,366	43,091,160	73,260,543
Total	**583,497,818**	**564,420,478**	**511,395,079**	**527,383,620**

Contingencies are disclosed on Note 44

Classification of Maximum Exposure on Loans to Customers by Product

Loans and advances have been classified into Overdraft, Loans and Others throughout the Financials Statement.
- Overdraft are lines of credit which allow customers to write cheques for more than the actual balance on their accounts usually to finance working capital.
- Loans include non-revolving facilities given to finance specific transactions, capital projects or a customer's expansion Programme.
- Others include Usances and Usance Settlement.

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

	Group		**Parent**	
	Dec-2016	**Dec-2015**	**Dec-2016**	**Dec-2015**
Loans to individuals:				
Overdraft	6,618,019	10,008,765	5,200,811	4,858,203
Loans	148,087,976	95,714,099	106,286,167	72,789,071
Others	1,798	66,525	-	-
	154,707,793	105,789,389	111,486,978	77,647,274
Loans to non-individuals:				
Overdraft	195,317,100	164,952,987	123,471,769	146,975,737
Loans	1,196,295,648	1,051,504,543	1,147,467,056	990,932,164
Others	43,109,293	49,678,628	34,792,149	49,652,268
	1,434,722,041	1,266,136,158	1,305,730,974	1,187,560,169

Notes to the financial statements

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 assets held for trading and Investment Securities

Unrestricted balances with central banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	Dec-2016	Dec-2015	Dec-2016	Dec-2015
Sovereign Ratings				
Nigeria (BB-)	-	25,453,036	-	25,453,036
B-	11,582,487	6,294,405	-	-
B+	7,233,231	3,600,120	-	-
Nigeria (B) S&P	18,683,027	-	18,683,027	-
unrated	15,912,760	4,865,677	-	-
	53,411,505	**40,213,238**	**18,683,027**	**25,453,036**

Restricted and Unrestricted balances with Central Bank of Nigeria have Sovereign rating of B from Fitch

A significant portion of the group's unrated financial assets relates to cash balances held with central banks as well as sovereign debt securities for which no external ratings are available. For such assets, the group considers the credit quality of the counterparty, taking into account its financial position, past experience and other factors. Exposure limits are set and compliance is monitored by management.

Balances held with other banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	Dec-2016	Dec-2015	Dec-2016	Dec-2015
Counterparties with external credit rating (S&P)				
A	-	995,250	-	995,250
A-1	23,344,619	138,887,690	13,896,406	80,766,329
A-1+	26,563,394	1,765,234	26,563,394	1,765,234
A-2	6,282,280	4,130,687	6,282,280	4,130,687
A-3	443,868	240,781	443,868	240,781
Unrated	164,523,180	52,545	11,194,415	12,506,462
	221,157,341	**146,072,187**	**58,380,363**	**100,404,743**

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		Credit quality	
	Group		Parent	
In thousands of Nigerian naira	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Counterparties with external credit rating (S&P)				
A-1+	13,776,050	998,800	13,776,050	998,800
A-1	77,454,775	4,585,715	72,378,877	4,585,715
A-2	312,745	99,527	312,745	99,527
A-3	14,060,882	-	14,060,882	-
C	7,506,148	-	7,506,148	-
	113,110,600	**5,684,042**	**108,034,702**	**5,684,042**
Counterparties with external credit rating (Agusto)				
A-	-	3,400,094	-	3,400,094
	-	**3,400,094**	**-**	**3,400,094**
Sovereign Ratings				
Nigeria (B+) S&P	-	7,500,822	-	7,500,822
B	7,503,689	9,041,653	7,503,689	-
Unrated	-	4,494,227	-	-
	7,503,689	**21,036,702**	**7,503,689**	**7,500,822**
Counterparties without external credit rating				
Unrated	15,301,796	-	-	-
Foreign Subsidiaries	-	4,861,379	4,451,203	3,593,270
	15,301,796	**4,861,379**	**4,451,203**	**3,593,270**
	135,916,085	**34,982,217**	**119,989,594**	**20,178,228**

Notes to the financial statements

Financial Assets Held for trading

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

	Group		Parent	
In thousands of Nigerian naira	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Soverign Ratings				
Nigeria (B+) S&P	-	25,063,732	-	25,063,732
Nigeria (B) S&P	6,319,990	-	6,319,990	-
B- (S&P)	5,732,549	-	-	-
Unrated	1,380	9,562,454	1,380	11,886
	12,053,919	**34,626,186**	**6,321,370**	**25,075,618**

Investment Securities

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Counterparties with external credit rating (S&P):				
AA	17,330,138	-	-	-
BB-	4,081,574	-	4,081,574	-
A-1+	-	10,150,342	-	-
B+	32,176,235	327,857,847	-	320,919,037
B-	30,338,621	284,912	-	-
B	400,255,721	33,633,646	400,255,721	2,449,650
unrated	30,636,421	14,228,766	-	-
Counterparties with external credit rating (Fitch):				
B+	4,257,564	-	-	-
Counterparties with external credit rating (Agusto):				
A-	3,211,148	-	3,211,148	-
A	-	3,210,575	-	3,210,575
Counterparties without external credit rating :				
Sub-National Bonds	2,008,115	-	2,008,115	-
	524,295,537	**389,366,088**	**409,556,558**	**326,579,262**

Of the Parent's Investment Securities of N409,556,558,000 (Dec 2015: N326,579,262,000) the sum of N400,255,721,000 (2015: N317,510,416,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of B+ (S&P).

Assets pledged as collateral

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

	Group		Parent	
In thousands of Nigerian naira	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Soverign Ratings				
Nigeria (B+) S&P	-	61,946,270	-	61,946,270
Nigeria (B) S&P	48,205,702	-	48,205,702	-
B	10,710	8,507	-	-
	48,216,412	**61,954,777**	**48,205,702**	**61,946,270**

Restricted deposits and other assets

The credit quality of Restricted deposits and other assets are assessed by reference to external credit ratings information about counterparty default rates.

	Group		Parent	
In thousands of Nigerian naira	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Soverign Ratings				
Nigeria (B+) S&P	-	273,873,799	-	273,873,799
Nigeria (B) S&P	327,100,025	-	327,100,025	-
B	-	115,476	-	-
BB-	-	1,106,493	-	-
Unrated	-	1,466,280	-	-
Counterparties with external credit rating (S&P)				
A-1	16,180,544	6,325,897	3,346,689	2,104,780
A-1+	857,957	47,091	857,957	47,091
A-2	9,138	362,163	9,138	362,163
A-3	-	44,531	-	44,531
Unrated	465,644	465,644	11,652,515	4,790,011
	344,613,308	**283,807,374**	**342,966,324**	**281,222,375**

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
C : Speculative credit rating

External credit rating (Fitch)

B : Speculative credit rating
B+ : Speculative credit rating

External credit rating (Agusto):

A : Strong capacity to meet its obligations
BBB- : Satisfactory financial condition and adequate capacity to meet obligations
B : Weak Financial condition but obligations are still being met as and when they fall due

Notes to the financial statements

Credit Concentration

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

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

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

Credit risk exposure relating to On-Balance Sheet

Group

Dec-2016

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	18,683,027	34,728,478	-	53,411,505
- Balances held with other banks	113,229	20,779,786	200,264,326	221,157,341
- Money market placements	15,009,836	20,377,695	100,528,554	135,916,085
Loans and advances to banks	29,943	494,109	129,666	653,718
Loans and advances to customers [1] :				
- Loans to individuals	111,487,043	15,368,697	27,852,051	154,707,791
- Loans to non-individuals	1,303,654,635	131,067,405	-	1,434,722,040
Financial assets held for trading				
- Debt securities	6,321,370	5,732,549	-	12,053,919
- Derivative financial instruments	1,042,470	-	-	1,042,470
Investment securities:				
- Debt securities	400,363,926	97,408,841	26,522,770	524,295,537
Assets pledged as collateral:				
- Debt securities	48,205,702	10,710	-	48,216,412
Restricted deposits and other assets[2]	332,797,680	1,650,786	10,164,842	344,613,308
	2,237,708,861	**327,619,056**	**365,462,209**	**2,930,790,126**

Of the Group's Credit risk exposure outside Africa relating to On-balance sheet, 11% relates to exposures in United States of America, 87% relates to exposures in United Kingdom and 2% relates to exposures in other countries

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Group
Dec-2016

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	468,303,919	17,044,885	17,678,758	503,027,562
Other contingents	43,091,160	28,146,505	9,232,591	80,470,256
	511,395,079	**45,191,390**	**26,911,349**	**583,497,818**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of Loans & advances across geographical region and product lines is shown below:

Group
Dec-2016

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	5,200,877	1,375,232	41,916	6,618,025
Loans	106,286,166	13,991,673	27,810,135	148,087,974
Others	-	1,792	-	1,792
	111,487,043	15,368,697	27,852,051	154,707,791
Loans to non-individuals:				
Overdraft	121,395,432	73,921,668	-	195,317,100
Loans	1,147,467,056	48,828,591	-	1,196,295,647
Others#	34,792,147	8,317,146	-	43,109,293
	1,303,654,635	131,067,405	-	1,434,722,040

Others include Usances and Usance Settlement

Notes to the financial statements

Credit risk exposure relating to On-Balance Sheet

Group
Dec-2015

In thousands of Nigerian naira

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

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

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

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

Notes to the financial statements

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2015

Group

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Dec-2015

Group

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	4,858,203	5,132,833	17,729	10,008,765
Loans	72,789,070	5,925,935	16,999,094	95,714,099
Others	-	66,525	-	66,525
	77,647,273	11,125,293	17,016,823	105,789,389
Loans to non-individuals:				
Overdraft	144,011,853	20,941,134	-	164,952,987
Loans	990,932,162	60,572,381	-	1,051,504,543
Others[1]	49,652,269	26,359	-	49,678,628
	1,184,596,284	81,539,874	-	1,266,136,158

[1] Others include Usances and Usance Settlement

Notes to the financial statements

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2016

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	18,683,027	-	-	18,683,027
- Balances held with other banks	-	2,168,475	56,211,888	58,380,363
- Money market placements	15,009,836	-	104,979,758	119,989,594
Loans and advances to banks	29,943	-	-	29,943
Loans and advances to customers [1] :				
- Loans to individuals	111,486,978	-	-	111,486,978
- Loans to non-individuals	1,305,730,974	-	-	1,305,730,974
Financial assets held for trading:				
- Debt securities	6,321,370	-	-	6,321,370
- Derivative financial instruments	1,042,470	-	-	1,042,470
Hedging derivatives				
Investment securities:				
- Debt securities	400,363,926	-	9,192,632	409,556,558
Assets pledged as collateral:				
- Debt securities	48,205,702	-	-	48,205,702
Restricted deposits and other assets[2]	332,797,682	3,800	10,164,842	342,966,324
	2,239,671,908	**2,172,275**	**180,549,120**	**2,422,393,303**

Of the Parent's Credit risk exposure outside Africa relating to On-balance sheet, 23% relates to exposures in United States of America, 74% relates to exposures in United Kingdom and 3% relates to exposures in other countries

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

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

Notes to the financial statements

Credit risk exposure relating to Off-Balance Sheet

Parent
Dec-2016

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	468,303,919	-	-	468,303,919
Other contingents	43,091,160	-	-	43,091,160
	511,395,079	**-**	**-**	**511,395,079**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Parent

Dec-2016

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,200,811	-	-	5,200,811
Loans	106,286,167	-	-	106,286,167
Others	-	-	-	-
	111,486,978	-	-	111,486,978
Loans to non-individuals:				
Overdraft	123,471,769	-	-	123,471,769
Loans	1,147,467,056	-	-	1,147,467,056
Others[1]	34,792,149	-	-	34,792,149
	1,305,730,974	-	-	1,305,730,974

[1] Others include Usances and Usance Settlement

Notes to the financial statements

Credit risk exposure relating to On-Balance Sheet

Dec-2015

Parent

In thousands of Nigerian naira

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

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

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

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

Notes to the financial statements

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2015

Parent

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Dec-2015

Parent

In thousands of Nigerian naira

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

[1] Others include Usances and Usance Settlement

Notes to the financial statements

(ii) Industry sectors

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

Credit Risk Exposure to on-balance sheet items

Group
Dec-2016
In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	53,411,505	-	-	-	-	-	53,411,505
- Balances held with other banks	-	221,157,341	-	-	-	-	-	-	-	-	-	221,157,341
- Money market placements	-	118,621,773	-	-	10,730,794	6,563,518	-	-	-	-	-	135,916,085
Loans and advances to banks	-	159,610	-	-	494,108	-	-	-	-	-	-	653,718
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	154,707,791	-	154,707,791
- Loans to non-individuals	25,032,726	44,697,669	106,781,477	9,593,043	61,434,017	56,084,289	264,289,203	576,848,646	127,769,350	-	162,191,620	1,434,722,040
Financial assets held for trading												
- Debt securities	-	5,732,549	-	-	-	6,321,370	-	-	-	-	-	12,053,919
- Derivative financial instruments	-	649,458	6,065	-	9,278	-	56,569	319	320,781		-	1,042,470
Investment securities:												
- Debt securities	-	39,531,255	-	-	-	484,764,282	-	-	-	-	-	524,295,537
Assets pledged as collateral:												
- Debt securities	-	-	-	-	10,710	48,205,702	-	-	-	-	-	48,216,412
Restricted deposits and other assets[4]	-	-	-	-	-	328,747,009	-	-	-	-	15,866,299	344,613,308
	25,032,726	**430,549,655**	**106,787,542**	**9,593,043**	**72,678,907**	**984,097,675**	**264,345,772**	**576,848,965**	**128,090,131**	**154,707,791**	**178,057,919**	**2,930,790,126**

[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.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Group

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	61,428	1,804,479	303,403,846	200,000	8,953,057	243,853	8,792,540	98,532,887	3,422,986	-	77,612,486	503,027,562
Other contingents	1,019,823	1,204,692	90,375	-	10,923,747	-	43,016,060	5,698,883	48,110	-	18,468,566	80,470,256
Total	**1,081,251**	**3,009,171**	**303,494,221**	**200,000**	**19,876,804**	**243,853**	**51,808,600**	**104,231,770**	**3,471,096**	**-**	**96,081,052**	**583,497,818**

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	6,618,025	-	6,618,025
Loans	-	-	-	-	-	-	-	-	-	148,087,974	-	148,087,974
Others	-	-	-	-	-	-	-	-	-	1,792	-	1,792
	-	-	-	-	-	-	-	-	-	154,707,791	-	154,707,791
Loans to non-individuals:												
Overdraft	8,239,184	4,166,854	26,902,394	2,621,523	27,864,023	383,118	44,409,773	30,123,160	4,923,134	-	45,683,937	195,317,100
Loans	14,215,495	40,530,815	78,852,160	6,968,582	32,090,022	55,701,171	216,440,500	516,764,460	122,789,431	-	111,943,011	1,196,295,647
Others	2,578,047	-	1,026,923	2,938	1,479,972	-	3,438,930	29,961,026	56,785	-	4,564,672	43,109,293
	25,032,726	44,697,669	106,781,477	9,593,043	61,434,017	56,084,289	264,289,203	576,848,646	127,769,350	-	162,191,620	1,434,722,040

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

Notes to the financial statements

Credit Risk Exposure to on-balance sheet items

Group

Dec-2015

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	40,213,238	-	-	-	-	-	40,213,238
- Balances held with other banks	-	146,072,187	-	-	-	-	-	-	-	-	-	146,072,187
- Money market placements	-	34,982,217	-	-	-	-	-	-	-	-	-	34,982,217
Loans and advances to banks	-	1,051,521	-	-	-	-	-	-	-	-	-	1,051,521
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	105,789,389	-	105,789,389
- Loans to non-individuals	53,000,525	30,857,113	121,249,461	6,299,600	97,978,853	49,879,660	244,604,812	421,352,204	130,726,894	-	110,187,036	1,266,136,158
Financial assets held for trading												
- Debt securities	-	-	-	-	-	34,626,186	-	-	-	-	-	34,626,186
Investment securities:												
- Debt securities	-	5,858,270	-	-	199,050	383,308,768	-	-	-	-	-	389,366,088
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	61,954,777	-	-	-	-	-	61,954,777
Restricted deposits and other assets[4]	-	7,348,576	-	-	-	276,458,798	-	-	-	-	-	283,807,374
	53,000,525	**226,169,884**	**121,249,461**	**6,299,600**	**98,177,903**	**846,441,427**	**244,604,812**	**421,352,204**	**130,726,894**	**105,789,389**	**110,187,036**	**2,363,999,135**

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

[2] Logistics, Maritime and Haulage.

[3] Further classification of Loans 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.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Group
Dec-2015

In thousands of Nigerian naira

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

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

[2] Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group
Dec-2015
In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	10,008,765	-	10,008,765
Loans	-	-	-	-	-	-	-	-	-	95,714,099	-	95,714,099
Others	-	-	-	-	-	-	-	-	-	66,525	-	66,525
	-	-	-	-	-	-	-	-	-	105,789,389	-	105,789,389
Loans to non-individuals:												
Overdraft	8,707,541	5,733,552	22,106,408	852,377	21,080,021	522,161	30,738,819	50,244,663	8,971,886	-	15,995,559	164,952,987
Loans	41,992,130	25,123,561	98,976,312	5,447,223	66,212,238	49,357,499	205,139,561	343,341,090	121,750,043	-	94,164,886	1,051,504,543
Others	2,300,854	-	166,741	-	10,686,594	-	8,726,432	27,766,451	4,965	-	26,591	49,678,628
	53,000,525	30,857,113	121,249,461	6,299,600	97,978,853	49,879,660	244,604,812	421,352,204	130,726,894	-	110,187,036	1,266,136,158

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

[2] Logistics, Maritime and Haulage.

Notes to the financial statements

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

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	18,683,027	-	-	-	-	-	18,683,027
- Balances held with other banks	-	58,380,363	-	-	-	-	-	-	-	-	-	58,380,363
- Money market placements	-	119,989,594	-	-	-	-	-	-	-	-	-	119,989,594
Loans and advances to banks	-	29,943	-	-	-	-	-	-	-	-	-	29,943
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	111,486,978	-	111,486,978
- Loans to non-individuals	16,132,294	44,897,760	92,046,114	7,180,311	49,451,356	55,831,434	247,766,100	558,236,236	127,769,350	-	106,420,019	1,305,730,974
Financial assets held for trading												
- Debt securities	-	-	-	-	-	6,321,370	-	-	-	-	-	6,321,370
- Derivative financial instruments	-	649,458	6,065	-	9,278	-	56,569	319	320,781		-	1,042,470
Investment securities:												
- Debt securities	-	9,192,632	-	-	-	400,363,926	-	-	-	-	-	409,556,558
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	48,205,702	-	-	-	-	-	48,205,702
Restricted deposits and other assets[4]	-	-	-	-	-	327,100,025	-	-	-	-	15,866,299	342,966,324
	16,132,294	**233,139,750**	**92,052,179**	**7,180,311**	**49,460,634**	**856,505,484**	**247,822,669**	**558,236,555**	**128,090,131**	**111,486,978**	**122,286,318**	**2,422,393,303**

[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.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2016
In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	-	1,804,479	299,684,364	200,000	9,548,739	170,115	8,789,201	95,618,759	3,422,986	-	49,065,276	468,303,919
Other contingents	380,712	-	-	-	5,040,314	-	36,905,010	-	48,110	-	717,014	43,091,160
Total	**380,712**	**1,804,479**	**299,684,364**	**200,000**	**14,589,053**	**170,115**	**45,694,211**	**95,618,759**	**3,471,096**	**-**	**49,782,290**	**511,395,079**

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

[2] Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,200,811	-	5,200,811
Loans	-	-	-	-	-	-	-	-	-	106,286,167	-	106,286,167
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	111,486,978	-	111,486,978
Loans to non-individuals:												
Overdraft	1,247,559	6,243,194	17,039,825	711,136	17,113,086	130,263	39,735,099	26,422,263	4,923,134	-	9,906,210	123,471,769
Loans	12,926,244	38,654,566	74,974,315	6,469,175	31,306,426	55,701,171	206,251,894	501,880,368	122,789,431	-	96,513,466	1,147,467,056
and bears the sovereign risk of the Federal G	1,958,491	-	31,974	-	1,031,844	-	1,779,107	29,933,605	56,785	-	343	34,792,149
foreign long term issuer credit rating of B+ (	16,132,294	44,897,760	92,046,114	7,180,311	49,451,356	55,831,434	247,766,100	558,236,236	127,769,350	-	106,420,019	1,305,730,974

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

[2] Logistics, Maritime and Haulage.

Notes to the financial statements

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2015

In thousands of Nigerian naira

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

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

[2] Logistics, Maritime and Haulage.

[3] Further classification of Loans 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.

Notes to the financial statements

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2015
In thousands of Nigerian naira

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

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

[2] Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent
Dec-2015

In thousands of Nigerian naira

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

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

[2] Logistics, Maritime and Haulage.

(vii) Impairment and provisioning policies

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

(1) Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

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

- **Past due but not impaired:**

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

- **Individually impaired:**

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

- **Collectively impaired:**

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

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

This classification is in line with disclosures in note 4 on page 103-106

(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 by Performance of the Loans and the allowances taken on them.

Group

In thousands of Nigerian naira

	Dec-2016				Dec-2015			
	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	147,590,217	1,207,493,825	652,994	1,355,737,036	87,785,077	1,079,407,317	1,026,500	1,168,218,894
Past due but not impaired	-	798,424	-	798,424	209	3,422,335	-	3,422,544
Individually impaired	1,968,140	58,429,529	-	60,397,669	1,351,200	40,287,500	-	41,638,700
Collectively Impaired	8,369,935	245,427,601	1,845	253,799,381	17,899,061	172,121,866	25,285	190,046,212
Gross Loans and Advances	**157,928,292**	**1,512,149,379**	**654,839**	**1,670,732,510**	**107,035,547**	**1,295,239,018**	**1,051,785**	**1,403,326,350**
Less allowances for impairment:								
Individually impaired	1,085,240	19,891,322	-	20,976,562	474,946	21,485,367	-	21,960,313
Portfolio allowance	2,135,259	57,536,016	1,121	59,672,396	771,212	7,617,493	264	8,388,969
Total allowance	**3,220,499**	**77,427,338**	**1,121**	**80,648,958**	**1,246,158**	**29,102,860**	**264**	**30,349,282**
Net Loans and Advances	**154,707,793**	**1,434,722,041**	**653,718**	**1,590,083,552**	**105,789,389**	**1,266,136,158**	**1,051,521**	**1,372,977,068**

The total impairment for loans and advances is N80,648,958,000 (2015: N30,349,282,000) of which 20,976,562,000 (2015: N21,960,313,000) represents the impairment on individually impaired loans and the remaining amount of N59,672,396,000 (2015: N8,388,969,000) 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 lines as follows:

Group

In thousands of Nigerian naira

	Dec-2016				Dec-2015			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Loans	142,509,830	1,054,282,459	623,775	1,197,416,064	81,442,742	927,962,409	1,013,444	1,010,418,595
Overdrafts	5,078,719	147,004,115	29,219	152,112,053	6,284,496	106,228,952	13,056	112,526,504
Others	1,668	6,207,251	-	6,208,919	57,839	45,215,956	-	45,273,795
Neither past due nor impaired	147,590,217	1,207,493,825	652,994	1,355,737,036	87,785,077	1,079,407,317	1,026,500	1,168,218,894
Loans	-	689,427	-	689,427	171	2,645,064	-	2,645,235
Overdrafts	-	106,492	-	106,492	38	776,837	-	776,875
Others	-	2,505	-	2,505	-	434	-	434
Past due but not impaired	-	798,424	-	798,424	209	3,422,335	-	3,422,544
Loans	1,737,685	47,279,632	-	49,017,317	1,272,032	21,441,932	-	22,713,964
Overdrafts	230,415	10,427,676	-	10,658,091	78,245	18,843,299	-	18,921,544
Others	40	722,221	-	722,261	923	2,269	-	3,192
Individually impaired	1,968,140	58,429,529	-	60,397,669	1,351,200	40,287,500	-	41,638,700
Loans	6,163,180	122,338,042	1,845	128,503,067	13,742,054	112,256,821	4	125,998,879
Overdrafts	2,206,624	46,084,478	-	48,291,102	4,148,213	55,163,342	25,281	59,336,836
Others	131	77,005,081	-	77,005,212	8,794	4,701,703	-	4,710,497
Collectively Impaired	8,369,935	245,427,601	1,845	253,799,381	17,899,061	172,121,866	25,285	190,046,212

The impairment allowance on loans of the Group is further analysed along the product lines as follows:

	Dec-2016				Dec-2015			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Specific allowance:								
Loans	1,048,642	16,387,454	-	17,436,096	411,556	9,063,530	-	9,475,086
Overdrafts	36,559	3,244,652	-	3,281,211	62,594	12,420,930	-	12,483,524
Others	39	259,216	-	259,255	796	907	-	1,703
	1,085,240	**19,891,322**	**-**	**20,976,562**	**474,946**	**21,485,367**	**-**	**21,960,313**
Portfolio allowance:								
Loans	1,274,077	11,906,458	1,108	13,181,643	331,344	3,738,153	4	4,069,501
Overdrafts	861,180	5,061,009	13	5,922,202	439,633	3,638,513	260	4,078,406
Others	2	40,568,549	-	40,568,551	235	240,827	-	241,062
	2,135,259	**57,536,016**	**1,121**	**59,672,396**	**771,212**	**7,617,493**	**264**	**8,388,969**

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

Parent

In thousands of Nigerian naira

	Dec-2016				Dec-2015			
	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	107,348,702	1,111,225,215	29,219	1,218,603,136	63,317,528	1,022,941,662	613,796	1,086,872,986
Past due but not impaired	-	759,575	-	759,575	-	2,126,983	-	2,126,983
Individually impaired	1,016,435	47,228,570	-	48,245,005	960,706	33,523,238	-	34,483,944
Collectively Impaired	5,202,731	218,336,488	1,845	223,541,064	14,178,683	154,467,428	25,285	168,671,396
Gross Loans and Advances	**113,567,868**	**1,377,549,848**	**31,064**	**1,491,148,780**	**78,456,917**	**1,213,059,311**	**639,081**	**1,292,155,309**
Less allowances for impairment:								
Individually impaired	2,500	15,871,130	-	15,873,630	138,049	18,781,373	-	18,919,422
Portfolio allowance	2,078,390	55,947,744	1,121	58,027,255	671,594	6,717,769	264	7,389,627
Total allowance	**2,080,890**	**71,818,874**	**1,121**	**73,900,885**	**809,643**	**25,499,142**	**264**	**26,309,049**
Net Loans and Advances	**111,486,978**	**1,305,730,974**	**29,943**	**1,417,247,895**	**77,647,274**	**1,187,560,169**	**638,817**	**1,265,846,260**

The total impairment for loans and advances is N73,900,885,000 (2015: N26,309,049,000) of which 15,873,630,000 (2015: N18,919,422,000) represents the impairment on individually impaired loans and the remaining amount of N58,027,255,000 (2015: N7,389,627,000) 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 lines as follows:

Parent

In thousands of Nigerian naira

	Dec-2016				Dec-2015			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Loans	103,589,506	1,017,840,706	-	1,121,430,212	61,511,077	884,434,366	600,740	946,546,183
Overdrafts	3,759,196	93,384,509	29,219	97,172,924	1,806,451	93,310,283	13,056	95,129,790
Others[1]	-	-	-	-	-	45,197,013	-	45,197,013
Neither past due nor impaired	107,348,702	1,111,225,215	29,219	1,218,603,136	63,317,528	1,022,941,662	613,796	1,086,872,986
Loans	-	674,721	-	674,721	-	1,646,507	-	1,646,507
Overdrafts	-	84,854	-	84,854	-	480,476	-	480,476
Past due but not impaired	-	759,575	-	759,575	-	2,126,983	-	2,126,983
Loans	817,226	43,039,594	-	43,856,820	953,929	16,227,522	-	17,181,451
Overdrafts	199,209	4,188,976	-	4,388,185	6,777	17,295,716	-	17,302,493
Individually impaired	1,016,435	47,228,570	-	48,245,005	960,706	33,523,238	-	34,483,944
Loans	3,099,960	112,082,906	1,845	115,184,711	10,711,373	98,647,431	4	109,358,808
Overdrafts	2,102,771	30,995,294	-	33,098,065	3,467,310	51,124,217	25,281	54,616,808
Others[1]	-	75,258,288	-	75,258,288	-	4,695,780	-	4,695,780
Collectively Impaired	5,202,731	218,336,488	1,845	223,541,064	14,178,683	154,467,428	25,285	168,671,396

[1] Others include Usances and Usance Settlement.

The impairment allowance on loans of the Group is further analysed along the product lines as follows:

	Dec-2016				Dec-2015			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Specific allowance:								
Loans	1,450	14,865,641	-	14,867,091	137,114	6,979,085	-	7,116,199
Overdrafts	1,050	1,005,489	-	1,006,539	935	11,802,288	-	11,803,223
	2,500	15,871,130	-	15,873,630	138,049	18,781,373	-	18,919,422
Portfolio allowance:								
Loans	1,219,075	11,305,230	1,108	12,525,413	250,194	3,044,577	4	3,294,775
Overdrafts	859,315	4,176,375	13	5,035,703	421,400	3,432,667	260	3,854,327
Others	-	40,466,139	-	40,466,139	-	240,525	-	240,525
	2,078,390	55,947,744	1,121	58,027,255	671,594	6,717,769	264	7,389,627

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(i) under market risk above.

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

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

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

Group
Dec-2016
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**	**Aggregate Total**
Exceptional capacity	571,886	6,012,114	-	55,611,710	21,437,423	-	-	-	83,633,133
Very strong capacity	1,527,432	77,910,390	-	12,530,036	320,105,929	-	1,678	-	412,075,465
Strong repayment capacity	1,158,834	26,089,523	1,668	47,462,974	547,873,531	6,207,251	-	623,775	629,417,556
Acceptable risk	1,820,567	32,497,803	-	31,399,395	164,865,576	-	27,541	-	230,610,882
Total	**5,078,719**	**142,509,830**	**1,668**	**147,004,115**	**1,054,282,459**	**6,207,251**	**29,219**	**623,775**	**1,355,737,036**

Group
Dec-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**	**Aggregate Total**
Exceptional capacity	2,677,089	1,429,270	9,689	43,824,197	44,190,580	1,081,633	-	-	93,212,458
Very strong capacity	1,567,753	52,782,785	9,689	12,943,496	257,530,802	9,581,818	-	-	334,416,343
Strong repayment capacity	1,777,723	25,802,860	38,461	33,403,577	513,175,380	25,014,756	-	1,013,444	600,226,201
Acceptable risk	261,931	1,427,827	-	16,057,682	113,065,647	9,537,749	13,056	-	140,363,892
Total	**6,284,496**	**81,442,742**	**57,839**	**106,228,952**	**927,962,409**	**45,215,956**	**13,056**	**1,013,444**	**1,168,218,894**

Parent
Dec-2016
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**	**Aggregate Total**
Exceptional capacity	-	-	-	17,943,838	1,055,838	-	-	-	18,999,676
Very strong capacity	1,505,389	77,286,145	-	8,909,161	319,223,050	-	1,678	-	406,925,423
Strong repayment capacity	523,198	11,863,538	-	36,888,982	539,444,716	-	-	-	588,720,434
Acceptable risk	1,730,609	14,439,823	-	29,642,528	158,117,102	-	27,541	-	203,957,603
Total	**3,759,196**	**103,589,506**	**-**	**93,384,509**	**1,017,840,706**	**-**	**29,219**	**-**	**1,218,603,136**

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

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

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

Group
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	798,424	798,424
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**798,424**	**798,424**
FV of collateral	-	1,163,624	1,163,624
Amount of undercollateralisation	-	-	-

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

Group
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	689,427	689,427
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	689,427	689,427
Overdrafts			
0 - 90 days	-	106,492	106,492
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	106,492	106,492
Others			
0 - 90 days	-	2,505	2,505
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	2,505	2,505

FV of collateral[1]			
Loans	-	1,006,275	1,006,275
Overdrafts	-	153,077	153,077
Others	-	4,272	4,272
	-	1,163,624	1,163,624
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-2015
In thousands of Nigerian naira

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

Group
Dec-2015
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	171	2,163,907	2,164,078
91 - 180 days	-	27,132	27,132
181 - 365 days	-	454,025	454,025
	171	2,645,064	2,645,235
Overdrafts			
0 - 90 days	38	621,470	621,508
91 - 180 days	-	-	-
181 - 365 days	-	155,367	155,367
	38	776,837	776,875
Others			
0 - 90 days	-	408	408
91 - 180 days	-	22	22
181 - 365 days	-	4	4
	-	434	434
FV of collateral[1]			
Loans	172	7,979,588	7,979,760
Overdrafts	37	61,512,666	61,512,703
Others	-	201,323	201,323
	209	69,693,577	69,693,786
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	1	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	759,575	759,575
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**759,575**	**759,575**
FV of collateral	-	1,075,187	1,075,187
Amount of undercollateralisation	-	-	-

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

Parent
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	674,721	674,721
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	674,721	674,721
Overdrafts			
0 - 90 days	-	84,854	84,854
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	84,854	84,854
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	959,733	959,733
Overdrafts	-	115,454	115,454
Others	-	-	-
	-	1,075,187	1,075,187
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2015
In thousands of Nigerian naira

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

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

Parent
Dec-2015
In thousands of Nigerian naira

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

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

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

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

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

Group
Dec-2016
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	1,737,685	47,279,632	-	49,017,317
Overdraft	230,415	10,427,676	-	10,658,091
Others	40	722,221	-	722,261
	1,968,140	58,429,529	-	60,397,669
Impairment:				
Loans	1,048,642	16,387,454	-	17,436,096
Overdraft	36,559	3,244,652	-	3,281,211
Others	39	259,216	-	259,255
	1,085,240	19,891,322	-	20,976,562
Net Amount:				
Loans	689,043	30,892,178	-	31,581,221
Overdraft	193,856	7,183,024	-	7,376,880
Others	1	463,005	-	463,006
	882,900	38,538,207	-	39,421,107
FV of collateral[1]:				
Loans	6,149,816	61,991,466	-	68,141,282
Overdraft	815,458	25,140,994	-	25,956,452
Others	142	1,292,099	-	1,292,241
FV of collateral	6,965,416	88,424,559	-	95,389,975
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	882,900	38,538,207	-	39,421,107
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-2015
In thousands of Nigerian naira

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

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

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

Parent
Dec-2016
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	817,226	43,039,594	-	43,856,820
Overdraft	199,209	4,188,976	-	4,388,185
Others	-	-	-	-
	1,016,435	47,228,570	-	48,245,005
Impairment:				
Loans	1,450	14,865,641	-	14,867,091
Overdraft	1,050	1,005,489	-	1,006,539
Others	-	-	-	-
	2,500	15,871,130	-	15,873,630
Net Amount:				
Loans	815,776	28,173,953	-	28,989,729
Overdraft	198,159	3,183,487	-	3,381,646
Others	-	-	-	-
	1,013,935	31,357,440	-	32,371,375
FV of collateral[1]:				
Loans	815,777	53,247,226	-	54,063,003
Overdraft	198,160	14,377,888	-	14,576,048
Others	-	-	-	-
FV of collateral	1,013,937	67,625,114	-	68,639,051
Amount of undercollateralisation:				
Loans	1,449	-	-	-
Overdraft	1,049	-	-	-
Others	-	-	-	-
	2,498	-	-	-
Net Loans	1,013,935	31,357,440	-	32,371,375
Amount of undercollateralisation on net loans	-	-	-	-

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

Parent
Dec-2015
In thousands of Nigerian naira

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

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

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Past due and impaired:				
Gross loans	60,397,669	41,638,700	48,245,005	34,483,944
Collateral	95,389,975	72,211,140	68,639,051	56,854,975
Undercollaterisation	-	-	-	-
Collectively impaired				
Gross loans	253,797,536	190,020,927	223,539,219	168,646,111
Collateral	509,493,167	249,182,122	441,798,806	191,518,786
Undercollaterisation	-	-	-	-

(ix) Credit collateral

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

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

All collateral offered must have the following attributes:

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

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

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

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

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

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

Summary of collaterals pledged by customers against loans and advances

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

Group
Dec-2016

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	60,397,669	95,389,975	-	-
Against collectively impaired	253,797,536	509,493,167	1,845	1,841
Against past due but not impaired	798,424	1,163,624	-	-
Against neither past due nor impaired	1,355,084,042	11,241,623,600	652,994	85,678
Total	1,670,077,671	11,847,670,366	654,839	87,519

Group
Dec-2015

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

Parent
Dec-2016

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	48,245,005	68,639,051	-	-
Against collectively impaired	223,539,219	441,798,806	1,845	1,841
Against past due but not impaired	759,575	1,075,187	-	-
Against neither past due nor impaired	1,218,573,917	11,157,163,096	29,219	85,678
Total	1,491,117,716	11,668,676,140	31,064	87,519

Parent
Dec-2015

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

Group

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

	Loans and advances to customers		Loans and advances to banks	
In thousands of Nigerian Naira	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Against individually impaired:				
Property	76,932,528	58,512,177	-	-
Cash	-	1,014,925	-	-
Guarantees	1,156,779	1,448,190	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	1,036,249	-	-
Others #	17,300,668	10,199,599	-	-
Total	**95,389,975**	**72,211,140**	**-**	**-**
Against collectively impaired:				
Property	208,968,715	119,326,691	-	-
Debt securities	-	-	-	-
Equities	132,139	940,536	-	-
Treasury bills	13,316,963	139,577	-	-
Cash	8,786,621	5,598,655	-	-
Guarantees	66,317,977	13,645,651	-	-
Negative pledge	47,651,670	299,774	-	-
ATC*, stock hypothecation and ISPO*	2,081,773	5,536,736	-	-
Others #	162,237,309	103,694,502	1,841	24,026
Total	**509,493,167**	**249,182,122**	**1,841**	**24,026**
Against past due but not impaired:				
Property	1,163,624	8,693,786	-	-
Others #	-	61,000,000	-	-
Total	**1,163,624**	**69,693,786**	**-**	**-**
Against neither past due nor impaired:				
Property	1,694,540,240	710,861,326	84,000	304,044
Debt securities	-	-	-	-
Equities	26,154,665	54,356,283	-	-
Treasury bills	638,388	333,609	-	-
Cash	15,261,390	16,158,524	-	-
Guarantees	261,967,864	78,477,930	-	-
Negative pledge	133,371,048	-	-	-
ATC*, stock hypothecation and ISPO*	2,800,718	12,366,207	-	-
Others #	9,106,889,287	811,972,915	1,678	600,000
Total	**11,241,623,600**	**1,684,526,794**	**85,678**	**904,044**
Grand total	**11,847,670,366**	**2,075,613,842**	**87,519**	**928,070**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent

In thousands of Nigerian Naira	Loans and advances to customers Dec-2016	Loans and advances to customers Dec-2015	Loans and advances to banks Dec-2016	Loans and advances to banks Dec-2015
Against individually impaired:				
Property	50,189,049	44,288,300	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Treasury bills	-	-	-	-
Cash	-	-	-	-
Guarantees	1,156,779	1,440,772	-	-
Negative pledge	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	985,000	-	-
Others #	17,293,223	10,140,903	-	-
Total	68,639,051	56,854,975	-	-
Against collectively impaired:				
Property	144,640,228	72,328,747	-	-
Debt securities	-	-	-	-
Equities	132,139	940,536	-	-
Treasury bills	13,316,963	139,577	-	-
Cash	6,462,044	4,365,688	-	-
Guarantees	66,317,977	13,645,651	-	-
Negative pledge	47,651,670	-	-	-
ATC*, stock hypothecation and ISPO*	2,081,773	5,536,736	-	-
Others #	161,196,012	94,561,851	1,841	24,026
Total	441,798,806	191,518,786	1,841	24,026
Against past due but not impaired:				
Property	1,075,187	7,173,187	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Treasury bills	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-
Cash	-	-	-	-
Guarantees	-	-	-	-
Others #	-	61,000,000	-	-
Total	1,075,187	68,173,187	-	-
Against neither past due nor impaired:				
Property	1,632,042,871	640,974,203	84,000	188,000
Debt securities	-	-	-	-
Equities	26,154,665	54,356,283	-	-
Treasury bills	638,388	333,609	-	-
Cash	12,059,660	15,182,895	-	-
Guarantees	253,398,866	73,077,722	-	-
Negative pledge	132,555,104	-	-	-
ATC*, stock hypothecation and ISPO*	2,800,718	10,900,423	-	-
Others #	9,097,512,824	805,393,932	1,678	600,000
Total	11,157,163,096	1,600,219,067	85,678	788,000
Grand total	11,668,676,140	1,916,766,015	87,519	812,026

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group

Dec-2016

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	57,806,951	17,833,696	1,291,881	76,932,528	-	-	-	-
Guarantees	1,156,779	-	-	1,156,779	-	-	-	-
Others #	9,177,552	8,122,756	360	17,300,668	-	-	-	-
Total	**68,141,282**	**25,956,452**	**1,292,241**	**95,389,975**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	92,998,930	69,613,555	46,356,230	208,968,715	-	-	-	-
Equities	125,488	6,651	-	132,139	-	-	-	-
Treasury bills	50,000	-	13,266,963	13,316,963	-	-	-	-
Cash	1,541,168	1,606,443	5,639,010	8,786,621	-	-	-	-
Guarantees	56,045,752	9,412,797	859,428	66,317,977	-	-	-	-
Negative pledge	34,797,412	10,754,806	2,099,452	47,651,670	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,533,404	548,369	-	2,081,773	-	-	-	-
Others #	101,876,190	17,406,200	42,954,919	162,237,309	-	1,841	-	1,841
Total	**288,968,344**	**109,348,821**	**111,176,002**	**509,493,167**	**-**	**1,841**	**-**	**1,841**
Against past due but not impaired:								
Property	1,006,275	153,077	4,272	1,163,624	-	-	-	-
Total	**1,006,275**	**153,077**	**4,272**	**1,163,624**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	1,478,469,060	213,052,157	3,019,023	1,694,540,240	-	-	84,000	84,000
Equities	23,596,013	2,558,652	-	26,154,665	-	-	-	-
Treasury bills	124,331	514,057	-	638,388	-	-	-	-
Cash	11,525,584	3,581,142	154,664	15,261,390	-	-	-	-
Guarantees	114,488,893	147,065,034	413,937	261,967,864	-	-	-	-
Negative pledge	32,789,657	100,541,976	39,415	133,371,048	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,168,391	632,327	-	2,800,718	-	-	-	-
Others #	8,899,914,878	206,521,466	452,943	9,106,889,287	-	-	1,678	1,678
Total	**10,563,076,807**	**674,466,811**	**4,079,982**	**11,241,623,600**	**-**	**-**	**85,678**	**85,678**
Grand total	**10,921,192,708**	**809,925,161**	**116,552,497**	**11,847,670,366**	**-**	**1,841**	**85,678**	**87,519**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Group
Dec-2015

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	31,482,313	27,017,484	12,380	58,512,177	-	-	-	-
Cash	794,089	219,953	883	1,014,925	-	-	-	-
Guarantees	5,804	1,442,380	6	1,448,190	-	-	-	-
ATC*, stock hypothecation and ISPO*	599,126	437,078	45	1,036,249	-	-	-	-
Others #	6,496,257	3,703,291	51	10,199,599	-	-	-	-
Total	**39,377,589**	**32,820,186**	**13,365**	**72,211,140**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	75,633,665	41,849,816	1,843,210	119,326,691	-	-	-	-
Equities	660,238	280,298	-	940,536	-	-	-	-
Treasury bills	75,615	63,962	-	139,577	-	-	-	-
Cash	1,139,760	4,457,822	1,073	5,598,655	-	-	-	-
Guarantees	8,134,995	5,379,619	131,037	13,645,651	-	-	-	-
Negative pledge	234,546	64,967	261	299,774	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,098,465	4,438,271	-	5,536,736	-	-	-	-
Others #	92,069,431	11,447,080	177,991	103,694,502	-	-	24,026	24,026
Total	**179,046,715**	**67,981,835**	**2,153,572**	**249,182,122**	**-**	**-**	**24,026**	**24,026**
Against past due but not impaired:								
Property	7,979,760	512,703	201,323	8,693,786	-	-	-	-
Others #	-	61,000,000	-	61,000,000	-	-	-	-
Total	**7,979,760**	**61,512,703**	**201,323**	**69,693,786**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	543,284,063	125,333,904	42,243,359	710,861,326	116,044	-	188,000	304,044
Equities	24,704,906	29,651,377	-	54,356,283	-	-	-	-
Treasury bills	28,609	305,000	-	333,609	-	-	-	-
Cash	12,851,230	1,925,989	1,381,305	16,158,524	-	-	-	-
Guarantees	71,003,833	3,065,545	4,408,552	78,477,930	-	-	-	-
ATC*, stock hypothecation and ISPO*	10,897,890	1,467,041	1,276	12,366,207	-	-	-	-
Others #	692,546,296	71,963,402	47,463,217	811,972,915	-	600,000	-	600,000
Total	**1,355,316,827**	**233,712,258**	**95,497,709**	**1,684,526,794**	**116,044**	**600,000**	**188,000**	**904,044**
Grand total	**1,581,720,891**	**396,026,982**	**97,865,969**	**2,075,613,842**	**116,044**	**600,000**	**212,026**	**928,070**

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

Parent
Dec-2016

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	43,732,590	6,456,459	-	50,189,049	-	-	-	-
Guarantees	1,156,779	-	-	1,156,779	-	-	-	-
Others #	9,173,634	8,119,589	-	17,293,223	-	-	-	-
Total	54,063,003	14,576,048	-	68,639,051	-	-	-	-
Against collectively impaired:								
Property	59,144,608	42,246,868	43,248,752	144,640,228	-	-	-	-
Equities	125,488	6,651	-	132,139	-	-	-	-
Treasury bills	50,000	-	13,266,963	13,316,963	-	-	-	-
Cash	317,807	617,519	5,526,718	6,462,044	-	-	-	-
Guarantees	56,045,752	9,412,797	859,428	66,317,977	-	-	-	-
Negative pledge	34,797,412	10,754,806	2,099,452	47,651,670	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,533,404	548,369	-	2,081,773	-	-	-	-
Others #	101,328,184	16,963,210	42,904,618	161,196,012	-	1,841	-	1,841
Total	253,342,655	80,550,220	107,905,931	441,798,806	-	1,841	-	1,841
Against past due but not impaired:								
Property	959,733	115,454	-	1,075,187	-	-	-	-
Total	959,733	115,454	-	1,075,187	-	-	-	-
Against neither past due nor impaired:								
Property	1,445,578,405	186,464,466	-	1,632,042,871	-	-	84,000	84,000
Equities	23,596,013	2,558,652	-	26,154,665	-	-	-	-
Treasury bills	124,331	514,057	-	638,388	-	-	-	-
Cash	9,840,601	2,219,059	-	12,059,660	-	-	-	-
Guarantees	109,979,263	143,419,603	-	253,398,866	-	-	-	-
Negative pledge	32,360,248	100,194,856	-	132,555,104	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,168,391	632,327	-	2,800,718	-	-	-	-
Others #	8,894,980,302	202,532,522	-	9,097,512,824	-	-	1,678	1,678
Total	10,518,627,554	638,535,542	-	11,157,163,096	-	-	85,678	85,678
Grand total	10,826,992,945	733,777,264	107,905,931	11,668,676,140	-	1,841	85,678	87,519

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

Parent
Dec-2015

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

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

(b) Credit risk (continued)

Debt securities

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

Group
Dec-2016

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	391,141	19,117,901	-	19,509,042
State government bonds	-	9,361,461	-	9,361,461
Corporate bonds	-	9,512,842	-	9,512,842
Treasury bills	11,662,778	486,303,333	48,216,412	546,182,523
	12,053,919	524,295,537	48,216,412	584,565,868

The Group's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2015: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2015: 1%).

Group
Dec-2015

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

Parent
Dec-2016

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	391,141	9,640,011	-	10,031,152
State government bonds	-	5,219,262	-	5,219,262
Corporate bonds	-	9,192,632	-	9,192,632
Treasury bills	5,930,229	385,504,653	48,205,702	439,640,584
	6,321,370	409,556,558	48,205,702	464,083,630

The Bank's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2015: 99%). Investment in corporate bond accounts for the outstanding 2% (December 2015: 1%).

Parent
Dec-2015

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

(g) Liquidity Risk

The Bank's Liquidity Risk management process is primarily the responsibility of the Market & Liquidity Risk Management Group within the Enterprise-wide Risk Management (ERM) Division.

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

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

2. In monitoring its cash flow and balance sheet trends, the Bank makes forecast of anticipated deposits and withdrawals to determine their potential effect on the Bank.

3. Regular monitoring of non-earning assets.

4. Monitoring of deposit concentration.

5. Ensuring proper diversification of funding sources

6. Monitoring the level of undrawn commitments.

7. Maintaining a contingency funding plan.

(i) Funding approach

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

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

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure during the year under review.

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. In addition, gap reports are prepared periodically to measure the maturity mismatches between assets and liabilities. All liquidity policies and procedures are subject to review and approval by ALMAC. The Market & Liquidity Risk Management Group sets internal limits which are in conformity with regulatory limits. The limits are monitored regularly with exceptions reported to the Management Risk Committee (MRC) and Board respectively.

(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 liabilities includes local currency deposits from banks and customers. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

	Dec-2016	Dec-2015
At end of period	42.19%	42.21%
Average for the period	38.56%	41.04%
Maximum for the period	42.19%	44.02%
Minimum for the period	36.13%	38.23%
Regulatory requirement	30.00%	30.00%

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

Financial risk management (continued)

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

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

Group

Dec-2016

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	455,863,305	456,345,091	429,723,448	7,755,804	18,865,839	-	-
Financial assets held for trading	24	12,053,919	12,936,924	5,215,088	3,423,900	2,937,038	796,435	564,463
Derivative financial assets	25	1,042,470	1,074,105	1,074,105	-	-	-	-
Investment securities:								
– Available for sale[2]	26	448,056,733	544,560,301	105,859,400	116,833,779	265,752,469	13,555,014	42,559,639
– Held to maturity	26	80,155,825	78,975,572	53,792,346	6,873,202	1,275,277	12,630,081	4,404,666
Assets pledged as collateral	27	48,216,412	53,399,280	-	29,788,570	23,600,000	10,710	-
Loans and advances to banks	28	653,718	653,486	653,486	-	-	-	-
Loans and advances to customers	29	1,589,429,834	1,818,949,753	651,718,966	182,901,343	237,162,757	660,540,947	86,625,740
Restricted deposits and other assets[3]	34	352,119,610	352,119,610	340,013,917	2,240,706	2,321,797	7,543,190	-
		2,987,591,826	3,319,014,122	1,588,050,756	349,817,304	551,915,177	695,076,377	134,154,508
Financial liabilities								
Deposits from banks	35	125,067,848	125,067,332	122,827,864	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,980,709,606	1,898,367,175	41,611,164	34,720,016	6,011,251	-
Financial liabilities held for trading	37	2,065,402	3,614,473	391,069	245,891	973,756	-	2,003,757
Derivative financial liabilities	25	987,502	1,016,999	1,016,999	-	-	-	-
Other liabilities[4]	39	115,540,806	116,269,473	91,938,998	2,849,529	12,524,399	8,956,547	-
Debt securities issued	38	126,237,863	126,238,016	8	-	-	126,238,008	-
Other borrowed funds	41	219,633,604	251,687,471	10,718,490	22,381,881	24,693,895	149,699,286	44,193,919
		2,575,779,257	2,604,603,370	2,125,260,603	67,390,040	74,849,959	290,905,092	46,197,676
Gap (asset - liabilities)				(537,209,847)	282,427,264	477,065,218	404,171,285	87,956,832
Cumulative liquidity gap				(537,209,847)	(254,782,583)	222,282,635	626,453,920	714,410,752

[1] Includes balances with no specific contractual maturities

[3] Excludes Prepayments

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

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

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

[4] Excludes Deferred Income

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2015

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	254,633,215	254,687,528	254,687,528	-	-	-	-
Financial assets held for trading	24	34,626,186	59,096,017	10,949,504	4,857,098	6,514,140	11,415	36,763,860
Investment securities:								
– Available for sale[2]	26	364,180,150	371,912,999	230,709,458	31,103,355	93,283,392	3,210,884	13,605,910
– Held to maturity	26	29,408,045	30,249,198	16,931,318	4,762,943	2,181,502	6,373,159	276
Assets pledged as collateral	27	61,954,777	62,002,507	61,994,000	-	-	8,507	-
Loans and advances to banks	28	1,051,521	1,092,945	473,466	619,479	-	-	-
Loans and advances to customers	29	1,371,925,547	1,553,130,795	621,904,223	145,746,620	144,512,547	567,074,559	73,892,846
Restricted deposits and other assets[3]	34	288,902,707	288,902,708	282,555,327	584,289	667,759	5,095,333	-
		2,406,682,148	2,621,074,697	1,480,204,824	187,673,784	247,159,340	581,773,857	124,262,892
Financial liabilities								
Deposits from banks	35	26,256,839	26,256,790	22,382,476	495,337	3,378,977	-	-
Deposits from customers	36	1,610,349,689	1,774,103,810	1,686,431,744	34,570,621	48,928,291	4,173,154	-
Other liabilities[4]	39	104,496,983	104,651,478	87,503,226	3,990,803	2,054,942	9,848,492	1,254,015
Debt securities issued	38	180,117,424	180,117,530	8	105,645,788	-	74,471,734	-
Other borrowed funds	41	165,122,908	195,658,885	8,566,117	6,997,742	15,227,949	117,789,269	47,077,808
		2,086,343,843	2,280,788,493	1,804,883,571	151,700,291	69,590,159	206,282,649	48,331,823
Gap (asset - liabilities)				(324,678,747)	35,973,493	177,569,181	375,491,208	75,931,069
Cumulative liquidity gap				(324,678,747)	(288,705,254)	(111,136,073)	264,355,135	340,286,204

[1] Includes balances with no specific contractual maturities

[3] Excludes Prepayments

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

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

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

[4] Excludes Deferred Income

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2016

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	233,847,233	233,959,513	210,887,257	5,064,689	18,007,567	-	-
Financial assets held for trading	24	6,321,370	7,204,375	2,853,534	817,000	2,725,937	466,573	341,331
Derivative financial assets	25	1,042,470	1,074,105	1,074,105	-	-	-	-
Investment securities:								
– Available for sale[2]	26	408,246,905	483,867,006	80,147,798	99,106,000	251,438,751	13,555,014	39,619,443
– Held to maturity	26	5,219,262	7,935,492	-	-	-	3,630,000	4,305,492
Assets pledged as collateral	27	48,205,702	52,994,000	-	29,394,000	23,600,000	-	-
Loans and advances to banks	28	29,943	29,711	29,711	-	-	-	-
Loans and advances to customers	29	1,417,217,952	1,641,976,516	597,854,062	160,156,302	200,576,778	610,856,762	72,532,612
Restricted deposits and other assets[3]	34	350,472,626	350,472,626	338,366,933	2,240,706	2,321,797	7,543,190	-
		2,470,603,463	2,779,513,344	1,231,213,400	296,778,697	498,670,830	636,051,539	116,798,878
Financial liabilities								
Deposits from banks	35	40,438	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,682,707,505	1,678,682,175	3,606,055	415,115	4,160	-
Financial liabilities held for trading	37	2,065,402	3,614,473	391,069	245,891	973,756	-	2,003,757
Derivative financial liabilities	25	987,502	1,016,999	1,016,999	-	-	-	-
Other liabilities[4]	39	90,013,993	90,088,198	83,989,447	2,365,652	2,696,641	1,036,458	-
Other borrowed funds	41	332,317,881	367,437,911	5,906,688	18,851,266	24,693,895	273,792,143	44,193,919
		2,106,610,036	2,144,905,524	1,770,026,816	25,068,864	28,779,407	274,832,761	46,197,676
Gap (asset - liabilities)				(538,813,416)	271,709,833	469,891,423	361,218,778	70,601,202
Cumulative liquidity gap				(538,813,416)	(267,103,583)	202,787,840	564,006,618	634,607,820

[1] Includes balances with no specific contractual maturities

[3] Excludes Prepayments

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

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

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

[4] Excludes Deferred Income

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

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	173,133,109	173,187,394	173,187,394	-	-	-	-
Financial assets held for trading	24	25,075,618	49,545,450	1,398,937	4,857,098	6,514,140	11,415	36,763,860
Investment securities:								
– Available for sale[2]	26	327,585,822	335,318,671	206,218,693	25,750,000	90,000,000	3,210,884	10,139,094
– Held to maturity	26	3,210,575	4,051,726	-	-	-	4,051,726	-
Assets pledged as collateral	27	61,946,270	61,994,000	61,994,000	-	-	-	-
Loans and advances to banks	28	638,817	680,241	60,762	619,479	-	-	-
Loans and advances to customers	29	1,265,207,443	1,446,412,629	571,458,226	134,557,027	121,523,676	547,289,737	71,583,963
Restricted deposits and other assets[3]	34	286,317,708	286,317,708	281,222,375	-	-	5,095,333	-
		2,143,115,362	2,357,507,819	1,295,540,387	165,783,604	218,037,816	559,659,095	118,486,917
Financial liabilities								
Deposits from banks	35	39,941	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,586,304,010	1,569,289,509	13,655,750	3,276,647	82,104	-
Other liabilities[4]	39	85,088,484	85,242,976	78,141,334	3,827,413	1,602,393	1,671,836	-
Other borrowed funds	41	338,580,300	369,116,279	5,699,836	112,643,530	15,227,949	188,467,156	47,077,808
		1,846,258,850	2,040,703,206	1,653,170,620	130,126,693	20,106,989	190,221,096	47,077,808
Gap (asset - liabilities)				(357,630,233)	35,656,911	197,930,827	369,437,999	71,409,109
Cumulative liquidity gap				(357,630,233)	(321,973,322)	(124,042,495)	245,395,504	316,804,613

[1] Includes balances with no specific contractual maturities

[3] Excludes Prepayments

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

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

[4] Excludes Deferred Income

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

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk which is managed through a series of measures, tests and reports that are largely based on contractual maturity. The following table shows the contractual maturities at year end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Group
Dec-2016

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	455,863,305	432,548,424	5,392,912	17,921,969	-	-
Financial assets held for trading	24	12,053,919	5,177,779	3,374,715	2,558,670	637,605	305,150
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[2]	26	448,056,733	105,229,594	94,358,809	221,584,235	11,168,287	15,715,808
– Held to maturity	26	80,155,825	54,186,895	5,900,054	5,237,423	8,650,833	6,180,620
Assets pledged as collateral	27	48,216,412	-	26,922,755	21,282,947	10,710	-
Loans and advances to banks	28	653,718	653,718	-	-	-	-
Loans and advances to customers	29	1,589,429,834	625,567,344	176,261,021	193,656,248	526,515,980	67,429,241
Restricted deposits and other assets[3]	34	352,119,610	340,013,917	2,240,706	2,321,797	7,543,190	-
		2,987,591,826	1,564,420,141	314,450,972	464,563,289	554,526,605	89,630,819
Financial liabilities							
Deposits from banks	35	125,067,848	122,828,380	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,881,368,658	40,238,264	36,316,423	28,322,887	-
Financial liabilities held for trading	37	2,065,402	383,259	228,332	824,609	-	629,202
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[4]	39	115,540,806	90,676,925	2,841,106	12,503,222	9,519,553	-
Debt securities issued	38	126,237,863	-	-	-	126,237,863	-
Other borrowed funds	41	219,633,604	4,730,497	17,978,530	22,657,143	131,067,345	43,200,089
		2,575,779,257	2,100,975,221	61,587,807	74,239,290	295,147,648	43,829,291
Gap (asset - liabilities)			(536,555,080)	252,863,165	390,323,999	259,378,957	45,801,528
Cumulative liquidity gap			(536,555,080)	(283,691,915)	106,632,084	366,011,041	411,812,569

[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(g)

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

Residual contractual maturities of contingencies

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

Group
Dec-2016

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
Transaction related bonds and guarantees	44	503,027,562	45,056,512	30,937,756	48,969,031	38,573,087	339,491,176
Short term foreign currency related transactions	44	1,641,614	1,641,614	-	-	-	-
Clean line facilities and letters of credit	44	70,895,854	22,342,241	4,112,683	31,943,501	12,497,429	-
Other commitments	44	7,932,788	3,144,561	517,130	3,882,851	276,769	111,477
		583,497,818	72,184,928	35,567,569	84,795,383	51,347,285	339,602,653

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
Group
Dec-2015

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	254,633,215	254,633,215	-	-	-	-
Financial assets held for trading	24	34,626,186	1,392,303	6,353,467	14,180,149	9,577	12,690,690
Investment securities:							
– Available for sale[2]	26	364,180,150	230,404,796	30,784,535	89,448,597	2,449,650	11,092,572
– Held to maturity	26	29,408,045	16,931,316	4,762,943	2,181,502	5,532,008	276
Assets pledged as collateral	27	61,954,777	61,946,270	-	-	8,507	-
Loans and advances to banks	28	1,051,521	450,781	600,740	-	-	-
Loans and advances to customers	29	1,371,925,547	602,565,503	127,898,316	114,898,597	467,862,001	58,701,130
Restricted deposits and other assets[3]	34	288,902,707	282,555,326	584,289	667,759	5,095,333	-
		2,406,682,148	1,450,879,510	170,984,290	221,376,604	480,957,076	82,484,668
Financial liabilities							
Deposits from banks	35	26,256,839	22,382,525	495,337	3,378,977	-	-
Deposits from customers	36	1,610,349,689	1,532,538,569	25,935,318	47,779,875	4,095,927	-
Other liabilities[4]	39	104,496,983	87,481,277	3,980,430	2,035,411	9,745,850	1,254,015
Debt securities issued	38	180,117,424	-	105,645,788	-	74,471,636	-
Other borrowed funds	41	165,122,908	5,244,401	736,983	13,748,175	99,103,244	46,290,105
		2,086,343,843	1,647,646,772	136,793,856	66,942,438	187,416,657	47,544,120
Gap (asset - liabilities)			(196,767,262)	34,190,434	154,434,166	293,540,419	34,940,548
Cumulative liquidity gap			(196,767,262)	(162,576,828)	(8,142,662)	285,397,757	320,338,305

[1] Includes balances with no specific contractual maturities

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

[3] Excludes prepayments

[4] Excludes Deferred Income

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

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

Residual contractual maturities of contingencies

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

Group
Dec-2015

In thousands of Nigerian Naira	Note	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	44	463,573,112	31,608,964	9,227,069	39,810,550	21,950,150	360,976,379
Short term foreign currency related transactio	44	3,367,750	3,367,750	-	-	-	-
Clean line facilities and letters of credit	44	84,713,490	52,211,708	28,305,415	4,196,367	-	-
Other commitments	44	12,766,126	7,325,847	1,722,407	1,468,940	1,873,847	375,085
		564,420,478	94,514,269	39,254,891	45,475,857	23,823,997	361,351,464

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk which is managed through a series of measures, tests and reports that are largely based on contractual maturity. The following table shows the contractual maturities at year end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Parent
Dec-2016

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	233,847,233	210,862,662	5,062,602	17,921,969	-	-
Financial assets held for trading	24	6,321,370	2,816,225	767,815	2,347,569	307,743	82,018
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[2]	26	408,246,905	78,447,073	92,731,238	214,334,107	9,192,632	13,541,855
– Held to maturity	26	5,219,262	-	-	-	3,211,147	2,008,115
Assets pledged as collateral	27	48,205,702	-	26,922,755	21,282,947	-	-
Loans and advances to banks	28	29,943	29,943	-	-	-	-
Loans and advances to customers	29	1,417,217,952	546,230,745	156,427,412	158,642,280	502,955,141	52,962,374
Restricted deposits and other assets[3]	34	350,472,626	338,366,933	2,240,706	2,321,797	7,543,190	-
		2,470,603,463	1,177,796,051	284,152,528	416,850,669	523,209,853	68,594,362
Financial liabilities							
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,677,258,300	3,527,076	395,777	3,667	-
Financial liabilities held for trading	37	2,065,402	383,259	228,332	824,609	-	629,202
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[4]	39	90,013,993	83,970,576	2,357,229	2,675,465	1,010,723	-
Other borrowed funds	41	332,317,881	4,730,496	14,447,915	17,845,341	252,094,040	43,200,089
		2,106,610,036	1,767,370,571	20,560,552	21,741,192	253,108,430	43,829,291
Gap (asset - liabilities)			(589,574,520)	263,591,976	395,109,477	270,101,423	24,765,071
Cumulative liquidity gap			(589,574,520)	(325,982,544)	69,126,933	339,228,356	363,993,427

[1] Includes balances with no specific contractual maturities

[3] Excludes prepayments

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

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

[4] Excludes Deferred Income

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

Residual contractual maturities of contingencies

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

Parent
Dec-2016

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
Transaction related bonds and guarantees	44	468,303,919	22,596,062	23,590,361	44,862,879	37,763,441	339,491,176
Clean line facilities and letters of credit	44	43,091,160	-	-	30,637,467	12,453,693	-
		511,395,079	22,596,062	23,590,361	75,500,346	50,217,134	339,491,176

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2015

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	173,133,109	173,133,109	-	-	-	-
Financial assets held for trading	24	25,075,618	1,392,302	4,762,597	6,220,452	9,577	12,690,690
Investment securities:							
– Available for sale[2]	26	327,585,822	205,914,031	25,431,180	86,165,205	2,449,650	7,625,756
– Held to maturity	26	3,210,575	-	-	-	3,210,575	-
Assets pledged as collateral	27	61,946,270	61,946,270	-	-	-	-
Loans and advances to banks	28	638,817	38,077	600,740	-	-	-
Loans and advances to customers	29	1,265,207,443	551,847,626	115,889,357	91,169,909	449,908,304	56,392,247
Restricted deposits and other assets[3]	34	286,317,708	281,222,375	-	-	5,095,333	-
		2,143,115,362	1,275,493,790	146,683,874	183,555,566	460,673,439	76,708,693
Financial liabilities							
Deposits from banks	35	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,415,734,635	4,799,121	2,011,492	4,877	-
Other liabilities[4]	39	85,088,484	78,119,387	3,817,041	1,582,862	1,569,194	-
Other borrowed funds	41	338,580,300	5,214,764	106,382,771	10,911,529	169,781,131	46,290,105
		1,846,258,850	1,499,108,727	114,998,933	14,505,883	171,355,202	46,290,105
Gap (asset - liabilities)			(223,614,937)	31,684,941	169,049,683	289,318,237	30,418,588
Cumulative liquidity gap			(223,614,937)	(191,929,996)	(22,880,313)	266,437,924	296,856,512

[1] Includes balances with no specific contractual maturities

[3] Excludes prepayments

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

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

[4] Excludes Deferred Income

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

Residual contractual maturities of contingencies

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

Parent
Dec-2015

In thousands of Nigerian Naira	Note	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	44	454,123,077	25,584,729	8,148,959	37,576,123	21,836,887	360,976,379
Clean line facilities and letters of credit	44	73,260,543	41,237,545	27,826,631	4,196,367	-	-
		527,383,620	66,822,274	35,975,590	41,772,490	21,836,887	360,976,379

[1] Includes balances with no specific contractual maturities

(ii) Repricing period of financial assets and liabilities

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

Group
Dec-2016

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	455,863,305	432,548,424	5,392,912	17,921,969	-	-
Financial assets held for trading	24	12,053,919	5,177,779	3,374,715	2,558,670	637,605	305,150
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[1]	26	448,056,733	95,777,214	95,790,469	228,647,826	9,192,632	18,648,592
– Held to maturity	26	80,155,825	54,186,895	5,900,054	5,237,423	8,650,833	6,180,620
Assets pledged as collateral	27	48,216,412	-	26,922,754	21,282,948	10,710	-
Loans and advances to banks	28	653,718	653,718	-	-	-	-
Loans and advances to customers	29	1,589,429,834	1,402,549,405	25,368,132	36,747,821	42,498,939	82,265,537
Restricted deposits and other assets[2]	34	352,119,610	340,013,916	2,240,707	2,321,797	7,543,190	-
		2,987,591,826	**2,331,949,821**	**164,989,743**	**314,718,454**	**68,533,909**	**107,399,899**
Financial liabilities							
Deposits from banks	35	125,067,848	122,828,380	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,878,575,881	41,808,374	37,539,090	28,322,887	-
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[3]	39	115,540,806	98,742,784	2,841,106	4,437,363	9,519,553	-
Debt securities issued	38	126,237,863	-	-	-	126,237,863	-
Other borrowed funds	41	219,633,604	4,730,497	17,978,530	22,657,143	131,067,345	43,200,089
		2,575,779,257	**2,107,930,446**	**62,929,585**	**66,571,489**	**295,147,648**	**43,200,089**
		411,812,569	**224,019,375**	**102,060,158**	**248,146,965**	**(226,613,739)**	**64,199,810**

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

[2] Excludes Prepayments
[3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Group
Dec-2015

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	254,633,215	254,633,215	-	-	-	-
Financial assets held for trading	24	34,626,186	10,942,870	4,762,597	6,220,452	9,577	12,690,690
Investment securities:							
– Available for sale[1]	26	364,180,150	230,404,796	30,784,535	89,448,597	2,449,650	11,092,572
– Held to maturity	26	29,408,045	16,931,316	4,762,943	2,181,502	5,532,008	276
Assets pledged as collateral	27	61,954,777	61,946,270	-	-	8,507	-
Loans and advances to banks	28	1,051,521	1,051,521	-	-	-	-
Loans and advances to customers	29	1,371,925,547	1,235,700,451	13,097,582	22,860,395	27,254,004	73,013,115
Restricted deposits and other assets[2]	34	288,902,707	282,555,326	584,289	667,759	5,095,333	-
		2,406,682,148	**2,094,165,765**	**53,991,946**	**121,378,705**	**40,349,079**	**96,796,653**
Financial liabilities							
Deposits from banks	35	26,256,839	22,382,525	495,337	3,378,977	-	-
Deposits from customers	36	1,610,349,689	1,532,069,226	26,047,475	48,137,061	4,095,927	-
Other liabilities[3]	39	104,496,983	87,481,277	3,980,430	2,035,411	9,745,850	1,254,015
Debt securities issued	38	180,117,424	-	105,645,788	-	74,471,636	-
Other borrowed funds	41	165,122,908	5,244,401	736,983	13,748,175	99,103,244	46,290,105
		2,086,343,843	**1,647,177,429**	**136,906,013**	**67,299,624**	**187,416,657**	**47,544,120**
		320,338,305	**446,988,336**	**(82,914,067)**	**54,079,081**	**(147,067,578)**	**49,252,533**

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

[2] Excludes Prepayments   [3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Parent
Dec-2016

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	233,847,233	210,862,662	5,062,602	17,921,969	-	-
Financial assets held for trading	24	6,321,370	2,816,225	767,815	2,347,569	307,743	82,018
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[1]	26	408,246,905	78,447,073	92,731,238	214,334,107	9,192,632	13,541,855
– Held to maturity	26	5,219,262	-	-	-	3,211,147	2,008,115
Assets pledged as collateral	27	48,205,702	-	26,922,754	21,282,948	-	-
Loans and advances to banks	28	29,943	29,943	-	-	-	-
Loans and advances to customers	29	1,417,217,952	1,323,545,484	-	2,029,226	23,844,572	67,798,670
Restricted deposits and other assets[2]	34	350,472,626	338,366,932	2,240,707	2,321,797	7,543,190	-
		2,470,603,463	**1,955,110,789**	**127,725,116**	**260,237,616**	**44,099,284**	**83,430,658**
Financial liabilities							
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,677,258,300	3,527,076	395,777	3,667	-
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[3]	39	90,013,993	83,970,576	2,357,229	2,675,465	1,010,723	-
Other borrowed funds	41	332,317,881	4,730,496	14,447,915	17,845,341	252,094,040	43,200,089
		2,106,610,036	**1,769,052,714**	**20,332,220**	**20,916,583**	**253,108,430**	**43,200,089**
		363,993,427	**186,058,075**	**107,392,896**	**239,321,033**	**(209,009,146)**	**40,230,569**

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

[2] Excludes Prepayments [3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Parent
Dec-2015

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	173,133,109	173,133,109	-	-	-	-
Financial assets held for trading	24	25,075,618	1,392,302	4,762,597	6,220,452	9,577	12,690,690
Investment securities:							
– Available for sale[1]	26	327,585,822	205,914,031	25,431,180	86,165,205	2,449,650	7,625,756
– Held to maturity	26	3,210,575	-	-	-	3,210,575	-
Assets pledged as collateral	27	61,946,270	61,946,270	-	-	-	-
Loans and advances to banks	28	638,817	638,817	-	-	-	-
Loans and advances to customers	29	1,265,207,443	1,184,982,574	-	2,006,521	7,514,116	70,704,232
Restricted deposits and other assets[2]	34	286,317,708	281,222,375	-	-	5,095,333	-
		2,143,115,362	**1,909,229,478**	**30,193,777**	**94,392,178**	**18,279,251**	**91,020,678**
Financial liabilities							
Deposits from banks	35	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,415,734,635	4,799,121	2,011,492	4,877	-
Other liabilities[3]	39	85,088,484	78,119,387	3,817,041	1,582,862	1,569,194	-
Other borrowed funds	41	338,580,300	5,214,764	106,382,771	10,911,529	169,781,131	46,290,105
		1,846,258,850	**1,499,108,727**	**114,998,933**	**14,505,883**	**171,355,202**	**46,290,105**
		296,856,512	**410,120,751**	**(84,805,156)**	**79,886,295**	**(153,075,951)**	**44,730,573**

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

[2] Excludes Prepayments

[3] Excludes Deferred Income

(h) Settlement Risk

The Treasury Group activities with counterparties may give rise to settlement risk at the time of settlement of trade transactions. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations i.e. deliver cash, securities or other assets, as contractually agreed.

In order to ensure that these risks are mitigated and controlled, the Market & Liquidity Risk Management (MLRM) Group has put in place Settlement Limits. These limits are sought periodically using various criteria based on the counterparty's financial statement and some other non-financial parameters. The FX Settlement limits are approved at the Management Credit Committee meeting and / or Board level, depending on the limit of each counterparty.

(i) Market Risk

Market risk is the risk of loss in On- or Off-balance sheet positions, as a result of adverse movement in foreign exchange rate, interest rate, equity or commodity prices. Whilst the group may be faced with myriads of market risks, the Market & Liquidity Risk Management Group ensures these risks are managed and controlled within the bank's acceptable parameters, while optimising returns on risk.

(i) Management of Market Risk

The Market & Liquidity Risk Management Group separates its market risk exposures into the trading and banking books. Due to the various macro-economic indices and unanticipated market happenings, it has become more imperative for the group to engage in continuous but proactive monitoring of market risks inherent in both trading and non-trading activities.

The trading portfolio resides with the Treasury & Sales Group of the Bank, and they maintain positions arising from market making and proprietary trading activities. With the exception of translation risk arising from the bank's net investment in foreign currency, the Market & Liquidity Risk Group monitors the foreign exchange position in the trading and banking books.

The overall authority of the Market & Liquidity Risk Management Group is vested in the Management Risk Committee.

(ii) Exposure to Market Risks – Trading Book

The principal tools used by Market & Liquidity Risk Management Group to measure and control market risk exposure within the Bank's trading portfolios are the Open Position limits, Mark-to-Market Analysis, Value-at-Risk Analysis, Sensitivity Analysis and the Earning-at-Risk Analysis. Specific limits (regulatory and in-house) across the trading portfolios have been clearly defined, in line with the Bank's overall risk appetite. These set limits shall prevent undue exposure in the event of abrupt market volatility. The MLRM group ensures that these limits and triggers are adhered to by the Treasury & Sales Group.

The Bank traded in the following financial instruments in the course of the period;

1. Treasury Bills
2. Bonds (Spot and Repo transactions)
3. Foreign Currencies (Spot and Forwards)
4. Money Market Instruments

(iii) Exposure to Interest Rate Risk – Banking Book

The principal risk to which non-trading portfolios are exposed to, 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 using interest rate gaps. The Asset & Liability Management (ALM) Group is responsible for managing and monitoring mismatches between the bank's assets and liabilities. The Asset & Liability Management Committee (ALMAC) is responsible for ensuring compliance with these limits while the limits are independently verified by Market & Liquidity Risk Management group.

The Bank makes use of limit monitoring, earnings-at-risk and gap analyses to measure and control the market risk exposures within its banking book.

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 foreign exchange risk, interest rate risk and price risk, were the key risks the bank was exposed to. However, all potential risk exposures in the course of the period were successfully mitigated as mentioned above.

(iv) Other market risks: Sensitivity analysis of non-trading portfolios to various scenarios

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

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

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

At 31 December, 2016, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

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

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (December 2016 – 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 181.

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

- The prime lending rate on loans and advances which ranged between 16.54% and 17.09% over the period, a change of about 100 basis points is therefore probable.

- The discount rate on various maturities of treasury bills ranged between 4.12% and 13.96% over the financial period as published by Central Bank of Nigeria (CBN)

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

The table below shows the changes that would impact the income statement after carrying out interest rate sensitivity.

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	**2,769,296**	**2,250,053**	**475,658**	**391,880**
Asset	(21,664,895)	(17,602,727)	(19,691,602)	(16,223,329)
Liabilities	24,434,191	19,852,780	20,167,260	16,615,209
Increase	**(2,769,296)**	**(2,250,053)**	**(475,658)**	**(391,880)**
Asset	21,664,895	17,602,727	19,691,602	16,223,329
Liabilities	(24,434,191)	(19,852,780)	(20,167,260)	(16,615,209)

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	**1,227,951**	**1,014,533**	**(723,826)**	**(605,081)**
Asset	(18,536,870)	(15,315,162)	(16,867,866)	(14,100,654)
Liabilities	19,764,821	16,329,695	16,144,040	13,495,573
Increase	**(1,227,951)**	**(1,014,533)**	**723,826**	**605,081**
Asset	18,536,870	15,315,162	16,867,866	14,100,654
Liabilities	(19,764,821)	(16,329,695)	(16,144,040)	(13,495,573)

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

Components of Statement of financial position Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)

Group

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease				
Assets				
Cash and cash equivalents	(664,057)	(539,547)	(748,610)	(616,758)
Loans and advances to banks	(41,901)	(34,044)	(57,315)	(47,221)
Loans and advances to customers	(15,620,539)	(12,691,688)	(14,228,911)	(11,722,779)
Financial assets held for trading	(188,373)	(153,053)	(257,244)	(211,936)
Investment securities	(4,574,484)	(3,716,768)	(3,827,059)	(3,153,001)
Assets pledged as collateral	(575,541)	(467,627)	(572,463)	(471,635)
	(21,664,895)	**(17,602,727)**	**(19,691,602)**	**(16,223,329)**
Liabilities				
Deposits from banks	1,261,724	1,025,150	265,349	218,613
Deposits from customers	19,580,822	15,909,418	16,420,863	13,528,664
Financial liabilities held for trading	6,292	5,112	32,456	26,740
Debt securities issued	1,262,379	1,025,683	1,797,363	1,480,794
Other borrowed funds	2,322,974	1,887,417	1,651,229	1,360,399
	24,434,191	**19,852,780**	**20,167,260**	**16,615,209**
Total	**2,769,296**	**2,250,053**	**475,658**	**391,880**
Increase				
Assets				
Cash and cash equivalents	664,057	539,547	748,610	616,758
Loans and advances to banks	41,901	34,044	57,315	47,221
Loans and advances to customers	15,620,539	12,691,688	14,228,911	11,722,779
Financial assets held for trading	188,373	153,053	257,244	211,936
Investment securities	4,574,484	3,716,768	3,827,059	3,153,001
Assets pledged as collateral	575,541	467,627	572,463	471,635
	21,664,895	**17,602,727**	**19,691,602**	**16,223,329**
Liabilities				
Deposits from banks	(1,261,724)	(1,025,150)	(265,349)	(218,613)
Deposits from customers	(19,580,822)	(15,909,418)	(16,420,863)	(13,528,664)
Financial liabilities held for trading	(6,292)	(5,112)	(32,456)	(26,740)
Debt securities issued	(1,262,379)	(1,025,683)	(1,797,363)	(1,480,794)
Other borrowed funds	(2,322,974)	(1,887,417)	(1,651,229)	(1,360,399)
	(24,434,191)	**(19,852,780)**	**(20,167,260)**	**(16,615,209)**
Total	**(2,769,296)**	**(2,250,053)**	**(475,658)**	**(391,880)**

Parent

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease				
Assets				
Cash and cash equivalents	(504,792)	(417,059)	(600,570)	(502,045)
Loans and advances to Banks	(156)	(129)	(6,387)	(5,340)
Loans and advances to Customers	(13,898,420)	(11,482,875)	(12,327,566)	(10,305,201)
Financial assets held for trading	(131,047)	(108,271)	(161,739)	(135,205)
Investment securities	(3,427,020)	(2,831,404)	(3,199,141)	(2,674,315)
Assets pledged as collateral	(575,435)	(475,424)	(572,463)	(478,549)
	(18,536,870)	**(15,315,162)**	**(16,867,866)**	**(14,100,654)**
Liabilities				
Deposits from banks	11,450	9,460	3,180	2,658
Deposits from customers	16,530,208	13,657,258	14,714,049	12,300,175
Financial liabilities held for trading	31,549	26,066	32,456	27,132
Debt securities issued	-	-	-	-
Other borrowed funds	3,191,614	2,636,912	1,394,355	1,165,608
	19,764,821	**16,329,695**	**16,144,040**	**13,495,573**
Total	**1,227,951**	**1,014,533**	**(723,861)**	**(605,081)**
Increase				
Assets				
Cash and cash equivalents	504,792	417,059	600,570	502,045
Loans and advances to Banks	156	129	6,387	5,340
Loans and advances to Customers	13,898,420	11,482,875	12,327,566	10,305,201
Financial assets held for trading	131,047	108,271	161,739	135,205
Investment securities	3,427,020	2,831,404	3,199,141	2,674,315
Assets pledged as collateral	575,435	475,424	572,463	478,549
	18,536,870	**15,315,162**	**16,867,866**	**14,100,654**
Liabilities				
Deposits from banks	(11,450)	(9,460)	(3,180)	(2,658)
Deposits from customers	(16,530,208)	(13,657,258)	(14,714,049)	(12,300,175)
Financial liabilities held for trading	(31,549)	(26,066)	(32,456)	(27,132)
Debt securities issued	-	-	-	-
Other borrowed funds	(3,191,614)	(2,636,912)	(1,394,355)	(1,165,608)
	(19,764,821)	**(16,329,695)**	**(16,144,040)**	**(13,495,573)**
Total	**(1,227,951)**	**(1,014,533)**	**723,861**	**605,081**

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates.

At 31 December 2016, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease	969,542	787,753	356,764	293,555
Increase	(969,542)	(787,753)	(356,764)	(293,555)

Parent

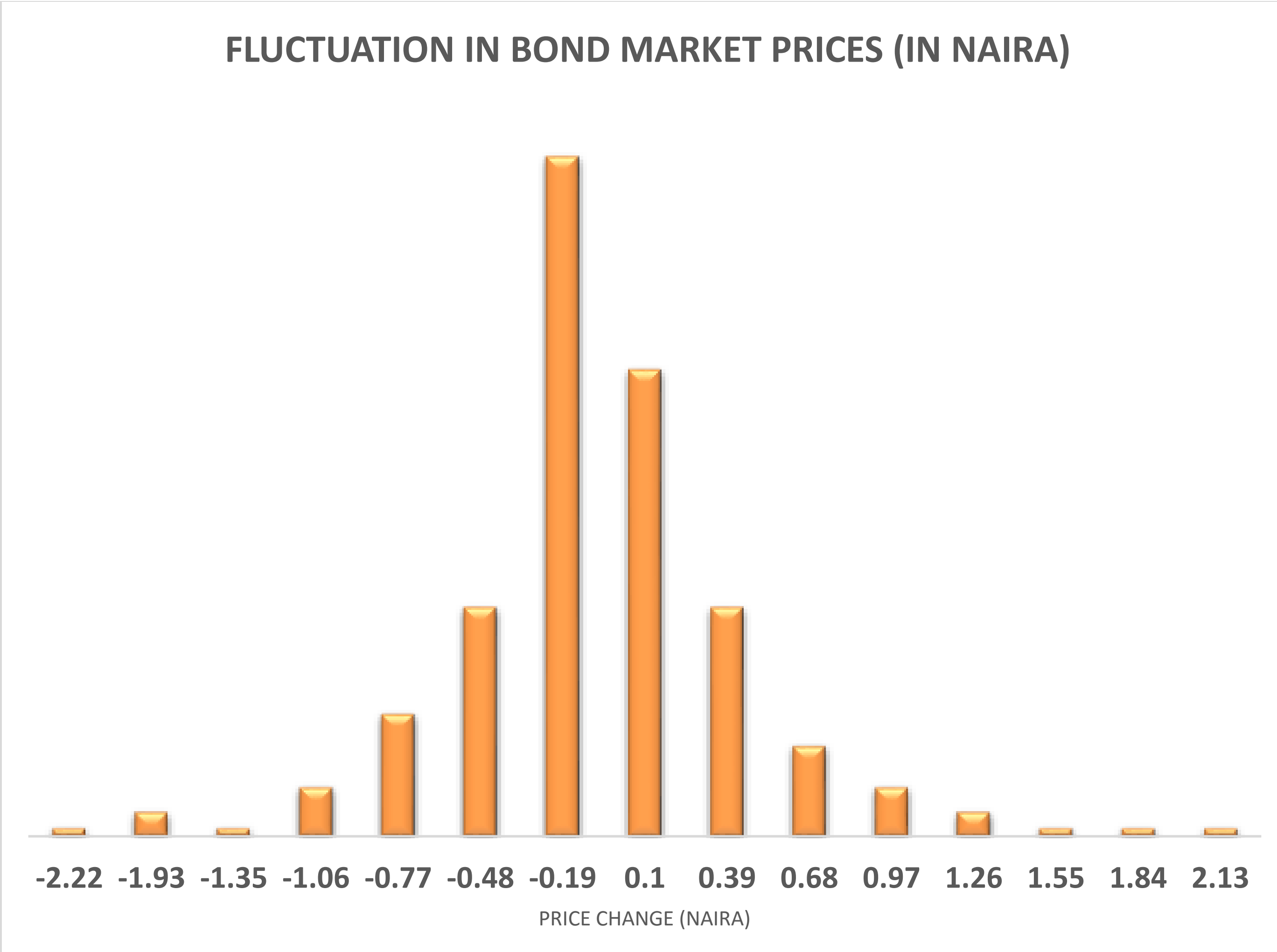
In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease	912,499	753,907	348,589	291,402
Increase	(912,499)	(753,907)	(348,589)	(291,402)

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

1. Held for Trade - Bond price sensitivity

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

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.
- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in bond prices. The graph below indicates that large proportion of changes in price falls within the range of ± 1 naira.
- The chosen reasonable change in market prices was then applied to the bank's holding of trading bonds as at end of the period.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December 2016, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease	(4,019)	(3,321)	(145,373)	(119,617)
Increase	4,019	3,321	145,373	119,617

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(4,019)	(3,266)	(145,373)	(121,524)
Increase	4,019	3,266	145,373	121,524

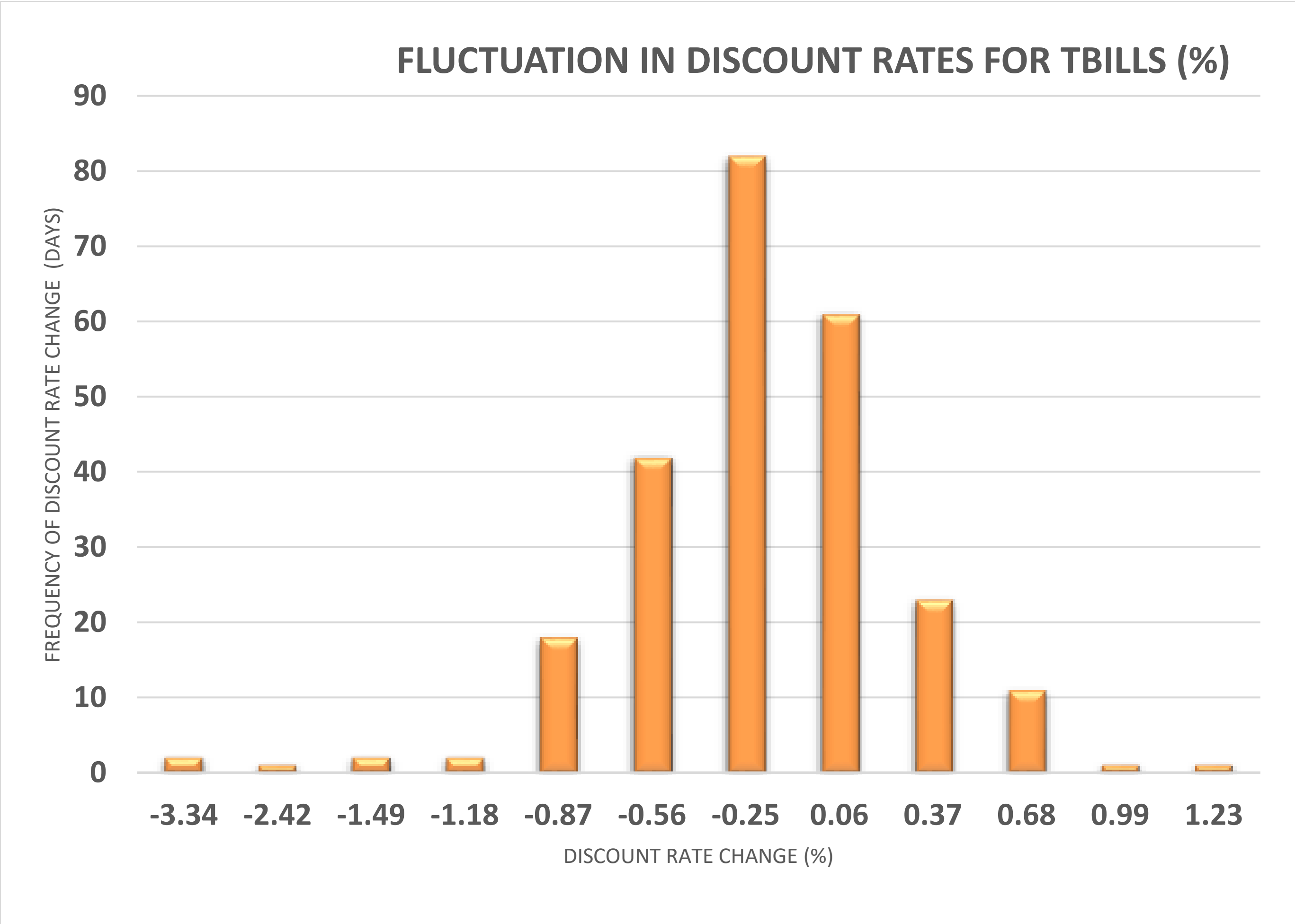
2. Held for Trade - Treasury bills discount rate / price sensitivity

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

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

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

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



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December , 2016, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease	25,874	21,377	18,418	15,645
Increase	(25,874)	(21,377)	(18,418)	(15,645)

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	25,874	21,022	18,418	15,821
Increase	(25,874)	(21,022)	(18,418)	(15,821)

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

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

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at 31 December 2016 and the comparative period in 2015. The Group carried out the following in determining sensitivity of the Group's other comprehensive income to fluctuations in market prices of the financial assets:

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

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2016, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(214,940)	(177,584)	(239,096)	(203,088)
Increase	214,940	177,584	239,096	203,088

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(214,940)	(174,639)	(239,096)	(205,384)
Increase	214,940	174,639	239,096	205,384

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

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

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of ± 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls in the range of ± 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Available for Sale treasury bills as at end of the period.

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2016, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	2,497,907	2,063,770	614,523	521,976
Increase	(2,497,907)	(2,063,770)	(614,523)	(521,976)

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	2,497,907	2,029,549	614,523	527,875
Increase	(2,497,907)	(2,029,549)	(614,523)	(527,875)

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

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

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

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

In determining the sensitivity of the fair value of the share of the unquoted equity to changes to the various inputs, we have assumed a 100 basis points increase or decrease to equity price of the company determined using discounted cash flow, the resultant impact to pre-tax and post-tax results arising from the sensitivity analysis are as shown in the table below:

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(42,795)	(34,771)	(41,170)	(33,876)
Increase	42,795	34,771	41,170	33,876

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(42,795)	(35,357)	(41,170)	(34,416)
Increase	42,795	35,357	41,170	34,416

(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, UK pound and Euro. 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.

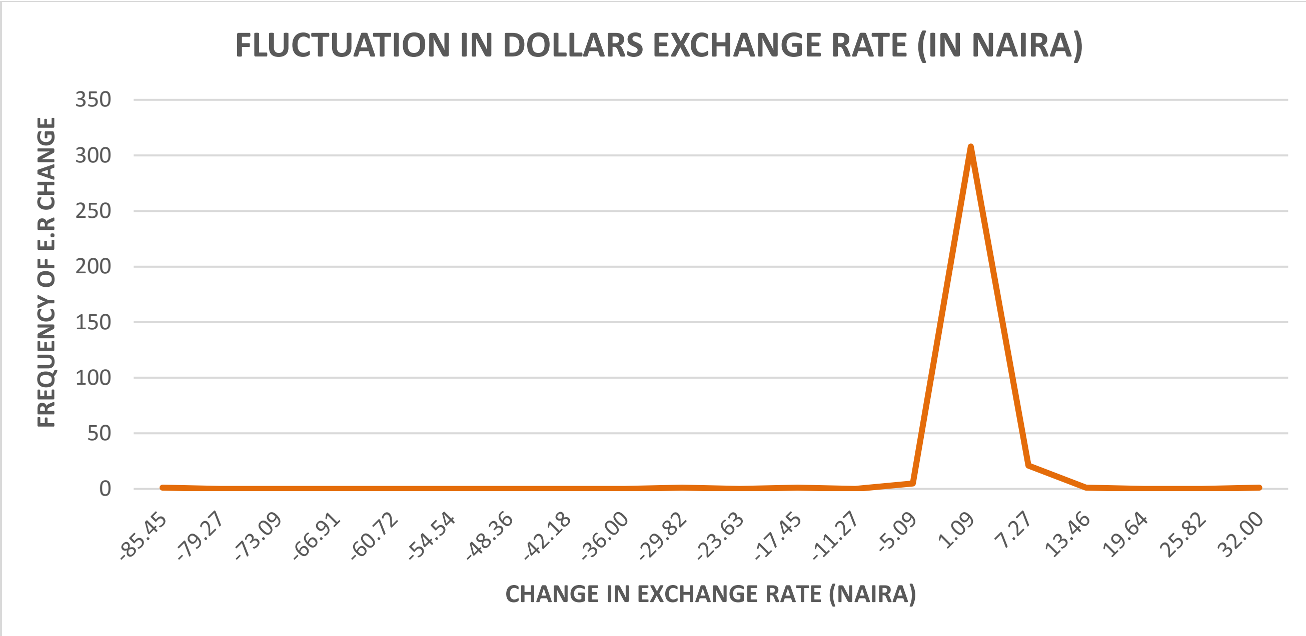
Foreign exchange profit or loss (Dollars)

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 ± 7.27 (December 2015: ± 2.49) was determined based on the distribution of two years daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 7.27 (December 2015: ± 2.49)

• The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the period.



At 31 December 2016, if the Naira had weakened/strengthened by ± 7.27 Naira against the Dollar with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(6,810,537)	(5,533,561)	(2,153,416)	(1,774,136)
Increase	6,810,537	5,533,561	2,153,416	1,774,136

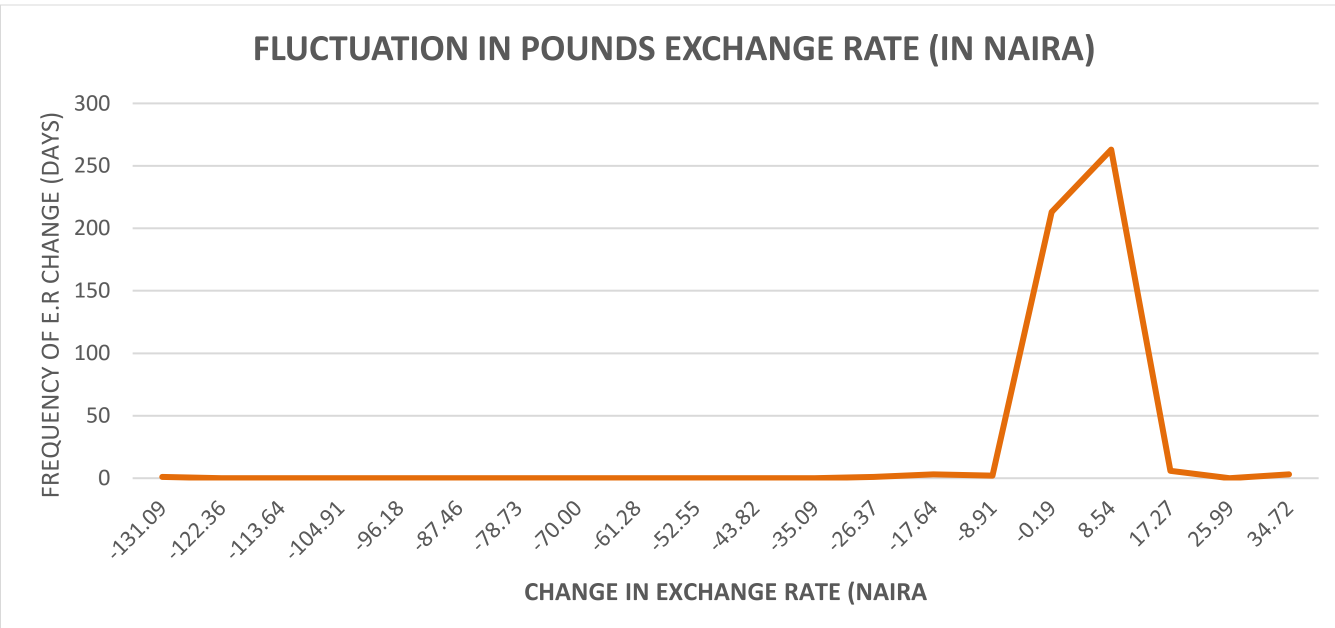
Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(7,860,097)	(5,533,561)	(2,135,229)	(1,784,939)
Increase	7,860,097	5,533,561	2,135,229	1,784,939

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 ± 8.54 (December 2015: ± 2.85) was determined based on the distribution of two years daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 8.54 (December 2015: ± 2.85)
- The chosen reasonable change in exchange rates was then applied to the bank's ± 8.54 position as at end of the period.



At 30 December 2016, if the Naira had weakened/strengthened by ± 8.54 Naira against the Pounds with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(117,115)	(95,156)	(13,967)	(11,507)

Increase	117,115	95,156	13,967	11,507

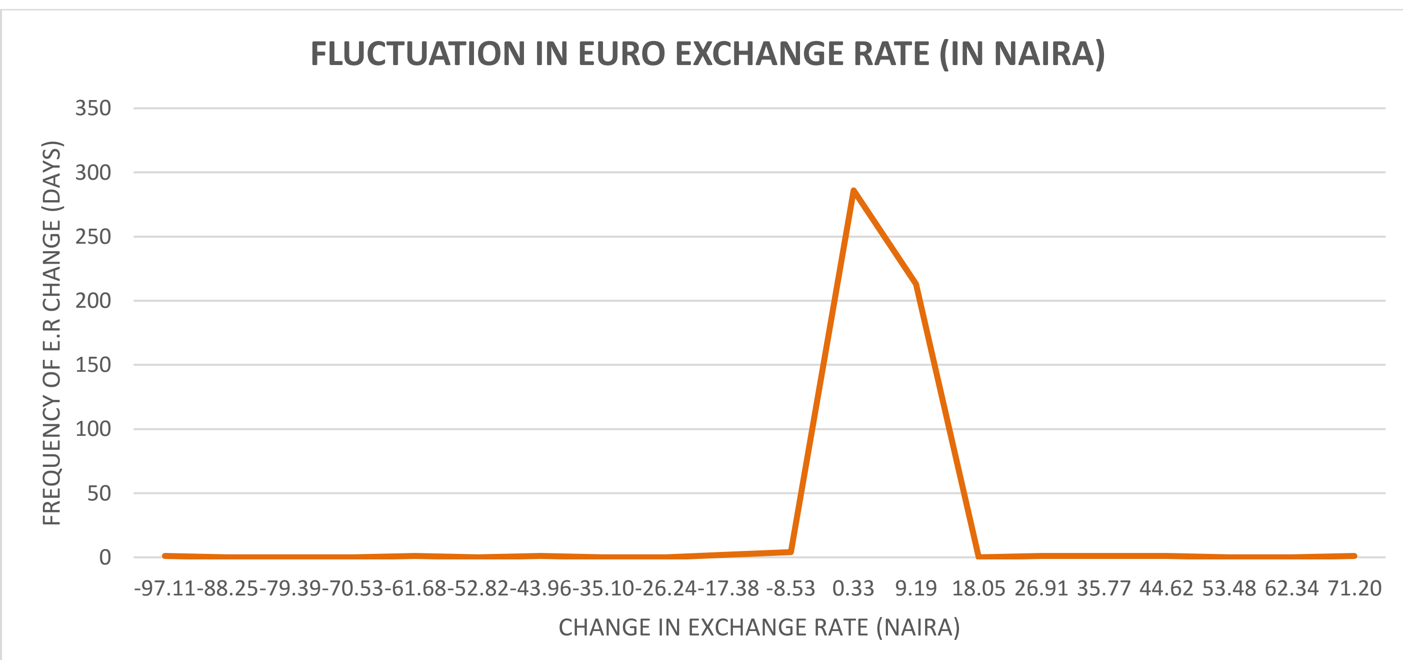
Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(119,782)	(98,964)	(13,967)	(11,675)
Increase	119,782	98,964	13,967	11,675

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 ± 9.19 (December 2015: ± 3.35) was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 9.19 (December 2015: ± 3.35)
- The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the period.



At 31 December 2016, if the Naira had weakened/strengthened by ± 9.19 Naira(December 2015: ± 3.35) against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(168,391)	(136,818)	(59,581)	(49,087)
Increase	168,391	136,818	59,581	49,087

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(168,103)	(138,887)	(59,581)	(49,807)
Increase	168,103	138,887	59,581	49,807

Foreign Exchange Profit or Loss (Other Currencies)

At 31 December 2016, if Naira had weakened/strengthened by ± 8.33 (December 2015: ± 2) against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(18,081)	(14,691)	(207,141)	(173,159)
Increase	18,081	14,691	207,141	173,159

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	(17,488)	(14,488)	(207,141)	(170,657)
Increase	17,488	14,488	207,141	170,657

(ix) 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 ₦7.27 (December 2015: ±₦2.49) (depreciation of the Nigerian Naira) and -₦7.27 (December 2015: ±₦2.49) (appreciation of the Nigerian Naira) against the U.S. Dollar; or ± 7.27 change (December 2015: ±₦2.49) in Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two years daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 31 December, 2016 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 ± ₦7.27(December 2015: ±₦2.49) favorable or unfavorable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

Group
Dec-16
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading	30,451,250	1,042,470	(987,502)	40,166	(40,166)	33,185	(33,185)
Derivative assets/(liabilities)	**30,451,250**	**1,042,470**	**(987,502)**	**40,166**	**(40,166)**	**33,185**	**(33,185)**

(Please refer to Note 25 for the components of the Derivative assets/liabilities.

Dec-15
Total derivatives

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

Please refer to Note 25 for the components of the Derivative assets/liabilities.

The impact of the sensitivity analysis of the Group's derivatives held for trading that are outstanding as at 31 December, 2016, assuming a reasonable amount of ±7.27 ((December 2015: ±₦2.49) favorable or Less Favorable change in foreign exchange rates would have been to increase the pre-tax fair values by up to ₦40,166 (2015: Nil) or a lower increase of -₦40,166 (2015 decrease to Nil) respectively; with all the potential effect impacting profit and loss rather equity.

Parent
Dec-16
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	30,451,250	1,042,470	(987,502)	40,166	(40,166)	33,165	(33,165)
Derivative assets/(liabilities)	**30,451,250**	**1,042,470**	**(987,502)**	**40,166**	**(40,166)**	**33,165**	**(33,165)**

Please refer to Note 25 for components of the Derivative assets/liabilities.

Dec-15
Total derivatives

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

Please refer to Note 25 for components of the Derivative assets/liabilities.

(x) Sensitivity of Loan Loss Impairment to changes in Risk Parameter

Loan loss impairment 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 credit losses reported for the financial period.

Sensitivity of Loan Loss Impairment - 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 period.

As at 31 December 2016, 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, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease	2,393,162	1,938,753	54,273	46,023
Increase	(2,393,162)	(1,938,753)	(54,273)	(46,023)

Parent

In thousands of Nigerian Naira	**Dec-16 Pre-tax**	**Dec-16 Post-tax**	**Dec-15 Pre-tax**	**Dec-15 Post-tax**
Decrease	2,192,921	1,806,060	50,187	42,486
Increase	(2,192,921)	(1,806,060)	(50,187)	(42,486)

Sensitivity of Loan Loss Impairment – 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 year ended 31 December 2016.

As at 31 December, 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, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	2,993,049	2,424,734	943,730	800,280
Increase	(2,993,049)	(2,424,734)	(943,730)	(800,280)

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	2,742,614	2,258,779	872,679	738,764
Increase	(2,742,614)	(2,258,779)	(872,679)	(738,764)

Sensitivity of Loan Loss Impairment – 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 period.

As at 31 December, 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, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	1,180,443	956,303	(165,829)	(140,622)
Increase	(1,301,819)	(1,054,632)	163,664	138,786

Parent

In thousands of Nigerian Naira	Dec-16 Pre-tax	Dec-16 Post-tax	Dec-15 Pre-tax	Dec-15 Post-tax
Decrease	1,081,673	890,851	(152,745)	(129,306)
Increase	(1,192,893)	(982,450)	150,751	127,618

The table below summaries the Group's financial and non-financial instruments at carrying amount, categorised by currency:

Group
Dec-2016
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	455,863,305	44,254,895	325,605,863	37,228,555	16,583,677	32,190,315
Financial assets held for trading	24	12,053,919	6,321,354	-	-	-	5,732,565
Derivative financial assets	25	1,042,470	649,458	393,012	-	-	-
Investment securities:							
– Available for sale	26	448,056,733	419,367,419	20,743,060	5,779,713	-	2,166,541
– Held to maturity	26	80,155,825	17,501,262	525,505	-	-	62,129,058
Assets pledged as collateral	27	48,216,412	48,216,412	-	-	-	-
Loans and advances to banks	28	653,718	522,373	131,345	-	-	-
Loans and advances to customers	29	1,589,429,834	669,116,447	807,742,569	27,866,064	1,034,421	83,670,333
Restricted deposits and other assets[1]	34	352,119,610	338,594,629	11,014,741	438,571	1,373,564	698,105
		2,987,591,826	**1,544,544,249**	**1,166,156,095**	**71,312,903**	**18,991,662**	**186,586,917**
Deposits from banks	35	125,067,848	648,008	111,092,170	124,313	2,648,263	10,555,094
Deposits from customers	36	1,986,246,232	1,290,461,271	508,535,474	50,850,163	12,968,046	123,431,278
Derivative financial liabilities	25	987,502	314,971	672,531	-	-	-
Other liabilities[2]	39	115,540,806	61,788,399	47,861,037	901,639	1,363,746	3,625,985
Debt securities issued	38	126,237,863	-	125,639,951	-	-	597,912
Other borrowed funds	41	219,633,604	84,248,088	135,378,584	-	-	6,932
		2,573,713,855	**1,437,460,737**	**929,179,747**	**51,876,115**	**16,980,055**	**138,217,201**
Financial Instrument Gap		**413,877,971**	**107,083,512**	**236,976,348**	**19,436,788**	**2,011,607**	**48,369,716**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does not give representation of the On-Balance sgeet gap of the Group in terms of currency (foreign and local currencies) because non Financial Instruments elements are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Group
Dec-2015
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	254,633,215	60,959,697	125,354,871	35,080,506	12,715,058	20,523,083
Financial assets held for trading	24	34,626,186	25,075,618	-	-	-	9,550,568
Investment securities:							
– Available for sale	26	364,180,150	321,727,551	12,188,901	3,819,713	-	26,443,985
– Held to maturity	26	29,408,045	3,210,575	199,049	-	-	25,998,421
Assets pledged as collateral	27	61,954,777	61,946,270	-	-	-	8,507
Loans and advances to banks	28	1,051,521	616,350	103,697	-	-	331,474
Loans and advances to customers	29	1,371,925,547	682,221,754	597,968,552	17,017,232	657,050	74,060,959
Restricted deposits and other assets[1]	34	288,902,707	278,969,132	7,592,322	230,468	761,070	1,349,715
		2,406,682,148	**1,434,726,947**	**743,407,392**	**56,147,919**	**14,133,178**	**158,266,712**
Deposits from banks	35	26,256,839	39,941	5,408,550	3,798,643	514,612	16,495,093
Deposits from customers	36	1,610,349,689	1,161,931,095	299,930,726	35,957,952	7,947,188	104,582,728
Other liabilities[2]	39	104,496,983	83,521,766	10,187,385	590,630	761,977	9,435,225
Debt securities issued	38	180,117,424	-	179,736,280	-	-	381,144
Other borrowed funds	41	165,122,908	80,566,981	84,354,242	-	-	201,685
		2,086,343,843	**1,326,059,783**	**579,617,183**	**40,347,225**	**9,223,777**	**131,095,875**
Financial Instrument Gap		**320,338,305**	**108,667,164**	**163,790,209**	**15,800,694**	**4,909,401**	**27,170,837**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does not give representation of the On-Balance sgeet gap of the Group in terms of currency (foreign and local currencies) because non Financial Instruments elements are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Parent
Dec-2016
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	233,847,233	31,027,677	172,859,505	20,627,067	8,762,922	570,062
Financial assets held for trading	24	6,321,370	6,321,370	-	-	-	-
Derivative financial assets	25	1,042,470	649,458	393,012	-	-	-
Investment securities:							
– Available for sale	26	408,246,905	399,054,273	9,192,632	-	-	-
– Held to maturity	26	5,219,262	5,219,262	-	-	-	-
Assets pledged as collateral	27	48,205,702	48,205,702	-	-	-	-
Loans and advances to banks	28	29,943	28,265	1,678	-	-	-
Loans and advances to customers	29	1,417,217,952	644,366,023	772,833,257	4	18,668	-
Restricted deposits and other assets[1]	34	350,472,626	338,528,418	10,241,866	361,353	1,311,162	29,827
		2,470,603,463	**1,473,400,448**	**965,521,950**	**20,988,424**	**10,092,752**	**599,889**
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,249,610,067	406,864,859	16,442,362	8,264,559	2,973
Derivative financial liabilities	25	987,502	314,971	672,531	-	-	-
Other liabilities[2]	39	90,013,993	43,305,740	44,960,787	388,363	1,328,185	30,918
Other borrowed funds	41	332,317,881	84,248,088	248,069,793	-	-	-
		2,104,544,634	**1,377,519,304**	**700,567,970**	**16,830,725**	**9,592,744**	**33,891**
Financial Instrument Gap		**366,058,829**	**95,881,144**	**264,953,980**	**4,157,699**	**500,008**	**565,998**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does not give representation of the On-Balance sgeet gap of the Group in terms of currency (foreign and local currencies) because non Financial Instruments elements are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Parent
Dec-2015
Financial instruments by currency
In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	173,133,109	60,900,361	86,803,401	16,303,440	8,774,840	351,067
Financial assets held for trading	24	25,075,618	25,075,618	-	-	-	-
Investment securities:							
– Available for sale	26	327,585,822	321,727,551	5,858,271	-	-	-
– Held to maturity	26	3,210,575	3,210,575	-	-	-	-
Assets pledged as collateral	27	61,946,270	61,946,270	-	-	-	-
Loans and advances to banks	28	638,817	616,350	22,467	-	-	-
Loans and advances to customers	29	1,265,207,443	682,221,754	582,341,419	312	643,887	71
Restricted deposits and other assets[1]	34	286,317,708	278,969,132	6,357,038	230,468	761,070	-
		2,143,115,362	**1,434,667,611**	**681,382,596**	**16,534,220**	**10,179,797**	**351,138**
Deposits from banks	35	39,941	39,941	-	-	-	-
Deposits from customers	36	1,422,550,125	1,161,931,095	244,302,305	10,700,273	5,615,953	499
Other liabilities[2]	39	85,088,484	75,558,016	8,546,614	230,463	752,325	1,066
Other borrowed funds	41	338,580,300	80,566,981	258,013,319	-	-	-
		1,846,258,850	**1,318,096,033**	**510,862,238**	**10,930,736**	**6,368,278**	**1,565**
Financial Instrument Gap		**296,856,512**	**116,571,578**	**170,520,358**	**5,603,484**	**3,811,519**	**349,573**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of currency position

The above table does not give representation of the On-Balance sgeet gap of the Group in terms of currency (foreign and local currencies) because non Financial Instruments elements are not taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

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.

In the course of 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 of more stringent capital adequacy measures by CBN. As at 31 December, 2016, the Bank's capital adequacy ratio was 19.79% (December 31, 2015- 18.17%).

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***	**Dec-2016**	**Dec-2015**
Tier 1 capital			
Share capital	42	14,715,590	14,715,590
Share premium	42	123,471,114	123,471,114
Retained profits		83,989,499	46,048,031
Statutory Reserve		199,185,674	161,134,636
SMEEIS Reserve		4,232,478	4,232,478
Other reserves		28,279,386	24,457,544
Tier 1 Sub-Total		**453,873,741**	**374,059,393**
Less Regulatory deductions :			
Other intangible assets	32	(3,377,961)	(2,492,959)
Deferred Tax Assets	33	-	-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(43,968,474)	(41,905,781)
Net Total Tier 1 Capital (A)		**406,527,306**	**329,660,653**
Tier 2 capital			
Fair Value Reserves		(1,000,680)	3,765,486
Net Total Tier 2 Capital (B)		**(1,000,680)**	**3,765,486**
Total Qualifying Capital (C= A+B)		**405,526,626**	**333,426,139**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,700,022,945	1,505,103,910
Risk-Weighted Amount For Operational Risk		347,267,040	325,137,398
Risk-Weighted Amount For Market Risk		1,797,607	4,830,805
Aggregate Risk-Weighted Assets		**2,049,087,592**	**1,835,072,113**
Total Risk-Weighted Capital Ratio		**19.79%**	**18.17%**
Tier 1 Risk-Based Capital Ratio		**19.84%**	**17.96%**

(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 pages 199-200 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 181.

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(p). 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(c) 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 data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

Notes to the financial statements

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

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(i) under market risk above.

Group
Dec-2016
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
-Debt securities	24	12,053,919	-	-	12,053,919
Derivative financial assets	25	-	-	1,042,470	1,042,470
Available-for-sale financial assets:					
-Investment securities-debt	26	397,735,340	46,404,372	-	444,139,712
-Investment securities-equity	26	-	-	3,771,445	3,771,445
Assets pledged as collateral	27	48,216,412	-	-	48,216,412
Total assets		**458,005,671**	**46,404,372**	**4,813,915**	**509,223,958**
Liabilities					
Derivative financial liabilities	25	-	-	987,502	987,502
Total liabilities		**-**	**-**	**987,502**	**987,502**

Group
Dec-2015
In thousands of Nigerian Naira

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

Notes to the financial statements

Parent
Dec-2016
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	6,321,370	-	-	6,321,370
Derivative financial assets	25	-	1,042,470	-	1,042,470
Available-for-sale financial assets:					
-Investment securities-debt	26	357,932,924	46,404,372	-	404,337,296
-Investment securities-equity	26	-	-	3,771,445	3,771,445
Assets pledged as collateral	27	48,205,702	-	-	48,205,702
Total assets		**412,459,996**	**47,446,842**	**3,771,445**	**463,678,283**
Liabilities					
Derivative financial liabilities	25	-	987,502	-	987,502
Total liabilities		**-**	**987,502**	**-**	**987,502**

Parent
Dec-2015
In thousands of Nigerian Naira

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

Reconciliation of Level 3 Items
-Derivative financial assets

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
At 1 January	-	529,732	-	529,732
Settlements	-	(529,732)	-	(529,732)
Gains and losses recognised in profit or loss	1,042,470	-	1,042,470	-
	1,042,470	**-**	**1,042,470**	**-**

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

Reconciliation of Level 3 Items
-Derivative financial liabilities

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
At 1 January	-	253,374	-	253,374
Settlements	-	(253,374)	-	(253,374)
Gains and losses recognised in profit or loss	987,502	-	987,502	-
	987,502	**-**	**987,502**	**-**

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 (unquoted equity securities)

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
At 1 January	3,608,972	3,101,538	3,608,972	3,101,538
Total unrealised gains or (losses) in OCI	162,473	568,545	162,473	568,545
Reclassification to unquoted equity at cost	-	(61,111)	-	(61,111)
	3,771,445	**3,608,972**	**3,771,445**	**3,608,972**

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

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3 on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities.

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

Group **Dec-2016** *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)		3,936,463	42,749,377	(38,812,914)	-	-	-	(38,812,914)
Other Assets (b)		11,944,208	-	11,944,208	-	11,944,208	-	-
		15,880,671	**42,749,377**	**(26,868,706)**	**-**	**11,944,208**	**-**	**(38,812,914)**
Financial liabilities								
Other Liabilities (b)		11,944,208	-	11,944,208	11,944,208	-	-	-
		11,944,208	**-**	**11,944,208**	**11,944,208**	**-**	**-**	**-**

Group **Dec-2015** *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		5,711,295	23,877,445	(18,166,150)	-	-	-	(18,166,150)
Other Assets (b)		7,348,576	-	7,348,576	-	7,348,576	-	-
		13,059,871	**23,877,445**	**(10,817,574)**	**-**	**7,348,576**	**-**	**(18,166,150)**
Financial liabilities								
Other Liabilities (b)		7,348,576	-	7,348,576	7,348,576	-	-	-
		7,348,576	**-**	**7,348,576**	**7,348,576**	**-**	**-**	**-**

Parent

Dec-2016 *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)		3,936,463	42,749,377	(38,812,914)	-	-	-	(38,812,914)
Other Assets (b)		11,944,208	-	11,944,208		11,944,208		-
		15,880,671	**42,749,377**	**(26,868,706)**	**-**	**11,944,208**	**-**	**(38,812,914)**
Financial liabilities								
Other Liabilities (b)		11,944,208	-	11,944,208	11,944,208	-	-	-
		11,944,208	**-**	**11,944,208**	**11,944,208**	**-**	**-**	**-**

Parent

Dec-2015 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off Related amount in the SOFP**	**Cash collateral**	**Financial Instrument Collateral**	**Net amount**
Financial assets								
Cash and cash equivalents (a)		5,711,295	23,877,445	(18,166,150)	-	-	-	(18,166,150)
Other Assets (b)		7,348,576	-	7,348,576	-	7,348,576	-	-
		13,059,871	**23,877,445**	**(10,817,574)**	**-**	**7,348,576**	**-**	**(18,166,150)**
Financial liabilities								
Other Liabilities (b)		7,348,576	-	7,348,576	7,348,576	-	-	-
		7,348,576	**-**	**7,348,576**	**7,348,576**	**-**	**-**	**-**

(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 Corporate Bonds:

As at 31 December 2016, the Group disclosed its investment in Available for Sale Corporate bond as N9, 192,632,000 (December 2015: N5, 858,271,000) 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.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

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

Step 1: A five-year forecast of the Free Cash Flow to the Firm (FCFF) for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).
Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below)
Step 4: The terminal value was discounted to present value using the company's WACC
Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.
Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value)
Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.
Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – Changes in FCInv – Changes in WCInv

Where:

NI = Net Income
NCC = Non- Cash Charges
Int = Interest
T= tax rate
FCI = Fixed Capital Investment
WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

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

WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }

Where:

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

c. *Capitalization Rate= WACC – g*

Terminal value = ($FCFF_5$ *(1+g))/ (WACC – g)

Where:

FCFF = $Year_5$ FCFF
g = Growth rate
WACC = *Weighted average Cost of Capital*

Valuation Assumptions – Discounted Cash flow

1. The bank applies Capital Asset Pricing Model in determining the cost of equities for its various unquoted equities which were fair valued at the reporting period.
2. The risk free rate was determined using the yield on the 10 year Nigerian Government bond (for unquoted securities denominated in Naira) of 16.08% and the yield on the 10 year US Government bond (for unquoted securities denominated in US $) of 2.45%.
3. Market premium of 6% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Beta = 1 or Less than 1
5. Growth rate used is growth rate in earnings between the latest year and prior period.

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

In thousands of Nigerian Naira	Dec-16	Dec-15
Historical cost	(2,415,699)	(2,415,699)
Fair value	4,279,461	4,116,988
Unrealized Fair Value Gain recognized in Equity (OCI)	1,863,762	1,701,289

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

In thousands of Nigerian Naira	Group Dec-16	Group Dec-15	Parent Dec-16	Parent Dec-15
Balance, beginning of the period	4,116,988	3,609,554	4,116,988	3,609,554
Reclassification from unquoted (SMEEIS) equity investments	-	-	-	-
Reclassification from/to Other unquoted equity investments	-	(61,111)	-	(61,111)
Fair value movement recognised in OCI	162,474	568,545	162,474	568,545
Write off	-	-	-	-
Disposals (cost)	-	-	-	-
	4,279,462	**4,116,988**	**4,279,462**	**4,116,988**
Impairment charges on equity	**(508,016)**	**(508,016)**	**(508,016)**	**(508,016)**
Balance, end of the period	**3,771,446**	**3,608,972**	**3,771,446**	**3,608,972**

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 31 December 2016 of ₦1,863,762 (31 December, 2015: ₦1,701,289,000) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

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

In thousands of Nigerian Naira	Group Dec-16	Group Dec-15	Parent Dec-16	Parent Dec-15
Balance, beginning of the period	**3,555,125**	3,494,014	3,555,125	3,494,014
Reclassification from equity Securities at fair value through equity	-	61,111	-	61,111
Reclassification to equity Securities at fair value through equity	-	-	-	-
Balance, end of the period	**3,555,125**	**3,555,125**	**3,555,125**	**3,555,125**

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

In thousands of Nigerian Naira	Group Dec-16	Group Dec-15	Parent Dec-16	Parent Dec-15
Balance, beginning of the period	5,163	5,163	-	-
Reclassification to equity Securities at fair value through equity	-	-	-	-
Disposals	-	-	-	-
Exchange difference- gain/(loss)*	(191)	(191)	-	-
Balance, end of the period	**4,972**	**4,972**	**-**	**-**

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

The Group estimated the fair value of its Foreign exchange derivatives as at 31 December 2016 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

In 2016, the bank transferred the sum of N83,165,000 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity. The total regulatory risk reserve at the end of the period was N52,324,178,000. Regulatory risk reserve represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses under the Prudential Guideline and the Loan Impairment allowance determined in accordance with provisions of IFRS. As at December 31, 2016 CBN recommended provision amounted to N105,514,605,000. Of the amount recommended by the Central Bank of Nigeria, N28,092,869,000 relates to 2% General Loan Loss Provision on performing loans.

Also, N4,151,061,000 recommended by CBN for Other Known Losses was adequately provided for in the December 2016 IFRS Financial Statement

The Reconciliation between the CBN Recommended provisions and that under IFRS as at December 2016 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		77,421,736	28,092,869	105,514,605
	Impairment Allowance per IAS 39:				
	(Inclusive of Collective Allowance)	(Note 28 & 29)	(73,900,886)	-	(73,900,886)
	Amount required in Regulatory Risk Reserve[1]		**3,520,850**	**28,092,869**	**31,613,719**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses - CBN		**4,151,061**
	Provision for Other Known Losses - IFRS		
	Specific Impairment for Equities	(Note 26)	3,454,978
	Impairment on Other Assets	(Note 34)	305,556
	Others – Regulatory Risk Reserve		390,527
			4,151,061
	Amount required in Regulatory Risk Reserve[2]		**0**

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

c Impairment of loans and advances and Other Known Losses (OKL)

Regulatory reserve required for loans and advances		**31,613,719**
Regulatory reserve required for Other Known Losses		390,527
Balance required per Regulatory Risk Reserve		**32,004,246**
Balance per Regulatory Risk Reserve	(SOCIE - Page 58)	**52,324,178**
Excess amount in regulatory risk reserve		**20,319,932**

d Movement in Regulatory Reserves

	Specific	General	Others	Total
Movement in Regulatory Reserves				
Balance as at 1 January	27,558,393	24,457,544	225,076	52,241,013
Transfer during the period	-	3,635,325	165,451	3,800,776
Reversal during the period	(3,717,611)	-	-	(3,717,611)
Balance, end of the period	**23,840,782**	**28,092,869**	**390,527**	**52,324,178**

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.

- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.

- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.

- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Operating segments (Continued)

Information about operating segments

Group

Dec-2016

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	228,195,391	109,833,936	49,099,820	15,442,320	9,583,238	412,154,705
Derived from other business segments	(14,559,633)	10,526,263	971,919	3,010,143	51,308	-
Total revenue	**213,635,758**	**120,360,199**	**50,071,739**	**18,452,463**	**9,634,546**	**412,154,705**
Interest expenses	(48,447,403)	(8,666,866)	(5,911,891)	(2,209,545)	(1,858,218)	(67,093,923)
Fee and commission expenses	(1,046,466)	(1,798,254)	(410,195)	(163,366)	(37,976)	(3,456,257)
Net operating income	**164,141,889**	**109,895,079**	**43,749,653**	**16,079,552**	**7,738,352**	**341,604,525**
Expense:						
Operating expenses	(26,897,524)	(54,008,118)	(3,610,074)	(9,813,300)	(4,060,254)	(98,389,270)
Net impairment loss on financial assets	(18,408,931)	(16,218,421)	(27,247,938)	(1,731,916)	(1,683,104)	(65,290,310)
Depreciation and amortization	(3,836,222)	(5,235,053)	(3,471,920)	(2,161,213)	(544,958)	(15,249,366)
Total cost	**(49,142,677)**	**(75,461,592)**	**(34,329,932)**	**(13,706,429)**	**(6,288,316)**	**(178,928,946)**
Profit before income tax from reportable segments	**114,999,212**	**34,433,487**	**9,419,721**	**2,373,123**	**1,450,036**	**162,675,579**
Tax	(23,226,545)	**(6,954,578)**	**(1,902,514)**	**(479,303)**	**(292,866)**	**(32,855,806)**
Profit after income tax from reportable segments	**91,772,667**	**27,478,909**	**7,517,207**	**1,893,820**	**1,157,170**	**129,819,773**
Assets and liabilities:						
Total assets	2,055,936,178	532,308,775	330,810,288	108,146,592	91,274,910	3,118,476,743
Total liabilities	(984,447,374)	(1,007,677,907)	(357,362,530)	(222,512,324)	(31,570,380)	(2,603,570,515)
Net assets/ (liabilities)	**1,071,488,804**	**(475,369,132)**	**(26,552,242)**	**(114,365,732)**	**59,704,530**	**514,906,228**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**4,447,339**	**6,069,007**	**4,025,004**	**2,505,498**	**1,098,930**	**18,145,778**
Assets:						
Loans and advances to banks	653,718	-	-	-	-	653,718
Loans and advances to customers	1,150,005,477	164,343,230	191,244,145	21,477,471	62,359,511	1,589,429,834
Others	905,276,983	367,965,545	139,566,143	86,669,121	28,915,399	1,528,393,191
	2,055,936,178	532,308,775	330,810,288	108,146,592	91,274,910	3,118,476,743
Liabilities:						
Deposits from banks	125,067,848	-	-	-	-	125,067,848
Deposits from customers	481,505,928	946,037,722	317,784,727	211,315,602	29,602,253	1,986,246,232
Others	377,873,598	61,640,185	39,577,803	11,196,722	1,968,127	492,256,435
	984,447,374	1,007,677,907	357,362,530	222,512,324	31,570,380	2,603,570,515

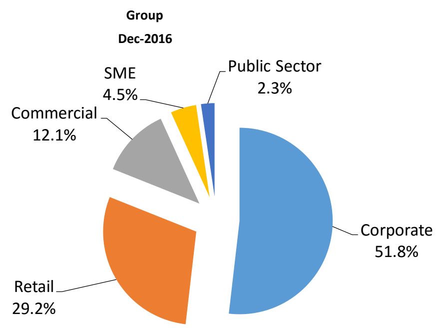
Group
Dec-2015

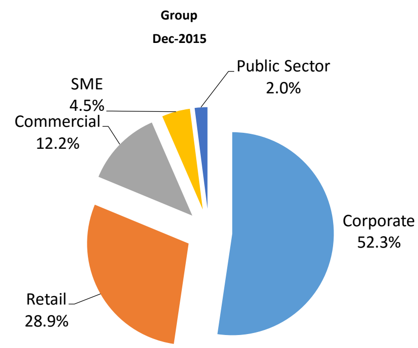
In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	194,821,352	61,173,861	34,098,613	6,818,945	4,705,496	301,618,267
Derived from other business segments	(36,964,121)	26,019,815	2,786,018	6,757,848	1,400,440	-
Total revenue	**157,857,231**	**87,193,676**	**36,884,631**	**13,576,793**	**6,105,936**	**301,618,267**
Interest expenses	(45,085,835)	(11,015,008)	(8,171,552)	(2,639,923)	(2,377,274)	(69,289,592)
Fee and commission expenses	(605,981)	(2,131,461)	(233,073)	(90,484)	(18,440)	(3,079,439)
Net operating income	**112,165,415**	**74,047,207**	**28,480,006**	**10,846,386**	**3,710,222**	**229,249,236**
Expense:						
Operating expenses	(24,792,322)	(38,219,842)	(12,510,814)	(6,515,856)	(1,267,858)	(83,306,692)
Net impairment loss on financial assets	(1,665,436)	(5,438,254)	(3,255,944)	(2,011,822)	(36,738)	(12,408,194)
Depreciation and amortization	(1,754,541)	(7,702,389)	(1,824,330)	(1,091,407)	(221,855)	(12,594,522)
Total cost	**(28,212,299)**	**(51,360,485)**	**(17,591,088)**	**(9,619,085)**	**(1,526,451)**	**(108,309,408)**
Profit before income tax from reportable segments	**83,953,116**	**22,686,722**	**10,888,918**	**1,227,301**	**2,183,771**	**120,939,828**
Tax	**(14,756,668)**	**(3,987,707)**	**(1,913,975)**	**(215,726)**	**(383,847)**	**(21,257,923)**
Profit after income tax from reportable segments	**69,196,448**	**18,699,015**	**8,974,943**	**1,011,575**	**1,799,924**	**99,681,905**
Assets and liabilities:						
Total assets	1,799,884,387	349,783,954	247,858,865	62,691,785	67,338,667	2,527,557,658
Total liabilities	(818,977,845)	(757,362,369)	(315,917,497)	(172,163,198)	(38,473,920)	(2,102,894,829)
Net assets/ (liabilities)	**980,906,542**	**(407,578,415)**	**(68,058,632)**	**(109,471,413)**	**28,864,747**	**424,662,829**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**4,969,079**	**8,723,533**	**6,373,479**	**3,452,794**	**834,732**	**24,353,617**
Dec-2015						
Assets:						
Loans and advances to banks	1,051,521	-	-	-	-	1,051,521
Loans and advances to customers	962,382,945	133,745,313	204,882,459	18,725,035	52,189,795	1,371,925,547
Others	836,449,921	216,038,641	42,976,406	43,966,750	15,148,872	1,154,580,590
	1,799,884,387	**349,783,954**	**247,858,865**	**62,691,785**	**67,338,667**	**2,527,557,658**
Liabilities:						
Deposits from banks	26,256,839	-	-	-	-	26,256,839
Deposits from customers	376,643,898	742,283,682	285,959,866	168,452,166	37,010,077	1,610,349,689
Others	416,077,108	15,078,687	29,957,631	3,711,032	1,463,843	466,288,301
	818,977,845	**757,362,369**	**315,917,497**	**172,163,198**	**38,473,920**	**2,102,894,829**

Operating segments (Continued)

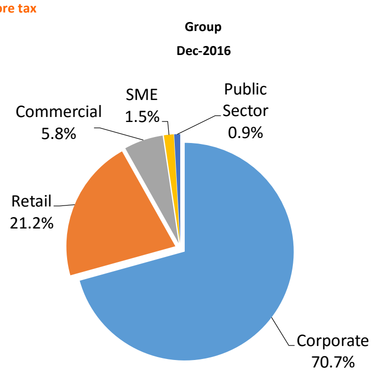
Information about operating segments

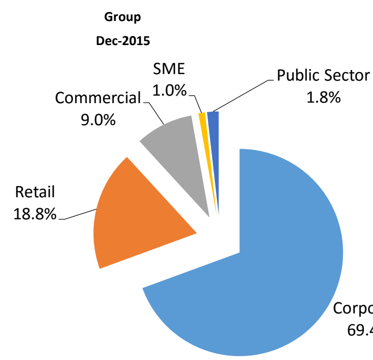
Revenue



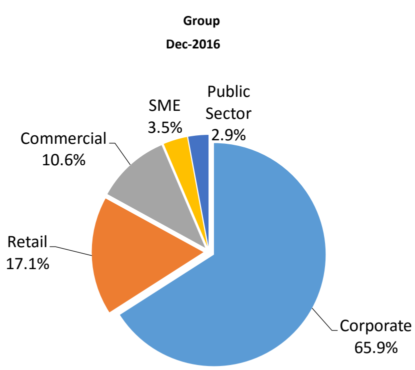


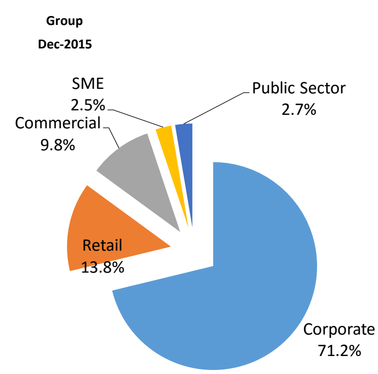
Profit before tax



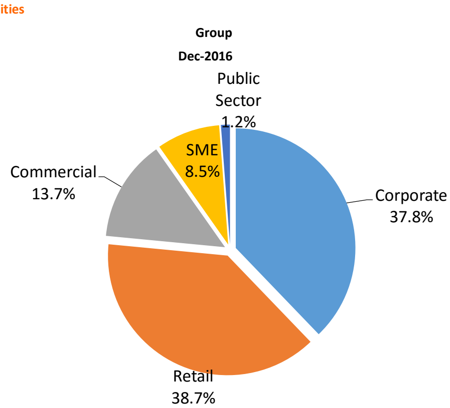


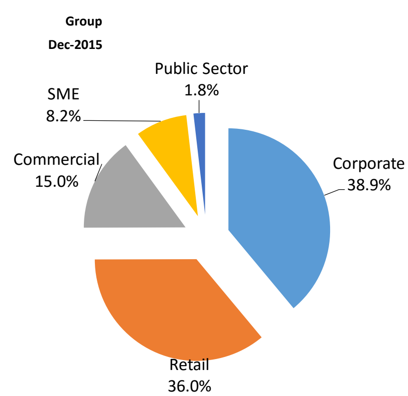
Assets





Liabilities





Operating segments (Continued)

Information about operating segments

Parent

Dec-2016

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	199,573,902	92,978,895	48,556,224	13,601,687	8,443,736	363,154,444
Derived from other business segments	(13,236,029)	9,569,330	883,563	2,736,493	46,643	-
Total revenue	**186,337,873**	**102,548,225**	**49,439,787**	**16,338,180**	**8,490,379**	**363,154,444**
Interest expenses	(40,112,828)	(7,175,875)	(4,894,848)	(1,829,429)	(1,538,542)	(55,551,522)
Fee and commission expenses	(892,492)	(1,533,665)	(349,840)	(139,329)	(32,388)	(2,947,714)
Net operating income	**145,332,553**	**93,838,685**	**44,195,099**	**14,369,422**	**6,919,449**	**304,655,208**
Expense:						
Operating expenses	(17,587,510)	(41,319,494)	(6,155,898)	(8,611,021)	(3,465,275)	(77,139,198)
Net impairment loss on financial assets	(17,916,166)	(15,784,292)	(26,518,574)	(1,685,557)	(1,638,051)	(63,542,640)
Depreciation and amortization	(3,202,510)	(4,370,266)	(2,898,388)	(1,804,199)	(454,935)	(12,730,298)
Total cost	**(38,706,186)**	**(61,474,052)**	**(35,572,860)**	**(12,100,777)**	**(5,558,261)**	**(153,412,136)**
Profit before income tax from reportable segments	**106,626,367**	**32,364,633**	**8,622,239**	**2,268,645**	**1,361,188**	**151,243,072**
Tax	**(19,153,931)**	**(5,813,852)**	**(1,548,864)**	**(407,530)**	**(244,518)**	**(27,168,695)**
Profit after income tax from reportable segments	**87,472,436**	**26,550,781**	**7,073,375**	**1,861,115**	**1,116,670**	**124,074,377**
Assets and liabilities:						
Total assets	1,722,911,807	446,084,409	277,225,022	90,628,806	76,490,030	2,613,340,074
Total liabilities	(807,811,901)	(826,874,271)	(293,242,394)	(182,587,823)	(25,905,832)	(2,136,422,221)
Net assets/ (liabilities)	**915,099,906**	**(380,789,862)**	**(16,017,372)**	**(91,959,017)**	**50,584,198**	**476,917,853**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**3,971,191**	**5,419,237**	**3,594,072**	**2,237,251**	**981,274**	**16,203,025**
Assets:						
Loans and advances to banks	29,943	-	-	-	-	29,943
Loans and advances to customers	1,025,404,440	146,536,934	170,523,184	19,150,425	55,602,969	1,417,217,952
Others	697,477,424	299,547,475	106,701,838	71,478,381	20,887,061	1,196,092,179
	1,722,911,807	**446,084,409**	**277,225,022**	**90,628,806**	**76,490,030**	**2,613,340,074**
Liabilities:						
Deposits from banks	40,438	-	-	-	-	40,438
Deposits from customers	407,552,922	800,738,716	268,977,154	178,860,293	25,055,735	1,681,184,820
Others	400,218,541	26,135,555	24,265,240	3,727,530	850,097	455,196,963
	807,811,901	**826,874,271**	**293,242,394**	**182,587,823**	**25,905,832**	**2,136,422,221**

Parent
Dec-2015

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	172,222,963	53,942,463	30,130,017	6,177,997	6,331,141	268,804,581
Derived from other business segments	(32,711,612)	23,026,385	2,465,502	5,980,397	1,239,328	-
Total revenue	**139,511,351**	**76,968,848**	**32,595,519**	**12,158,394**	**7,570,469**	**268,804,581**
Interest expenses	(39,981,872)	(9,768,049)	(7,246,488)	(2,341,069)	(2,108,154)	(61,445,632)
Fee and commission expenses	(529,297)	(1,861,735)	(203,579)	(79,034)	(16,106)	(2,689,751)
Net operating income	**99,000,182**	**65,339,064**	**25,145,452**	**9,738,291**	**5,446,209**	**204,669,198**
Expense:						
Operating expenses	(17,952,995)	(33,111,369)	(10,385,861)	(5,409,142)	(2,297,739)	(69,157,106)
Net impairment loss on financial assets	(1,579,693)	(5,158,272)	(3,088,316)	(1,908,246)	(34,847)	(11,769,374)
Depreciation and amortization	(1,502,788)	(6,489,322)	(1,670,435)	(934,804)	(190,021)	(10,787,370)
Total cost	**(21,035,476)**	**(44,758,963)**	**(15,144,612)**	**(8,252,192)**	**(2,522,607)**	**(91,713,850)**
Profit before income tax from reportable segments	**77,964,706**	**20,580,101**	**10,000,840**	**1,486,099**	**2,923,602**	**112,955,348**
Tax	**(12,920,294)**	**(3,410,529)**	**(1,657,337)**	**(246,276)**	**(484,498)**	**(18,718,934)**
Profit after income tax from reportable segments	**65,044,412**	**17,169,572**	**8,343,503**	**1,239,823**	**2,439,104**	**94,236,414**
Dec-2015						
Assets and liabilities:						
Total assets	1,599,133,011	315,196,828	246,126,526	56,492,733	60,680,126	2,277,629,224
Total liabilities	(766,503,803)	(655,492,380)	(262,513,137)	(153,261,635)	(34,249,921)	(1,872,020,876)
Net assets/ (liabilities)	**832,629,208**	**(340,295,552)**	**(16,386,611)**	**(96,768,902)**	**26,430,205**	**405,608,348**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**139,822**	**603,776**	**155,420**	**86,976**	**17,680**	**1,003,674**
Dec-2015						
Assets:						
Loans and advances to banks	638,817	-	-	-	-	638,817
Loans and advances to customers	893,848,007	123,341,653	182,619,211	17,268,469	48,130,103	1,265,207,443
Others	704,646,187	191,855,175	63,507,315	39,224,264	12,550,023	1,011,782,964
	1,599,133,011	**315,196,828**	**246,126,526**	**56,492,733**	**60,680,126**	**2,277,629,224**
Liabilities:						
Deposits from banks	39,941	-	-	-	-	39,941
Deposits from customers	346,945,051	641,492,789	252,611,122	148,807,214	32,693,949	1,422,550,125
Others	419,518,811	13,999,591	9,902,015	4,454,421	1,555,972	449,430,810
	766,503,803	**655,492,380**	**262,513,137**	**153,261,635**	**34,249,921**	**1,872,020,876**

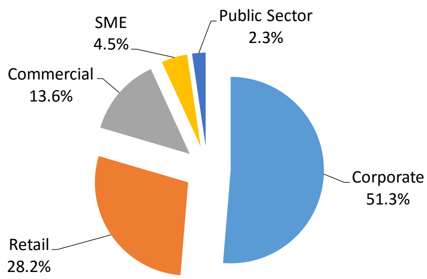
Operating segments (Continued)

Information about operating segments

Revenue

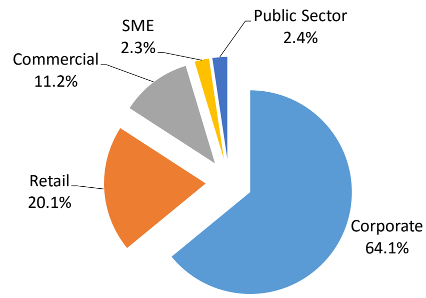
Parent

Dec-2016



Parent

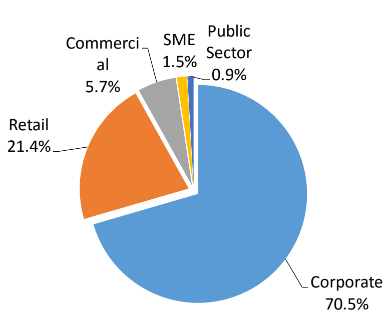
Dec-2015



Profit before tax

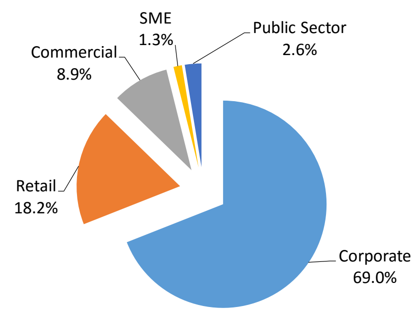
Parent

Dec-2016



Parent

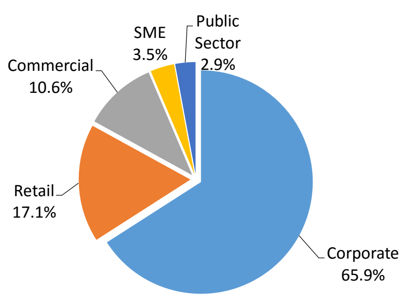
Dec-2015



Assets

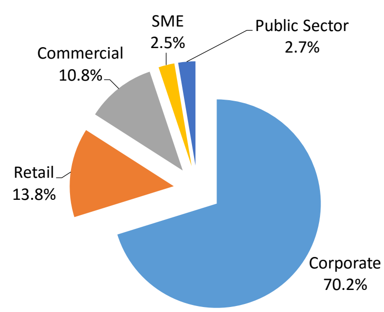
Parent

Dec-2016



Parent

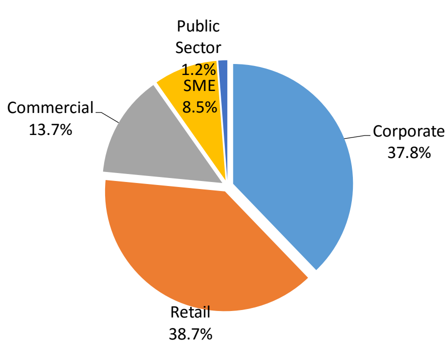
Dec-2015



Liabilities

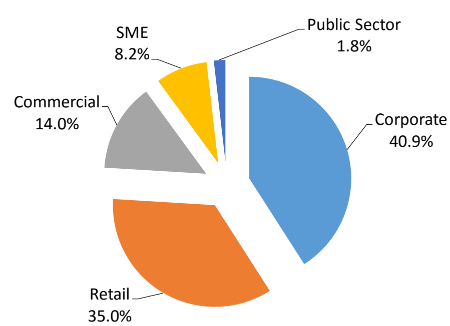
Parent

Dec-2016



Parent

Dec-2015



7 Operating segments (Continued)

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Bonds	3,388,249	20,275,457	2,990,281	18,060,585
Placements	11,428,492	4,768,697	10,086,157	4,247,769
Treasury Bills	55,054,225	59,709,878	48,587,824	53,187,228
Loans	238,228,733	214,288,651	210,247,546	190,879,961
Contingents	106,515,888	2,807,428	94,005,051	2,500,747
	414,615,587	301,850,111	365,916,859	268,876,290

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Continuing Operations:				
Total revenue from reportable segments	412,154,705	301,618,267	363,154,444	268,804,581
Consolidation and adjustments:				
- Interest income	-	(128,649)	-	-
- Other operating income	1,691,942	-	-	-
Revenue from continuing operations	413,846,647	301,489,618	363,154,444	268,804,581

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Interest income	262,494,101	229,236,715	226,579,479	206,478,499
Fee and commission income	51,273,910	51,865,608	40,397,778	44,034,897
Net gains/(losses) on financial instruments classified as held for trading	5,218,451	12,237,394	2,248,241	9,189,686
Lease Finance Income	-	-	-	-
Other operating income	95,629,125	8,510,394	96,691,361	9,173,208
Revenue and gains from continuing operations	414,615,587	301,850,111	365,916,859	268,876,290
Less gains:				
- Gain on disposal of fixed assets	(74,948)	(87,966)	(36,266)	(71,709)
- Net gains/(losses) on financial instruments classified as held for trading	-	-	-	-
- Dividends income	(93,237)	-	(2,546,148)	-
- Net portfolio gain on SMEEIS investments	(600,755)	(272,527)	(180,001)	-
Revenue from continuing operations	413,846,647	301,489,618	363,154,444	268,804,581

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Continuing Operations:				
Total operating expense from reportable segments	98,389,270	83,306,692	77,139,198	69,157,106
Gains:				
Consolidation and adjustments:				
- Personnel expenses[1]	-	476,868	-	-
Operating expense from continuing operations	98,389,270	83,783,560	77,139,198	69,157,106

[1] relates to share based payment during the period

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Personnel expenses (See Note17)	29,453,465	27,721,723	20,704,772	20,727,835
Operating lease expenses	1,375,228	1,124,691	670,172	674,958
Other operating expenses (See Note20)	67,560,577	54,937,146	55,764,254	47,754,313
	98,389,270	83,783,560	77,139,198	69,157,106

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Continuing Operations:				
Total profit or loss for reportable segments	162,675,579	120,939,828	151,243,072	112,955,348
Consolidation and adjustments:				
- Interest income	-	(128,649)	-	-
- Personnel expenses	-	(476,868)	-	-
- Other operating income	1,691,942	-	-	-
Gains:				
- Gain on disposal of fixed assets	74,948	87,966	36,266	71,709
- Net gains/(losses) on financial instruments classified as held for trading	-	-	-	-
- Dividends income	93,237	-	2,546,148	-
- Net portfolio (loss)/gain on SMEEIS investments	600,755	272,527	180,001	-
Profit before income tax from continuing operations	165,136,461	120,694,804	154,005,487	113,027,057

Reconciliation of assets

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Continuing Operations:				
Total assets for reportable segments	3,118,476,743	2,527,557,658	2,613,340,074	2,277,629,224
Consolidation and adjustments	(2,083,304)	(2,963,949)	-	-
Total assets	3,116,393,439	2,524,593,709	2,613,340,074	2,277,629,224

Reconciliation of liabilities

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Continuing Operations:				
Total liabilities for reportable segments	2,603,570,515	2,102,894,829	2,136,422,221	1,872,020,876
Consolidation and adjustments	7,920,089	8,136,942	-	-
Total liabilities	2,611,490,604	2,111,031,771	2,136,422,221	1,872,020,876

Geographical segments

The Group operates in four geographic regions, being:

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

Dec-2016

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	353,990,797	32,013,830	14,174,650	13,667,370	413,846,647
Derived from other segments	-	-	-	-	-
Total Revenue	353,990,797	32,013,830	14,174,650	13,667,370	413,846,647
Interest expense	(46,631,441)	(6,876,310)	(4,234,923)	(9,351,249)	(67,093,923)
Fee and commission expenses	(2,947,710)	(210,738)	(297,809)	-	(3,456,257)
Net interest margin	304,411,646	24,926,782	9,641,918	4,316,121	343,296,467
Profit before income tax	150,377,773	11,564,401	1,667,659	1,526,628	165,136,461
Assets and liabilities:					
Total assets	2,417,496,427	304,556,278	122,680,359	271,660,375	3,116,393,439
Total liabilities	(2,016,787,800)	(250,041,949)	(98,185,279)	(244,975,576)	(2,609,990,604)
Net assets/(liabilities)	400,708,627	54,514,329	24,495,080	26,684,799	506,402,835

Dec-2015

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	253,516,511	20,675,163	10,577,630	16,720,314	301,489,618
Derived from other segments	-	-	-	-	-
Total Revenue	253,516,511	20,675,163	10,577,630	16,720,314	301,489,618
Interest expense	(48,780,293)	(4,072,858)	(3,512,470)	(12,923,971)	(69,289,592)
Fee and commission expenses	(2,689,747)	(277,916)	(111,776)	-	(3,079,439)
Net interest margin	202,046,471	16,324,389	6,953,384	3,796,343	229,120,587
Profit before income tax	110,741,168	7,507,668	885,256	1,560,712	120,694,804

Dec-2015

Assets and liabilities:					
Total assets	2,034,929,271	148,754,815	79,324,385	261,585,238	2,524,593,709
Total liabilities	(1,698,545,724)	(119,003,187)	(64,031,478)	(229,451,382)	(2,111,031,771)
Net assets/(liabilities)	336,383,547	29,751,628	15,292,907	32,133,856	413,561,938

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group
Dec-2016

		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 ıt amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Loans and advances to banks	28	-	-	-	653,718	-	-	653,718	-	653,902	-	653,902
Loans and advances to customers	29	-	-	-	1,589,429,834	-	-	1,589,429,834	-	1,439,913,995	152,375,070	1,592,289,065
Financial assets held for trading	24	12,053,919	-	-	-	-	-	12,053,919	12,053,919	-	-	12,053,919
Derivative financial assets	25	-	1,042,470	-	-	-	-	1,042,470	-	1,042,470	-	1,042,470
Assets pledged as collateral	27	-	-	-	-	48,216,412	-	48,216,412	48,216,412	-	-	48,216,412
Investment securities:												
– Available for sale		-	-	-	-	448,056,733	-	448,056,733	397,735,340	46,404,372	3,917,021	448,056,733
– Held to maturity	26	-	-	80,155,825	-	-	-	80,155,825	79,209,621	-	-	79,209,621
Restricted deposits and other asset	34	-	-	-	351,814,054	-	-	351,814,054	-	351,814,054	-	351,814,054
		12,053,919	**1,042,470**	**80,155,825**	**1,941,897,606**	**496,273,145**	**-**	**2,531,422,965**	**537,215,292**	**1,839,828,793**	**156,292,091**	**2,533,336,176**
Deposits from banks	35	-	-	-	-	-	125,067,848	125,067,848	-	93,921,196	-	93,921,196
Deposits from customers	36	-	-	-	-	-	1,986,246,232	1,986,246,232	-	1,626,889,651	-	1,626,889,651
Financial liabilities held for trading	37	2,065,402	-	-	-	-	-	2,065,402	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	-	-	-	987,502	-	987,502	-	987,502
Debt securities issued	38	-	-	-	-	-	126,237,863	126,237,863	-	126,238,007	-	126,238,007
Other borrowed funds	41	-	-	-	-	-	219,633,604	219,633,604	-	219,633,606	-	219,633,606
Other liabilities	39	-	-	-	-	-	115,682,490	115,682,490	-	115,682,490	-	115,682,490
		2,065,402	**987,502**	**-**	**-**	**-**	**2,572,868,037**	**2,575,920,941**	**2,065,402**	**2,183,352,452**	**-**	**2,185,417,854**

Group
Dec-2015

In thousands of Nigerian Naira	**Note**	**Carrying amount** Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	**Fair Value** Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	1,051,521	-	-	1,051,521	-	720,161	-	720,161
Loans and advances to customers	29	-	-	-	1,371,925,547	-	-	1,371,925,547	-	1,263,752,026	108,905,590	1,372,657,616
Financial assets held for trading	24	34,626,186	-	-	-	-	-	34,626,186	34,626,186	-	-	34,626,186
Derivative financial assets	25	-	-	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	27	-	-	-	-	61,954,777	-	61,954,777	61,954,777	-	-	61,954,777
Investment securities:												
– Available for sale	26	-	-	-	-	364,180,150	-	364,180,150	354,099,772	5,858,271	4,222,107	364,180,150
– Held to maturity	26	-	-	29,408,045	-	-	-	29,408,045	30,470,528	-	-	30,470,528
Restricted deposits and other asset	34	-	-	-	288,597,151	-	-	288,597,151	-	288,597,151	-	288,597,151
		34,626,186	**-**	**29,408,045**	**1,661,574,219**	**426,134,927**	**-**	**2,151,743,377**	**481,151,263**	**1,558,927,609**	**113,127,697**	**2,153,206,569**
Deposits from banks	35	-	-	-	-	-	26,256,839	26,256,839	-	26,256,839	-	26,256,839
Deposits from customers	36	-	-	-	-	-	1,610,349,689	1,610,349,689	-	1,606,917,589	-	1,606,917,589
Financial liabilities held for trading	37	-	-	-	-	-	-	-	-	-	-	-
Derivative financial liabilities	25	-	-	-	-	-	-	-	-	-	-	-
Debt securities issued	38	-	-	-	-	-	180,117,424	180,117,424	-	180,117,424	-	180,117,424
Other borrowed funds	41	-	-	-	-	-	165,122,908	165,122,908	-	160,891,643	-	160,891,643
Other liabilities	39	-	-	-	-	-	104,605,713	104,605,713	-	104,605,713	-	104,605,713
		-	**-**	**-**	**-**	**-**	**2,086,452,573**	**2,086,452,573**	**-**	**2,078,789,208**	**-**	**2,078,789,208**

Parent
Dec-2016

In thousands of Nigerian Naira	Note	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	29,943	-	-	29,943	-	29,943	-	29,943
Loans and advances to customers	29	-	-	-	1,417,217,951	-	-	1,417,217,951	-	1,311,833,825	108,014,646	1,419,848,471
Financial assets held for trading	24	6,321,370	-	-	-	-	-	6,321,370	6,321,370	-	-	6,321,370
Derivative financial assets	25	-	1,042,470	-	-	-	-	1,042,470	-	1,042,470	-	1,042,470
Assets pledged as collateral	27	-	-	-	-	48,205,702	-	48,205,702	48,205,702	-	-	48,205,702
Investment securities:												
– Available for sale	26	-	-	-	-	408,246,905	-	408,246,905	357,932,924	46,404,372	3,909,609	408,246,905
– Held to maturity	26	-	-	5,219,262	-	-	-	5,219,262	4,273,058	-	-	4,273,058
Restricted deposits and other asset	34	-	-	-	350,167,070	-	-	350,167,070	-	350,167,070	-	350,167,070
		6,321,370	**1,042,470**	**5,219,262**	**1,767,414,964**	**456,452,607**	**-**	**2,236,450,673**	**416,733,054**	**1,709,477,680**	**111,924,255**	**2,238,134,989**
Deposits from banks	35	-	-	-	-	-	40,438	40,438	-	40,438	-	40,438
Deposits from customers	36	-	-	-	-	-	1,681,184,820	1,681,184,820	-	1,349,441,434	-	1,349,441,434
Financial liabilities held for trading	37	2,065,402	-	-	-	-	-	2,065,402	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	-	-	-	987,502	-	987,502	-	987,502
Other borrowed funds	41	-	-	-	-	-	332,317,881	332,317,881	-	319,868,847	-	319,868,847
Other liabilities	39	-	-	-	-	-	90,060,440	90,060,440	-	90,060,440	-	90,060,440
		2,065,402	**987,502**	**-**	**-**	**-**	**2,103,603,579**	**2,106,656,483**	**2,065,402**	**1,760,398,661**	**-**	**1,762,464,063**

Parent

Dec-2015

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			
Loans and advances to banks	28	-	-	-	638,817	-	-	638,817	-	639,066	-	639,066
Loans and advances to customers	29	-	-	-	1,265,207,443	-	-	1,265,207,443	-	1,192,489,821	73,449,691	1,265,939,512
Financial assets held for trading	24	25,075,618	-	-	-	-	-	25,075,618	25,075,618	-	-	25,075,618
Derivative financial assets	25	-	-	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	27	-	-	-	-	61,946,270	-	61,946,270	61,946,270	-	-	61,946,270
Investment securities:												
– Available for sale	26	-	-	-	-	327,585,822	-	327,585,822	317,510,416	5,858,271	4,217,135	327,585,822
– Held to maturity	26	-	-	3,210,575	-	-	-	3,210,575	4,273,058	-	-	4,273,058
Restricted deposits and other asset	34	-	-	-	286,012,152	-	-	286,012,152	-	286,012,152	-	286,012,152
		25,075,618	**-**	**3,210,575**	**1,551,858,412**	**389,532,092**	**-**	**1,969,676,697**	**408,805,362**	**1,484,999,310**	**77,666,826**	**1,971,471,498**
Deposits from banks	35	-	-	-	-	-	39,941	39,941	-	39,941	-	39,941
Deposits from customers	36	-	-	-	-	-	1,422,550,125	1,422,550,125	-	1,419,118,025	-	1,419,118,025
Derivative financial liabilities	25	-	-	-	-	-	-	-	-	-	-	-
Other borrowed funds	41	-	-	-	-	-	338,580,301	338,580,301	-	334,349,036	-	334,349,036
Other liabilities	39	-	-	-	-	-	85,126,211	85,126,211	-	85,126,211	-	85,126,211
		-	**-**	**-**	**-**	**-**	**1,846,296,578**	**1,846,296,578**	**-**	**1,838,633,213**	**-**	**1,838,633,213**

Fair value of loans and advances

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

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

Fair value of customers' deposits

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

Accounting classification measurement basis and fair values (continued)

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

9 Interest income

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Loans and advances to banks	718,344	835,731	1,403	1,403
Loans and advances to customers	195,434,614	164,406,131	173,340,268	149,476,834
	196,152,958	165,241,862	173,341,671	149,478,237
Cash and cash equivalents	6,091,764	4,271,771	2,735,024	2,501,261
Financial assets held for trading	1,215,246	1,469,914	1,139,045	1,469,914
Investment securities:				
– Available for sale	46,197,640	45,915,768	43,639,814	44,348,112
– Held to maturity	7,540,698	4,199,959	428,130	543,534
Assets pledged as collateral	5,295,795	8,137,441	5,295,795	8,137,441
	262,494,101	229,236,715	226,579,479	206,478,499

Geographical location

Interest income earned in Nigeria	226,209,508	206,002,424	226,209,509	206,131,073
Interest income earned outside Nigeria	36,284,593	23,234,291	369,970	347,426
	262,494,101	229,236,715	226,579,479	206,478,499

Interest income for the year ended 31 December 2016 includes N10,295,000 (December 2015:N128,181,000) accrued on impaired financial assets.

10 Interest expense

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Deposit from banks	1,470,101	1,076,852	64,236	20,712
Deposit from customers	48,920,848	50,038,265	39,824,956	43,709,104
	50,390,949	51,115,117	39,889,192	43,729,816
Financial liabilities held for trading	710,882	462,018	439,295	462,018
Other borrowed funds	7,072,009	5,004,607	15,223,035	17,253,798
Debt securities	8,920,083	12,707,850	-	-
Total interest expense	67,093,923	69,289,592	55,551,522	61,445,632
Geographical location				
Interest expense paid in Nigeria	41,294,160	57,385,475	41,477,841	44,726,705
Interest expense paid outside Nigeria	25,799,763	11,904,117	14,073,681	16,718,927
	67,093,923	69,289,592	55,551,522	61,445,632

11 Loan impairment charges

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Loans and advances to banks (Note 28)	**857**	**243**	**857**	**243**
Increase in collective impairment	857	243	857	243
Loans and advances to customers (Note 29)	**65,289,453**	**12,407,951**	**63,541,783**	**11,769,131**
Increase in collective impairment[1]	50,795,566	101,989	50,636,771	(119,128)
Increase in specific impairment	15,330,625	12,602,274	13,389,143	11,993,084
Amounts written off during the year as uncollectible	70	144,335	-	-
Recovery of loan amounts previously written off	(836,808)	(440,647)	(484,131)	(104,825)
	65,290,310	**12,408,194**	**63,542,640**	**11,769,374**

[1] The significant growth in Collective Impairment resulted from increase in Probability of Default on FX denominated Usance facilities due to marked depreciation of the Naira against Dollars. Of the total collective impairment charge of ₦50.64Bn, the sum of ₦40.46Bn resulted from such facilities.

12 Fee and commission income

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Credit related fees and commissions	9,287,158	9,579,364	6,753,429	7,986,585
Account Maintenance Charges	8,447,586	10,631,612	7,376,169	9,809,236
Corporate finance fees	1,823,928	1,028,477	1,823,928	1,028,477
Commission on foreign exchange deals	4,052,289	2,690,299	4,052,289	2,690,299
Income from financial guarantee contracts issued	3,486,337	4,394,246	2,684,478	3,433,489
Account services, maintenance and anciliary banking charges	5,357,954	3,826,478	1,438,042	1,535,137
Transfers related charges	6,611,191	3,127,937	5,032,996	1,988,037
E-busines Income	12,207,467	16,587,195	11,236,447	15,563,637
	51,273,910	51,865,608	40,397,778	44,034,897

13 Fee and commission expense

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Bank charges	2,191,731	1,650,294	1,947,916	1,556,281
Loan recovery and brokerage expenses	1,264,526	1,429,145	999,798	1,133,470
	3,456,257	3,079,439	2,947,714	2,689,751

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Bonds trading	49,114	(317,356)	49,114	(317,356)
Treasury bills trading	1,320,515	1,064,702	826,090	869,989
Foreign exchange	3,848,822	11,490,048	1,373,037	8,637,053
Net trading income	5,218,451	12,237,394	2,248,241	9,189,686

15 Other income

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Mark to market gains/(loss) on trading investments	(7,754)	2,854,509	(7,754)	2,854,509
Foreign exchange revaluation gain	87,289,532	5,195,652	86,358,293	4,632,908
Gain on disposal of fixed assets	74,948	87,966	36,266	71,709
Net portfolio (loss)/gain on SMEEIS and long term investments	600,755	272,527	180,001	-
Dividends income	93,237	99,740	2,546,148	1,614,082
Valuation income - Repossessed collateral	3,922,090	-	3,922,090	-
Valuation income - Others	3,656,317	-	3,656,317	-
	95,629,125	8,510,394	96,691,361	9,173,208

16 Net impairment reversal on other financial assets

There was no impairment reversal on other financial assets (i.e. financial assets other than loans and advances) during the year

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Note	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Wages and salaries		27,374,803	26,089,613	20,491,636	20,526,468
Contributions to defined contribution plans		1,007,785	957,252	691,713	683,009
Defined benefit costs	40	(395,489)	(748,187)	(454,606)	(754,440)
Cash-settled share-based payments (see 17(b) below)		(280,628)	476,868	(280,628)	-
Staff welfare expenses		1,746,994	946,177	256,657	272,798
		29,453,465	27,721,723	20,704,772	20,727,835

Staff loans

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

Cash- settled share-based payments

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

In thousands	Number of share
SARs granted to senior management employees at 31 December 2016	403,531
SARs granted to senior management employees at 31 December 2015	394,199

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Dec-2016	Group Dec-2015
Effect of changes in the fair value of SARs		(497,208)	(144,738)
Expense from rights exercised during the year		216,580	621,606
Dividend payment to members of the scheme		-	-
Total expense recognized as personnel expenses		(280,628)	476,868

In thousands of Nigerian Naira		Group Dec-2016	Group Dec-2015
Total carrying amount of liabilities for cash-settled arrangements	39	7,920,089	8,136,942

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

In thousands of Nigerian Naira	Note	Group Dec-2016	Group Dec-2015
Balance, beginning of year		8,136,942	8,082,186
Effect of changes in fair value of SAR at year end		(280,627)	476,868
Options exercised during the year		(295,693)	(707,927)
Share rights granted during the year		359,467	285,815
Balance, end of year	39	7,920,089	8,136,942

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

	Group Dec-2016 Number	Group Dec-2015 Number	Parent Dec-2016 Number	Parent Dec-2015 Number
Executive directors	6	6	6	6
Management	239	232	57	57
Non-management	4,961	4,906	3,286	3,280
	5,206	5,144	3,349	3,343

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

	Group Dec-2016 Number	Group Dec-2015 Number	Parent Dec-2016 Number	Parent Dec-2015 Number
Commercial Banking Abuja	38	35	38	35
Commercial Banking Lagos	178	204	178	204
Commercial Banking North East	50	47	50	47
Commercial Banking North West	55	56	55	56
Commercial Banking South East	42	36	42	36
Commercial Banking South South	62	61	62	61
Communication and External Affairs	159	164	28	25
Compliance Group	30	27	30	27
Corporate Services	183	169	135	126
E-Business	154	147	124	118
Enterprise Risk Management	159	158	85	88
Chief Executive Director	1	1	1	1
Financial Control, Group Reporting ; Strategy	30	30	30	30
Human Resources	26	26	26	26
Institutional Banking	379	387	168	177
International Banking	82	82	39	39
Operations	177	201	177	201
Public Sector Abuja	34	38	34	38
Public Sector Lagos	18	-	18	-
Retail Lagos	184	181	184	181
Retail Abuja	52	54	52	54
Retail South East	22	28	22	28
South West Division	98	100	98	100
Retail South-South	38	34	38	34
SME Abuja	42	43	42	43
SME Division - Lagos	97	98	97	98

SME Division - South East	39	40	39	40
Systems and Control	130	130	90	92
Technology	228	229	157	160
Transaction Services	1,644	1,586	1,178	1,142
Wholesale Banking	43	47	32	36
Commercial Banking Subsidiaries	101	99	-	-
Retail Subsidiaries	127	116	-	-
Public Sector Subsidiaries	10	10	-	-
Other Support Services	494	480	-	-
	5,206	5,144	3,349	3,343

(iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Dec-2016 Number	Group Dec-2015 Number	Parent Dec-2016 Number	Parent Dec-2015 Number
N720,001 - ₦1,400,000	1,538	1,534	-	-
N1,400,001 - ₦2,050,000	732	616	613	555
N2,190,001 - ₦2,330,000	51	51	-	-
N2,330,001 - ₦2,840,000	16	16	-	-
N2,840,001 - ₦3,000,000	18	18	-	-
N3,001,001 - N3,830,000	843	920	834	905
N3,830,001 - ₦4,530,000	5	5	-	-
N4,530,001 - ₦5,930,000	659	631	650	606
N6,000,001 - N6,800,000	419	431	406	426
N6,800,001 - ₦7,300,000	10	9	-	-
N7,300,001 - ₦7,800,000	326	320	318	313
N7,800,001 - ₦8,600,000	8	5	-	-
N8,600,001 - ₦11,800,000	367	373	351	472
Above ₦11,800,000	208	209	171	60
	5,200	5,138	3,343	3,337

18 Operating lease expense

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Operating lease expense	1,375,228	1,124,691	670,172	674,958
	1,375,228	1,124,691	670,172	674,958

This relates to lease rentals on branches leased by the Bank. Lease rentals are fully paid in advance with the effect that there are no future minimum lease payments to be made in respect of the leases

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Amortisation of intangible assets (see note 32)	1,712,220	1,176,878	1,268,979	928,413
Depreciation of property, plant and equipment (see note 31)	13,537,146	11,417,644	11,461,319	9,858,957
	15,249,366	12,594,522	12,730,298	10,787,370

20 Other operating expenses

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Finance costs	141,075	165,633	138,514	163,748
Deposit insurance premium	6,028,346	6,075,130	5,897,997	5,987,480
Other insurance premium	1,314,467	586,801	1,164,267	471,451
Auditors' remuneration[1]	596,234	502,552	400,000	330,000
Professional fees and other consulting costs	1,137,316	1,194,992	894,752	649,072
AMCON expenses	11,388,146	10,633,042	11,388,146	10,633,042
Stationery and postage	2,193,166	1,986,824	1,858,138	1,724,604
Business travel expenses	705,635	664,323	421,464	445,350
Advert, promotion and corporate gifts	7,454,120	6,073,823	6,430,187	5,480,809
Repairs and maintenance	7,173,638	4,188,902	5,985,134	3,418,994
Occupancy costs	6,516,937	4,663,809	4,734,646	3,447,237
Directors' emoluments	669,761	542,039	247,127	263,796
Outsourcing services	8,312,649	7,861,875	7,068,944	6,943,973
Administrative expense	3,971,197	3,695,073	2,900,727	2,619,039
Communications and sponsorship related expense	5,806,941	2,865,458	2,947,449	2,490,735
Human capital related expenses	2,384,548	1,910,406	2,304,112	1,841,960
Customer service related expenses	1,766,401	1,326,464	982,650	843,023
	67,560,577	54,937,146	55,764,254	47,754,313

[1] Auditor's remuneration represents fees for half year and full year audit of the Group and Bank for the year ended 31 December 2016

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Current tax expense:				
Company income tax	19,877,967	14,006,668	14,236,106	11,145,668
Education Tax	1,353,365	1,154,672	1,353,365	1,154,672
NITDA Levy	1,540,055	1,130,271	1,540,055	1,130,271
	22,771,387	16,291,611	17,129,526	13,430,611
Dividend tax	2,896,852	3,894,426	2,896,852	3,894,426
Deferred tax expense:				
Origination of temporary differences	7,187,567	1,071,886	7,142,317	1,393,897
	32,855,806	21,257,923	27,168,695	18,718,934

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	Dec-2016	Dec-2016	Dec-2015	Dec-2015
Profit before income tax	165,136,461		120,694,804	
Income tax using the domestic corporation tax rate	49,540,938	30.0%	36,208,441	30.0%
Effect of tax rates in foreign jurisdictions	2,347,820	1.4%	238,666	0.2%
Tax reliefs/WHT Credits	(525,677)	-0.3%	(587,861)	-0.5%
Net capital allowance	(5,538,687)	-3.4%	(5,586,557)	-4.6%
Non-deductible expenses	19,055,532	11.5%	3,357,482	2.8%
Education tax levy	1,353,365	0.8%	1,154,672	1.0%
NITDEF tax levy	1,540,055	0.9%	1,130,271	0.9%
Tax exempt income	(37,352,376)	-22.6%	(18,212,536)	-15.1%
Deductible expenses	(462,016)	-0.3%	(339,081)	-0.3%
Dividend tax	2,896,852	1.8%	3,894,426	3.2%
Total income tax expense	32,855,806	19.9%	21,257,923	17.6%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**Dec-2016**	**Dec-2016**	**Dec-2015**	**Dec-2015**
Profit before income tax	154,005,487		113,027,057	
Income tax using the domestic corporation tax rate	46,201,647	30.0%	33,908,118	30.0%
Tax reliefs/WHT Credits	(525,677)	-0.3%	(587,861)	-0.5%
Net capital allowance	(5,538,687)	-3.6%	(5,586,557)	-4.9%
Non-deductible expenses	19,055,532	12.4%	3,357,482	3.0%
Education tax levy	1,353,365	0.9%	1,154,672	1.0%
NITDEF tax levy	1,540,055	1.0%	1,130,271	1.0%
Tax exempt income[1]	(37,352,376)	-24.3%	(18,212,536)	-16.1%
Deductible expenses	(462,016)	-0.3%	(339,081)	-0.3%
Dividend Tax	2,896,852	1.9%	3,894,426	3.4%
Total income tax expense	27,168,695	17.6%	18,718,934	16.6%

[1] Non-deductible expense include depreciation, collective impairment, non-allowable donations ,etc

[1] Tax exempt income include Deferred Tax Expense, and a percentage of other deductible lines; FX translation gains, Dividends, interest earned on treasury bills and bonds etc

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Income tax relating to actuarial gains and losses	570,882	(402,820)	570,882	(402,820)
Income tax relating to Foreign currency translation differences for foreign operations	6,640,493	(496,058)	-	-
Income tax relating to Net change in fair value of available for sale financial assets	(1,982,410)	1,420,464	(2,112,274)	1,398,892
	5,228,965	521,586	(1,541,392)	996,072

(b) *Current income tax payable*

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

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Balance, beginning of the year	17,739,676	20,827,157	19,378,526	22,275,884
Exchange difference on translation	590,906	33,645	-	-
Charge for the year	22,771,387	16,291,611	17,129,526	13,430,611
Payments during the year	(26,070,542)	(23,307,163)	(21,585,865)	(20,222,395)
Dividend tax	2,896,852	3,894,426	2,896,852	3,894,426
Liabilities on acquisition of subsidiaries	-	-	-	-
Balance, end of the year	17,928,279	17,739,676	17,819,039	19,378,526

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N131,341,742,000 and a weighted average number of ordinary shares outstanding of 28,112,933,000 and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**
Net profit attributable to equity holders of the Company	131,341,742	98,678,427
Net profit used to determine diluted earnings per share	131,341,742	98,678,427

Number of ordinary shares

In thousands of shares	**Group Dec-2016**	**Group Dec-2015**
Weighted average number of ordinary shares in issue	28,112,933	28,152,505
Basic earnings per share (expressed in naira per share)	4.67	3.51

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	28,112,933	28,152,505
Adjustment for:		
Weighted average number of ordinary shares for diluted earnings per share	28,112,933	28,152,505
Diluted earnings per share (expressed in naira per share)	4.67	3.51

23 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Cash in hand	45,378,374	33,365,573	36,794,249	27,097,102
Balances held with other banks	221,157,341	146,072,187	58,380,363	100,404,743
Unrestricted balances with central banks	53,411,505	40,213,238	18,683,027	25,453,036
Money market placements	135,916,085	34,982,217	119,989,594	20,178,228
	455,863,305	254,633,215	233,847,233	173,133,109

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

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Cash and cash equivalents	455,863,305	254,633,215	233,847,233	173,133,109
Cash and cash equivalents above three months	(23,314,881)	-	(22,984,571)	-
	432,548,424	254,633,215	210,862,662	173,133,109

24 Financial assets held for trading

(a)

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Trading bonds (see note 24(b) below)	391,141	16,407,536	391,141	16,407,536
Trading treasury bills (see note 24(c) below)	11,662,778	18,218,650	5,930,229	8,668,082
	12,053,919	34,626,186	6,321,370	25,075,618
Current	11,111,164	21,925,919	5,931,609	12,375,351
Non-current	942,755	12,700,267	389,761	12,700,267

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
6th FGN Bond Series 3 (12.49%)	-	50,746	-	50,746
4th FGN Bond Series 9 (9.35%)	-	8,346	-	8,346
10th FGN Bond Series 1 (13.05%)	-	3,696,614	-	3,696,614
11th FGN Bond Series 2 (12.15%)	-	12,639,944	-	12,639,944
Local Contractor Bond	1,380	11,886	1,380	11,886
9th FGN Bond Series 3 (16.00%)	100,462	-	100,462	-
12th FGN Bond Series 1 (15.54%)	105,098	-	105,098	-
13th FGN Bond Series 3 (14.50%)	102,183	-	102,183	-
13th FGN Bond Series 2 (12.40%)	82,018	-	82,018	-
	391,141	16,407,536	391,141	16,407,536

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Nigerian treasury bills' maturities:				
28-January-2016	-	162,726	-	162,726
07-January-2016	-	3,194	-	3,194
14-January-2016	-	4,971	-	4,971
21-January-2016	-	227,052	-	227,052
04-February-2016	-	26,270	-	26,270
11-February-2016	-	119,803	-	119,803
18-February-2016	-	2,623	-	2,623
25-February-2016	-	799	-	799
03-March-2016	-	50,344	-	50,344
17-March-2016	-	744,821	-	744,821
24-March-2016	-	49,709	-	49,709
31-March-2016	-	101	-	101
07-April-2016	-	13,615	-	13,615
14-April-2016	-	496,390	-	496,390
21-April-2016	-	1,837	-	1,837
28-April-2016	-	16	-	16
05-May-2016	-	3,222,744	-	3,222,744
12-May-2016	-	3,712	-	3,712
19-May-2016	-	413	-	413
26-May-2016	-	16	-	16
02-June-2016	-	697,626	-	697,626
16-June-2016	-	301,342	-	301,342
23-June-2016	-	24,786	-	24,786
30-June-2016	-	241,783	-	241,783
14-July-2016	-	259	-	259
21-July-2016	-	575	-	575
04-August-2016	-	242,060	-	242,060
01-September-2016	-	238	-	238
22-September-2016	-	237,420	-	237,420
06-October-2016	-	2,958	-	2,958
13-October-2016	-	1,053,971	-	1,053,971
20-October-2016	-	236,915	-	236,915
03-November-2016	-	29,583	-	29,583
17-November-2016	-	235,744	-	235,744
15-December-2016	-	231,666	-	231,666

05-January-2017	727,461	-	727,461	-
19-January-2017	772,557	-	772,557	-
02-February-2017	441	-	441	-
16-February-2017	624,201	-	624,201	-
23-February-2017	245,763	-	245,763	-
02-March-2017	274,950	-	274,950	-
09-March-2017	16,044	-	16,044	-
16-March-2017	152,949	-	152,949	-
30-March-2017	1,859	-	1,859	-
06-April-2017	44,406	-	44,406	-
13-April-2017	46,871	-	46,871	-
20-April-2017	1,880	-	1,880	-
27-April-2017	237,041	-	237,041	-
04-May-2017	236,184	-	236,184	-
11-May-2017	6,174	-	6,174	-
18-May-2017	38,232	-	38,232	-
25-May-2017	9,576	-	9,576	-
15-June-2017	45,288	-	45,288	-
22-June-2017	78,732	-	78,732	-
29-June-2017	23,429	-	23,429	-
06-July-2017	138,765	-	138,765	-
13-July-2017	59,987	-	59,987	-
20-July-2017	391,436	-	391,436	-
27-July-2017	28,660	-	28,660	-
03-August-2017	53,461	-	53,461	-
10-August-2017	1,402	-	1,402	-
17-August-2017	694	-	694	-
24-August-2017	9,178	-	9,178	-
31-August-2017	138,456	-	138,456	-
07-September-2017	80,316	-	80,316	-
14-September-2017	163,199	-	163,199	-
21-September-2017	22,380	-	22,380	-
28-September-2017	393,336	-	393,336	-
05-October-2017	12,610	-	12,610	-
19-October-2017	28,894	-	28,894	-
09-November-2017	62,457	-	62,457	-
16-November-2017	13,693	-	13,693	-
30-November-2017	13,881	-	13,881	-
14-December-2017	10,044	-	10,044	-
21-December-2017	723,342	-	723,342	-
Non-Nigerian treasury bills	5,732,549	9,550,568	-	-
	11,662,778	18,218,650	5,930,229	8,668,082

25 Derivative financial instruments

(a) Group
Dec-2016

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	62,693,156	1,042,470	(987,502)
Currency swaps	-	-	-
Derivative assets/(liabilities)	62,693,156	1,042,470	(987,502)

Group
Dec-2015

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

Parent
Dec-2016

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	62,693,156	1,042,470	(987,502)
Currency swaps	-	-	-
Derivative assets/(liabilities)	62,693,156	1,042,470	(987,502)

Parent
Dec-2015

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

(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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
(a) (i) Available for sale investment securities				
Treasury bills	421,164,870	351,013,081	385,504,653	317,510,416
Bonds	13,782,210	3,086,691	9,640,011	-
Corporate bond	9,192,632	5,858,271	9,192,632	5,858,271
Equity securities at fair value (See note 26(a)(ii) below	4,279,461	4,116,988	4,279,461	4,116,988
Unquoted equity securities at cost (see note 26(b) below)	3,092,538	3,560,097	3,085,126	3,555,125
	451,511,711	367,635,128	411,701,883	331,040,800
Specific impairment for equities (see note 26(c) below)	(3,454,978)	(3,454,978)	(3,454,978)	(3,454,978)
Total available for sale investment securities	**448,056,733**	**364,180,150**	**408,246,905**	**327,585,822**
Held to maturity investment securities				
Bonds	14,697,152	9,026,462	5,219,262	3,210,575
Treasury bills	65,138,463	20,182,533	-	-
Corporate bond	320,210	199,050	-	-
Total held to maturity investment securities	**80,155,825**	**29,408,045**	**5,219,262**	**3,210,575**
Total investment securities	**528,212,558**	**393,588,195**	**413,466,167**	**330,796,397**
Current	486,497,010	374,513,689	385,512,418	317,510,416
Non-current	41,715,548	19,074,506	27,953,749	13,285,981

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
SMEEIS investment:				
- Sokoa Chair Centre	107,244	107,214	107,244	107,214
- Iscare Nigeria Ltd	74,765	74,744	74,765	74,744
- Central Securities Clearing System	92,102	129,547	92,102	129,547
- 3 Peat Investment Ltd	1,016,032	1,016,032	1,016,032	1,016,032
	1,290,143	**1,327,537**	**1,290,143**	**1,327,537**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	188,883	168,898	188,883	168,898
- Nigeria Automated Clearing Systems	557,759	379,590	557,759	379,590
- Afrexim	98,455	296,458	98,455	296,458
- Africa Finance Corporation	2,144,221	1,944,505	2,144,221	1,944,505
	2,989,318	**2,789,451**	**2,989,318**	**2,789,451**
Total fair value of equity securities	**4,279,461**	**4,116,988**	**4,279,461**	**4,116,988**
Specific impairment for equities	(508,016)	(508,016)	(508,016)	(508,016)
	3,771,445	**3,608,972**	**3,771,445**	**3,608,972**

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

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

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- TerraKulture ltd	-	469,999	-	469,999
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,111	61,111	61,111	61,111
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	3,085,126	3,555,125	3,085,126	3,555,125
Less specific impairment for equities	(2,946,962)	(2,946,962)	(2,946,962)	(2,946,962)
Carrying value of SMIEES investment	**138,164**	**608,163**	**138,164**	**608,163**
Other unquoted equity investment:				
- GIM UEMOA	7,412	4,972	-	-
Cost of other unquoted equity investment	**7,412**	**4,972**	**-**	**-**
Carrying value of other unquoted equity investment	**7,412**	**4,972**	**-**	**-**
Total cost of unquoted equity investment	**3,092,538**	**3,560,097**	**3,085,126**	**3,555,125**
Total impairment of unquoted equity investment	(2,946,962)	(2,946,962)	(2,946,962)	(2,946,962)
Total carrying value of unquoted equity investment	**145,576**	**613,135**	**138,164**	**608,163**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Balance at 1 January	613,135	549,215	608,163	544,052
- Exchange difference	2,440	(191)	-	-
- Disposal	(469,999)	-	(469,999)	-
- Reversal of impairment	-	3,000	-	3,000
- Transfer from equity investments at fair value	-	61,111	-	61,111
Balance, end of the year	145,576	613,135	138,164	608,163

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment..

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table.

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

• There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.

• The Group does not provide essential technical information to the entities.

• There is no inter-change of personnel between the Group and the entities.

• Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

(c) Specific impairment for equities

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Balance at 1 January	3,454,978	3,457,978	3,454,978	3,457,978
- Charge for the year	-	(3,000)	-	(3,000)
Balance, end of the year	3,454,978	3,454,978	3,454,978	3,454,978

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

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
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	2,946,962	2,946,962	2,946,962
	3,454,978	**3,454,978**	**3,454,978**	**3,454,978**

27 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Financial assets held for trading	**10,710**	**8,507**	**-**	**-**
- Treasury bills	10,710	8,507	-	-
Investment Securities - available for sale (See note (c) below):	**48,205,702**	**61,946,270**	**48,205,702**	**61,946,270**
- Treasury bills	48,205,702	61,946,270	48,205,702	61,946,270
	48,216,412	61,954,777	48,205,702	61,946,270
Current	48,205,702	61,946,270	48,205,702	61,946,270
Non-current	10,710	8,507	-	-

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

(c) Treasury Bills pledged as collateral of N48,205,702,000 (December 2015: N61,946,270,000) have been reclassified from available for sale and trading investment securities at fair value.

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

28 **Loans and advances to banks**

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Loans and advances to banks	654,839	1,051,785	31,064	639,081
Less specific allowances for impairment	-	-	-	-
Less collective allowances for impairment	(1,121)	(264)	(1,121)	(264)
	653,718	1,051,521	29,943	638,817
Current	653,718	1,051,521	29,943	638,817
Non-current	-	-	-	-

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

Group

In thousands of Nigerian Naira	Dec-2016			Dec-2015		
	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	-	264	264	-	21	21
Increase in impairment allowances	-	857	857	-	243	243
	-	1,121	1,121	-	264	264

Parent

In thousands of Nigerian Naira	Dec-2016			Dec-2015		
	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	-	264	264	-	21	21
Increase in impairment allowances	-	857	857	-	243	243
	-	1,121	1,121	-	264	264

29 Loans and advances to customers

Dec-2016	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Loans to individuals:				
Loans	150,410,695	96,456,999	107,506,692	73,176,379
Overdrafts	7,515,758	10,510,992	6,061,176	5,280,538
Others[1]	1,839	67,556	-	-
Gross loans	**157,928,292**	**107,035,547**	**113,567,868**	**78,456,917**
Loans	(1,048,642)	(411,556)	(1,450)	(137,114)
Overdrafts	(36,559)	(62,594)	(1,050)	(935)
Others[1]	(39)	(796)	-	-
Specific impairment	**(1,085,240)**	**(474,946)**	**(2,500)**	**(138,049)**
Loans	(1,274,077)	(331,344)	(1,219,075)	(250,194)
Overdrafts	(861,180)	(439,633)	(859,315)	(421,400)
Others[1]	(2)	(235)	-	-
Collective impairment	**(2,135,259)**	**(771,212)**	**(2,078,390)**	**(671,594)**
Loans	(2,322,719)	(742,900)	(1,220,525)	(387,308)
Overdrafts	(897,739)	(502,227)	(860,365)	(422,335)
Others[1]	(41)	(1,031)	-	-
Total impairment	**(3,220,499)**	**(1,246,158)**	**(2,080,890)**	**(809,643)**
Loans	148,087,976	95,714,099	106,286,167	72,789,071
Overdrafts	6,618,019	10,008,765	5,200,811	4,858,203
Others[1]	1,798	66,525	-	-
Carrying amount	**154,707,793**	**105,789,389**	**111,486,978**	**77,647,274**
Loans to Non-individuals:				
Loans	1,224,589,560	1,064,306,226	1,173,637,927	1,000,955,826
Overdrafts	203,622,761	181,012,430	128,653,633	162,210,692
Others[1]	83,937,058	49,920,362	75,258,288	49,892,793
Gross loans	**1,512,149,379**	**1,295,239,018**	**1,377,549,848**	**1,213,059,311**

Loans	(16,387,454)	(9,063,530)	(14,865,641)	(6,979,085)
Overdrafts	(3,244,652)	(12,420,930)	(1,005,489)	(11,802,288)
Others[1]	(259,216)	(907)	-	-
Specific impairment	**(19,891,322)**	**(21,485,367)**	**(15,871,130)**	**(18,781,373)**
Loans	(11,906,458)	(3,738,153)	(11,305,230)	(3,044,577)
Overdrafts	(5,061,009)	(3,638,513)	(4,176,375)	(3,432,667)
Others[1]	(40,568,549)	(240,827)	(40,466,139)	(240,525)
Collective impairment	**(57,536,016)**	**(7,617,493)**	**(55,947,744)**	**(6,717,769)**
Loans	(28,293,912)	(12,801,683)	(26,170,871)	(10,023,662)
Overdrafts	(8,305,661)	(16,059,443)	(5,181,864)	(15,234,955)
Others[1]	(40,827,765)	(241,734)	(40,466,139)	(240,525)
Total impairment	**(77,427,338)**	**(29,102,860)**	**(71,818,874)**	**(25,499,142)**
Loans	1,196,295,648	1,051,504,543	1,147,467,056	990,932,164
Overdrafts	195,317,100	164,952,987	123,471,769	146,975,737
Others[1]	43,109,293	49,678,628	34,792,149	49,652,268
Carrying amount	**1,434,722,041**	**1,266,136,158**	**1,305,730,974**	**1,187,560,169**
Total carrying amount (individual and non individual)	**1,589,429,834**	**1,371,925,547**	**1,417,217,952**	**1,265,207,443**

[1] Others include Usances and Usances Settlement

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Current	995,484,613	845,362,416	861,300,437	758,906,892
Non-current	593,945,221	526,563,131	555,917,515	506,300,551

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

Group

	Dec-2016			Dec-2015		
In thousands of Nigerian Naira	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	474,946	771,212	1,246,158	350,648	684,693	1,035,341
Foreign currency translation and other adjustments	262,311	(115,185)	147,126	(8,710)	24,160	15,450
Increase in impairment allowances	570,343	1,479,232	2,049,575	816,579	62,359	878,938
Write offs	(222,360)	-	(222,360)	(683,571)	-	(683,571)
Balance, end of year	1,085,240	2,135,259	3,220,499	474,946	771,212	1,246,158

Parent

	Dec-2016			Dec-2015		
In thousands of Nigerian Naira	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	138,049	671,594	809,643	69,838	611,585	681,423
Increase/(reversal) in impairment allowances	(3,089)	1,406,796	1,403,707	707,625	60,009	767,634
Write offs	(132,460)	-	(132,460)	(639,414)	-	(639,414)
Balance, end of year	2,500	2,078,390	2,080,890	138,049	671,594	809,643

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

Group

In thousands of Nigerian Naira	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment	Dec-2015 Specific allowance for impairment	Dec-2015 Collective allowance for impairment	Dec-2015 Total allowance for impairment
Balance at 1 January	21,485,367	7,617,493	29,102,860	22,122,052	7,462,858	29,584,910
Foreign currency translation and other adjustments	1,570,827	602,189	2,173,016	(150,351)	115,005	(35,346)
Increase in impairment allowances	14,760,282	49,316,334	64,076,616	11,785,695	39,630	11,825,325
Write offs	(17,925,154)	-	(17,925,154)	(12,272,029)	-	(12,272,029)
Balance, end of year	19,891,322	57,536,016	77,427,338	21,485,367	7,617,493	29,102,860

Parent

In thousands of Nigerian Naira	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment	Dec-2015 Specific allowance for impairment	Dec-2015 Collective allowance for impairment	Dec-2015 Total allowance for impairment
Balance at 1 January	18,781,373	6,717,769	25,499,142	18,479,842	6,896,906	25,376,748
Foreign currency translation and other adjustments	427	-	427	49	-	49
Increase/(reversal) in impairment allowances	13,392,232	49,229,975	62,622,207	11,285,459	(179,137)	11,106,322
Write offs	(16,302,902)	-	(16,302,902)	(10,983,977)	-	(10,983,977)
Balance, end of year	15,871,130	55,947,744	71,818,874	18,781,373	6,717,769	25,499,142

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

Group

Dec-2016

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	-	4	4	-	260	260	-	-	-	-	264	264
Increase/(reversal) in impairment allowances	-	1,104	1,104	-	(247)	(247)	-	-	-	-	857	857
	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121

Group

Dec-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	17	17	-	-	-	-	21	21
Increase in impairment allowances	-	-	-	-	243	243	-	-	-	-	243	243
	-	4	4	-	260	260	-	-	-	-	264	264

Parent

Dec-2016

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	-	4	4	-	260	260	-	-	-	-	264	264
Increase/(reversal) in impairment allowances	-	1,104	1,104	-	(247)	(247)	-	-	-	-	857	857
	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121

Parent
Dec-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	17	17	-	-	-	-	21	21
Increase in impairment allowances	-	-	-	-	243	243	-	-	-	-	243	243
	-	4	4	-	260	260	-	-	-	-	264	264

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

Group
Dec-2016

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	411,556	331,344	742,900	62,594	439,633	502,227	796	235	1,031	474,946	771,212	1,246,158
Foreign currency translation and other adjustments	270,080	(68,729)	201,351	(7,778)	(46,456)	(54,234)	9	-	9	262,311	(115,185)	147,126
Increase/(reversal) in impairment allowances	401,688	1,011,462	1,413,150	168,363	468,003	636,366	292	(233)	59	570,343	1,479,232	2,049,575
Write offs	(34,682)	-	(34,682)	(186,620)	-	(186,620)	(1,058)	-	(1,058)	(222,360)	-	(222,360)
Balance, end of year	1,048,642	1,274,077	2,322,719	36,559	861,180	897,739	39	2	41	1,085,240	2,135,259	3,220,499

Group
Dec-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	32,741	351,910	384,651	317,057	332,562	649,619	850	221	1,071	350,648	684,693	1,035,341
Foreign currency translation and other adjustments	(7,547)	10,380	2,833	(1,148)	13,773	12,625	(15)	7	(8)	(8,710)	24,160	15,450
Increase/(reversal) in impairment allowances	424,625	(30,946)	393,679	391,919	93,298	485,217	35	7	42	816,579	62,359	878,938
Write offs	(38,263)	-	(38,263)	(645,234)	-	(645,234)	(74)	-	(74)	(683,571)	-	(683,571)
Balance, end of year	411,556	331,344	742,900	62,594	439,633	502,227	796	235	1,031	474,946	771,212	1,246,158

Parent
Dec-2016

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	137,114	250,194	387,308	935	421,400	422,335	-	-	-	138,049	671,594	809,643
Increase/(reversal) in impairment allowances	(135,664)	968,881	833,217	132,575	437,915	570,490	-	-	-	(3,089)	1,406,796	1,403,707
Write offs	-	-	-	(132,460)	-	(132,460)	-	-	-	(132,460)	-	(132,460)
Balance, end of year	1,450	1,219,075	1,220,525	1,050	859,315	860,365	-	-	-	2,500	2,078,390	2,080,890

Parent
Dec-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	343,386	343,386	69,838	268,199	338,037	-	-	-	69,838	611,585	681,423
Increase/(reversal) in impairment allowances	137,114	(93,192)	43,922	570,511	153,201	723,712	-	-	-	707,625	60,009	767,634
Write offs	-	-	-	(639,414)	-	(639,414)	-	-	-	(639,414)	-	(639,414)
Balance, end of year	137,114	250,194	387,308	935	421,400	422,335	-	-	-	138,049	671,594	809,643

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

Group
Dec-2016

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	9,063,530	3,738,153	12,801,683	12,420,930	3,638,513	16,059,443	907	240,827	241,734	21,485,367	7,617,493	29,102,860
Foreign currency translation and other adjustments	1,517,868	359,317	1,877,185	52,903	242,871	295,774	56	1	57	1,570,827	602,189	2,173,016
Increase/(reversal) in impairment allowances	23,676,502	7,808,988	31,485,490	(9,174,524)	1,179,625	(7,994,899)	258,304	40,327,721	40,586,025	14,760,282	49,316,334	64,076,616
Write offs	(17,870,446)	-	(17,870,446)	(54,657)	-	(54,657)	(51)	-	(51)	(17,925,154)	-	(17,925,154)
Balance, end of year	16,387,454	11,906,458	28,293,912	3,244,652	5,061,009	8,305,661	259,216	40,568,549	40,827,765	19,891,322	57,536,016	77,427,338

Group

Dec-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	14,066,172	4,689,538	18,755,710	7,013,627	2,420,835	9,434,462	1,042,253	352,485	1,394,738	22,122,052	7,462,858	29,584,910
Foreign currency translation and other adjustments	(130,277)	49,411	(80,866)	(19,821)	65,559	45,738	(253)	35	(218)	(150,351)	115,005	(35,346)
Increase/(reversal) in impairment allowances	6,112,493	(1,000,796)	5,111,697	5,672,551	1,152,119	6,824,670	651	(111,693)	(111,042)	11,785,695	39,630	11,825,325
Write offs	(10,984,858)	-	(10,984,858)	(245,427)	-	(245,427)	(1,041,744)	-	(1,041,744)	(12,272,029)	-	(12,272,029)
Balance, end of year	9,063,530	3,738,153	12,801,683	12,420,930	3,638,513	16,059,443	907	240,827	241,734	21,485,367	7,617,493	29,102,860

Parent

Dec-2016

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	6,979,085	3,044,577	10,023,662	11,802,288	3,432,667	15,234,955	-	240,525	240,525	18,781,373	6,717,769	25,499,142
Foreign currency translation and other adjustments	427	-	427	-	-	-	-	-	-	427	-	427
Increase/(reversal) in impairment allowances	24,189,031	8,260,653	32,449,684	(10,796,799)	743,708	(10,053,091)	-	40,225,614	40,225,614	13,392,232	49,229,975	62,622,207
Write offs	(16,302,902)	-	(16,302,902)	-	-	-	-	-	-	(16,302,902)	-	(16,302,902)
Balance, end of year	14,865,641	11,305,230	26,170,871	1,005,489	4,176,375	5,181,864	-	40,466,139	40,466,139	15,871,130	55,947,744	71,818,874

Parent
Dec-2015

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	12,283,990	4,412,610	16,696,600	6,195,852	2,293,763	8,489,615	-	190,533	190,533	18,479,842	6,896,906	25,376,748
Foreign currency translation and other adjustments	49	-	49	-	-	-	-	-	-	49	-	49
Increase/(reversal) in impairment allowances	5,679,023	(1,368,033)	4,310,990	5,606,436	1,138,904	6,745,340	-	49,992	49,992	11,285,459	(179,137)	11,106,322
Write offs	(10,983,977)	-	(10,983,977)	-	-	-	-	-	-	(10,983,977)	-	(10,983,977)
Balance, end of year	6,979,085	3,044,577	10,023,662	11,802,288	3,432,667	15,234,955	-	240,525	240,525	18,781,373	6,717,769	25,499,142

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Dec-2016 % ownership	Parent Dec-2015 % ownership	Parent Dec-2016 ₦'000	Parent Dec-2015 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	84.24	84.24	594,109	594,109
GTB Ghana	97.97	95.37	9,042,739	8,572,446
GTB Finance B.V.	100.00	100.00	3,220	3,220
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	3,485,058
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
			43,968,474	41,905,781
Current			-	-
Non-current			43,968,474	41,905,781

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

In thousands of Nigerian Naira	Parent Dec-2016	Parent Dec-2015
Balance, beginning of the year	41,905,781	40,130,284
Disposal during the year	-	-
Additions during the year	2,062,693	1,775,497
Balance, end of the year	43,968,474	41,905,781

(a) (ii) Additions during the period relate to additional investments of N470,293,000 in GTB Ghana and N1,592,400,000 in GTB Cote D'Ivoire

Please refer to Note 45 for more information on the Group structure

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 31 December 2016, are as follows:

Full year profit and loss

Dec-2016

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Operating income	1,691,942	991,120	13,840,329	4,851,097	2,833,481	3,141,319	3,661,362	1,131,185	9,641,918
Operating expenses	-	(991,120)	(6,101,585)	(2,174,467)	(1,953,949)	(2,789,493)	(2,116,611)	(1,377,621)	(7,255,414)
Loan impairment charges	-	-	(593,793)	(244,647)	(59,317)	-	36,121	(167,186)	(718,845)
Profit before tax	1,691,942	-	7,144,951	2,431,983	820,215	351,826	1,580,872	(413,622)	1,667,659
Taxation	-	-	(2,218,295)	(652,424)	(205,054)	-	(468,025)	-	(643,311)
Profit before tax	1,691,942	-	4,926,656	1,779,559	615,161	351,826	1,112,847	(413,622)	1,024,348
Taxation	-	-	-	-	-	-	-	-	-
Profit after tax	1,691,942	-	4,926,656	1,779,559	615,161	351,826	1,112,847	(413,622)	1,024,348
Other comprehensive income net of tax	-	-	-	(843)	-	-	198,417	-	42,325
Total comprehensive income for the year	**1,691,942**	**-**	**4,926,656**	**1,778,716**	**615,161**	**351,826**	**1,311,264**	**(413,622)**	**1,066,673**

Condensed financial position
Dec-2016

In thousands of Nigerian Naira	*Staff Investment Trust*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Assets									
Cash and cash equivalents	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681
Loans and advances to banks	-	-	-	-	-	129,666	-	494,108	-
Loans and advances to customers	-	127,903,847	46,602,126	14,280,796	14,570,559	27,852,101	6,103,846	5,623,853	59,254,839
Financial assets held for trading	-	-	5,732,549	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-	-
Investment securities:									
– Available for sale	5,291,245	-	-	-	-	17,330,138	20,305,737	7,412	2,166,541
– Held to maturity	-	-	30,338,621	8,024,436	2,306,248	-	-	4,257,564	30,009,694
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	-	-	-	-	-	-	-	10,710	-
Investment properties	-	-	-	-	-	-	-	-	-
Property and equipment	-	-	1,803,575	1,274,750	1,628,793	625,750	2,379,586	1,023,122	3,042,459
Intangible assets	-	-	212,469	-	26,619	-	41,159	54,220	1,540,492
Deferred tax assets	-	-	162,366	48,797	-	381,461	-	-	985,804
Restricted deposits and other assets	-	-	1,737,159	498,712	1,178,423	348,989	527,380	241,877	3,309,849
Total assets	5,404,474	127,903,847	114,938,143	37,398,338	30,893,543	148,404,844	41,646,782	13,171,264	122,680,359
Financed by:									
Deposits from banks	-	-	4,276,137	247,937	-	79,114,770	359,634	-	9,717,458
Deposits from customers	-	-	82,641,543	30,112,825	22,334,685	56,501,480	23,791,695	6,869,499	82,876,236
Debt securities issued	-	125,639,949	-	-	-	-	-	-	597,914
Current income tax liabilities	-	-	40,314	177,813	149,265	-	47,359	-	42,499
Deferred tax liabilities	-	-	90,220	-	-	-	169,862	-	270,462
Other liabilities	7,920,089	-	3,301,791	842,452	1,642,974	580,074	8,065,864	1,653,598	1,614,549
Other borrowed funds	2,083,304	-	3,530,615	-	1,547,092	-	4,811,803	-	3,066,162
Total liabilities	10,003,393	125,639,949	93,880,620	31,381,027	25,674,016	136,196,324	37,246,217	8,523,097	98,185,280
Equity and reserve	(4,598,919)	2,263,898	21,057,523	6,017,311	5,219,527	12,208,520	4,400,565	4,648,167	24,495,079
	5,404,474	127,903,847	114,938,143	37,398,338	30,893,543	148,404,844	41,646,782	13,171,264	122,680,359

Condensed cash flow

Dec-2016

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Net cash flow:									
- from operating activities	(216,853)	156,440,616	11,328,810	332,834	548,716	37,562,688	18,952,598	1,765,584	(4,032,950)
- from investing activities	1,154,853	-	(10,995,490)	2,585,602	715,873	(4,075,411)	(17,183,790)	(1,213,309)	8,967,240
- from financing activities	(880,645)	(156,448,038)	(3,082,258)	(752,063)	1,547,092	-	131,390	-	2,796,708
Increase in cash and cash equivalents	57,355	(7,422)	(2,748,938)	2,166,373	2,811,681	33,487,277	1,900,198	552,275	7,730,998
Cash balance, beginning of year	55,874	4,729	22,364,533	9,449,243	5,653,178	52,137,389	7,632,855	853,821	10,519,188
Effect of exchange difference	-	2,693	8,733,683	1,655,231	2,718,042	16,112,073	2,756,021	52,302	4,120,495
Cash balance, end of year	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2016, are as follows:

Profit and loss
Dec-2016

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	5,568,997	1,322,930	2,749,991
Operating expenses	(3,784,987)	(1,394,307)	(2,076,121)
Loan impairment charges	(66,736)	(57,426)	(594,683)
Profit before tax from continuing operations	1,717,274	(128,803)	79,187
Taxation	(600,035)	(43,276)	-
Profit after tax from continuing operations	1,117,239	(172,079)	79,187
Profit after tax	1,117,239	(172,079)	79,187

Condensed financial position
Dec-2016

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets			
Cash and cash equivalents	13,365,466	2,824,698	6,180,517
Loans and advances to customers	39,335,585	6,177,951	13,741,303
– Available for sale	2,166,541	-	-
– Held to maturity	23,731,672	1,749,359	4,528,663
Investment in subsidiaries	8,709,682	-	-
Property and equipment	1,210,223	370,717	1,461,519
Intangible assets	617,001	353,199	437,334
Deferred tax assets	255,012	730,792	-
Restricted deposits and other assets	956,672	234,632	2,118,545
	90,347,854	12,441,348	28,467,881
Total assets	90,347,854	12,441,348	28,467,881
Financed by:			
Deposits from banks	9,599,910	117,034	514
Deposits from customers	50,476,758	8,764,401	23,635,077
Debt securities issued	3,664,076	-	-
Current income tax liabilities	42,499	-	-
Deferred tax liabilities	68,616	-	201,846
Other liabilities	1,052,032	130,905	431,612
Other borrowed funds	-	-	-
	64,903,891	9,012,340	24,269,049
Total liabilities	64,903,891	9,012,340	24,269,049
Equity and reserve	25,443,963	3,429,008	4,198,832
	90,347,854	12,441,348	28,467,881

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

Dec-2015

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

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

-

Dec-2015

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

Dec-2015

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

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

Profit and loss
Dec-2015

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

Condensed financial position
Dec-2015

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

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2016	42,863,912	9,334,026	54,717,391	8,610,235	12,569,888	18,477,260	146,572,712
Exchange difference	2,114,456	266,667	3,482,693	674,904	-	481,901	7,020,621
Additions	1,474,835	10,081	7,173,198	1,224,554	32,588	5,838,096	15,753,352
Disposals	(186,921)	-	(2,023,811)	(1,317,335)	-	(257,596)	(3,785,663)
Transfers	6,092,182	4,219,310	3,603,245	429,712	-	(14,344,449)	-
Balance at 31 December 2016	52,358,464	13,830,084	66,952,716	9,622,070	12,602,476	10,195,212	165,561,022
Balance at 1 January 2015	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781
Exchange difference	67,021	26,727	(20,171)	35,819	-	11,485	120,881
Additions	1,361,172	38,236	5,354,491	1,295,008	8,341,756	6,764,582	23,155,245
Disposals	(17,930)	-	(2,595,850)	(1,317,821)	-	9,406	(3,922,195)
Transfers	1,396,593	364,750	869,800	218,373	-	(2,849,516)	-
Balance at 31 December 2015	42,863,912	9,334,026	54,717,391	8,610,235	12,569,888	18,477,260	146,572,712

[1] Of this amount as at December 2016, Leasehold improvement accounts for N10,498,282,000 (20.1%) while Buildings acounts for N41,860,464,000 (79.9%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2016	9,161,702	735,342	39,885,651	5,462,806	3,338,433	-	58,583,934
Exchange difference	578,294	31,608	2,366,748	415,218	-	-	3,391,868
Charge for the year	1,682,901	143,567	8,517,757	1,608,261	1,584,660	-	13,537,146
Disposal	(170,060)	-	(2,002,049)	(1,267,872)	-	-	(3,439,981)
Assets of subsidiaries acquired	-	-	-	-	-	-	-
Balance at 31 December 2016	11,252,837	910,517	48,768,107	6,218,413	4,923,093	-	72,072,967
Balance at 1 January 2015	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Exchange difference	22,357	7,045	(4,707)	25,494	-	-	50,189
Charge for the year	1,755,517	112,509	7,361,650	1,482,717	705,251	-	11,417,644
Disposal	(9,433)	-	(2,595,983)	(1,260,817)	-	-	(3,866,233)
Balance at 31 December 2015	9,161,702	735,342	39,885,651	5,462,806	3,338,433	-	58,583,934
Carrying amounts:							
Balance at 31 December 2016	41,105,627	12,919,567	18,184,609	3,403,657	7,679,383	10,195,212	93,488,055
Balance at 31 December 2015	33,702,210	8,598,684	14,831,740	3,147,429	9,231,455	18,477,260	87,988,778

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2016	37,765,872	8,700,616	47,172,750	7,040,772	12,569,888	17,473,732	130,723,630
Exchange difference	-	-	-	-	-	-	-
Additions	1,086,365	-	6,355,042	1,066,480	32,588	5,508,569	14,049,044
Disposals	(62,595)	-	(2,096,714)	(1,201,546)	-	-	(3,360,855)
Transfers	5,515,952	4,219,310	3,559,734	429,712	-	(13,724,708)	-
Reclassifications from other assets	-	-	-	-	-	-	-
Balance at 31 December 2016	44,305,594	12,919,926	54,990,812	7,335,418	12,602,476	9,257,593	141,411,819
Balance at 1 January 2015	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202
Exchange difference	-	-	-	-	-	-	-
Additions	1,260,112	35,250	4,395,832	930,695	8,341,756	6,114,949	21,078,594
Disposals	-	-	(2,673,655)	(1,240,511)	-	-	(3,914,166)
Transfers	1,273,560	364,750	712,101	190,155	-	(2,540,566)	-
Reclassifications from other assets	-	-	-	-	-	-	-
Balance at 31 December 2015	37,765,872	8,700,616	47,172,750	7,040,772	12,569,888	17,473,732	130,723,630

[1] Of this amount as at December 2016, Leasehold improvement accounts for N10,498,282,000 (23.7%) while Buildings acounts for N33,807,310,000 (76.3%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Parent

Depreciation

In thousands of Nigerian Naira	Leasehold improvement and buildings	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
Balance at 1 January 2016	7,817,005	657,720	35,145,312	4,572,412	3,338,433	-	51,530,882
Exchange difference	-	-	-	-	-	-	-
Charge for the year	1,266,591	140,820	7,197,509	1,271,739	1,584,660	-	11,461,319
Disposal	(62,595)	-	(2,073,821)	(1,153,991)	-	-	(3,290,407)
Balance at 31 December 2016	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
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 year	1,427,660	112,292	6,442,557	1,171,197	705,251	-	9,858,957
Disposal	-	-	(2,666,412)	(1,178,767)	-	-	(3,845,179)
Balance at 31 December 2015	7,817,005	657,720	35,145,312	4,572,412	3,338,433	-	51,530,882
Carrying amounts:							
Balance at 31 January 2016	35,284,593	12,121,386	14,721,812	2,645,258	7,679,383	9,257,593	81,710,025
Balance at 31 December 2015	29,948,867	8,042,896	12,027,438	2,468,360	9,231,455	17,473,732	79,192,748

(c) The Bank had capital commitments of N863,599,000 (31 December 2015: N1,025,496,000) 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 (2015: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2016	8,648,385	9,067,360	17,715,745
Exchange translation differences	24,080	1,263,502	1,287,582
Additions	-	2,392,426	2,392,426
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	8,672,465	12,674,080	21,346,545
Balance at 1 January 2015	8,650,704	10,035,233	18,685,937
Exchange translation differences	(2,319)	(81,432)	(83,751)
Additions	-	1,198,372	1,198,372
Disposals	-	(2,084,813)	(2,084,813)
Balance at 31 December 2015	8,648,385	9,067,360	17,715,745
Amortization and impairment losses			
Balance at 1 January 2016	-	5,245,133	5,245,133
Exchange translation differences	-	579,494	579,494
Amortization for the year	-	1,712,220	1,712,220
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	-	7,487,639	7,487,639
Balance at 1 January 2015	-	6,169,718	6,169,718
Exchange translation differences	-	(16,651)	(16,651)
Amortization for the year	-	1,176,878	1,176,878
Disposals	-	(2,084,812)	(2,084,812)
Balance at 31 December 2015	-	5,245,133	5,245,133
Carrying amounts			
Balance at 31 December 2016	8,672,465	5,186,441	13,858,906
Balance at 31 December 2015	8,648,385	3,822,227	12,470,612

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the year ended December 2016 (2015: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2016	6,726,359
Additions	2,153,981
Disposals	(12,895)
Balance at 31 December 2016	8,867,445
Balance at 1 January 2015	7,616,866
Additions	1,003,673
Disposals	(1,894,180)
Balance at 31 December 2015	6,726,359
Amortization and impairment losses	
Balance at 1 January 2016	4,233,400
Amortization for the year	1,268,979
Disposals	(12,895)
Balance at 31 December 2016	5,489,484
Balance at 1 January 2015	5,199,166
Amortization for the year	928,413
Disposals	(1,894,179)
Balance at 31 December 2015	4,233,400
Carrying amounts	
Balance at 31 December 2016	3,377,961
Balance at 31 December 2015	2,492,959

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	Dec -16	Dec -15
Rest of West Africa:		
- Corporate Banking	82,428	38,144
- Commercial Banking	13,346	5,564
- Retail Banking	21,627	7,214
East Africa:		
- Corporate Banking	6,006,586	6,440,068
- Commercial Banking	972,531	939,431
- Retail Banking	1,575,947	1,217,962
	8,672,465	**8,648,384**

No impairment loss on goodwill was recognised during the year ended 31 December 2016 (31 December 2015: 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 to perpetuity were estimated using a constant average growth rate of 4.5 per cent and 5.5per cent for CGUs in Rest of Africa and East Africa regions respectively. These constant growth rates are 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 amounts of the East Africa region for which goodwill were allocated have been based on their value in use which were determined by discounting the projected cash flows generated by the segments in the region with the weighted discount rate of 15.22% derived using CAPM approach (2015 – Gordon's Dividend Approach). It would require over N2.8billion change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired. Had the Group applied Gordon's Dividend Approach in the current year, recoverable amount would have increased by over N50bn across all the CGUs and the most vulnerable CGU would have increased by N1.3Billion. The Group considers the use of CAPM more appropriate due to availability of information on inputs into the CAPM valuation method.

2016-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	12.0%	11.5%	12.5%	15.2%	15.7%	16.2%
Operating Income Growth Rate (%)	13.0%	12.5%	13.5%	15.8%	16.3%	16.8%
Other Operating Costs (₦'Million)	1,507	348	2,903	251	58	483
Annual Capital Expenditure (₦'Million)	236	206	308	53	46	70
Recoverable Amount (₦'Million)	83,759	16,786	28,596	30,213	5,628	7,502
Long Term Growth Rate (%)	6%- 8%	6%- 8%	6%- 8%	6%- 8%	6%- 8%	6%- 8%
Discount Rate (%)	11.32%	11.32%	11.32%	15.22%	15.22%	15.22%

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

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira	Dec-2016			Dec-2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	592,623	-	592,623	639,651	-	639,651
Fair value reserves	255,012	-	255,012	74,564	-	74,564
Allowances for loan losses/Fraudloss provision	730,792	-	730,792	483,504	-	483,504
Foreign currency translation difference	-	-	-	2,046,422	-	2,046,422
Net deferred tax assets/(liabilities)	1,578,427	-	1,578,427	3,244,141	-	3,244,141

In thousands of Nigerian Naira	-	Dec-2016	Dec-2015
Deferred tax assets			
-Deferred tax assets to be recovered within 12 months		985,804	2,604,490
-Deferred tax assets to be recovered after more than 12 months		592,623	639,651

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**Dec-2016**			**Dec-2015**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	11,020,971	11,020,971	-	9,596,590	9,596,590
Fair value reserves	1,159,001	-	(1,159,001)	-	907,831	907,831
Allowances for loan losses/Fraudloss provision	17,408,177	-	(17,408,177)	2,216,888	-	(2,216,888)
Mark to market loss on valuation of securities	-	-	-	-	-	-
Defined benefit obligation/Actuarial Loss	125,966	-	(125,966)	1,356,344	-	(1,356,344)
Restricted deposits and other assets	-	20,149,417	20,149,417	91,667	-	(91,667)
Foreign currency translation difference	-	5,164,140	5,164,140	-	-	-
Net deferred tax (assets)/liabilities	18,693,144	36,334,528	17,641,384	3,664,899	10,504,421	6,839,522

In thousands of Nigerian Naira	**Dec-2016**	**Dec-2015**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	18,693,144	3,664,899
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	25,313,557	907,831
-Deferred tax liabilities to be recovered after more than 12 months	11,020,971	9,596,590

Parent
Deferred Tax Liabilities

In thousands of Nigerian Naira		**Dec-2016**			**Dec-2015**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	10,559,043	10,559,043	-	9,126,016	9,126,016
Fair value reserves	1,227,618	-	(1,227,618)	-	884,656	884,656
Allowances for loan losses/Fraudloss provision	17,408,177	-	(17,408,177)	2,216,888	-	(2,216,888)
Mark to market loss on valuation of securities	-	-	-	-	-	-
Defined benefit obligation/Actuarial Loss	125,966	-	(125,966)	1,356,344	-	(1,356,344)
Restricted deposits and other assets	-	20,149,417	20,149,417	91,667	-	(91,667)
Net deferred tax (assets)/liabilities	18,761,761	30,708,460	11,946,699	3,664,899	10,010,672	6,345,773

In thousands of Nigerian Naira	**Dec-2016**	**Dec-2015**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	18,761,761	3,664,899
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	20,149,417	884,656
-Deferred tax liabilities to be recovered after more than 12 months	10,559,043	9,126,016

Movements in temporary differences during the year

Group
Dec-2016

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	Restricted deposits and other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2016	8,956,938	833,267	(2,700,392)	-	(1,356,344)	(67,338)	(2,070,751)	3,595,380
Exchange Difference	(86,208)	(26,202)	92,279	-	-	(523,222)	594,399	51,046
Recognised in Profit or loss	1,557,618	(238,668)	(15,530,856)	-	659,496	20,739,976	-	7,187,566
Other comprehensive Income	-	(1,982,410)	-	-	570,882	-	6,640,493	5,228,965
Balance at 31 December 2016	10,428,348	(1,414,013)	(18,138,969)	-	(125,966)	20,149,416	5,164,141	16,062,957

Group
Dec-2015

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Restricted deposits and other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2015	7,299,692	(539,262)	(2,750,653)	1,882	(238,800)	(154,888)	(1,584,583)	2,033,388
Exchange Difference	(85,118)	-	(19,565)	(4,988)	-	68,301	9,890	(31,480)
Recognised in Profit or loss	1,742,364	(47,935)	69,826	3,106	(714,724)	19,249	-	1,071,886
Other comprehensive Income	-	1,420,464	-	-	(402,820)	-	(496,058)	521,586
Balance at 31, Dec 2015	8,956,938	833,267	(2,700,392)	-	(1,356,344)	(67,338)	(2,070,751)	3,595,380

Parent
Dec-2016

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	Restricted deposits and other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2016	9,126,017	884,656	(2,216,888)	-	(1,356,344)	(91,667)	-	6,345,774
Recognised in Profit or loss	1,433,026	-	(15,191,289)	-	659,496	20,241,084	-	7,142,317
Other comprehensive Income	-	(2,112,274)	-	-	570,882	-	-	(1,541,392)
Balance at 31 December 2016	10,559,043	(1,227,618)	(17,408,177)	-	(125,966)	20,149,417	-	11,946,699

Parent
Dec-2015

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Restricted deposits and other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2015	7,147,894	(514,236)	(2,318,803)	1,882	(238,800)	(122,132)	-	3,955,805
Recognised in Profit or loss	1,978,123	-	101,915	(1,882)	(714,724)	30,465	-	1,393,897
Deferred Tax Reclassifications	-	-	-	-	-	-	-	-
Other comprehensive Income	-	1,398,892	-	-	(402,820)	-	-	996,072
Balance at 31, Dec 2015	9,126,017	884,656	(2,216,888)	-	(1,356,344)	(91,667)	-	6,345,774

34 Restricted deposits and other assets

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Repossessed collaterals	3,922,091	-	3,922,091	-
Prepayments (See note 34(b) below)	20,181,781	14,513,586	13,985,707	11,227,930
Foreign Banks - Cash Collateral	11,944,208	7,348,576	11,944,208	7,348,576
Restricted deposits with central banks (See note 34(a) below)	328,747,009	276,458,798	327,100,025	273,873,799
Recognised assets for defined benefit obligations (See note 40)	7,506,302	5,095,333	7,506,302	5,095,333
	372,301,391	**303,416,293**	**364,458,333**	**297,545,638**
Impairment on other assets (See note 34(c) below)	(305,556)	(305,556)	(305,556)	(305,556)
	371,995,835	303,110,737	364,152,777	297,240,082
Current	35,705,636	21,556,606	29,509,562	18,270,950
Non-current	336,290,199	281,554,131	334,643,215	278,969,132

(a) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N327,100,025,000 with the Central Bank of Nigeria (CBN) as at 31 December 2016 (December 2015: N273,873,799,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2015: 25%) of total Naira deposits made up of 22.5% regular CRR and 5% Sprecial Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.

As at 31 December 2016, GTB Liberia and Cote D'Ivoire had restricted balances of N452,700,000 and N66,211,000 with the Central Bank of Liberia and the BCEAO respectively (December 2015: N1,669,398,000 and N106,072,000). The Cash Reserve Ratio in Liberia and Cote D'Ivoire represents a mandatory 15% and 5% respectively of local currency deposit which should be held with their respective Central Banks as a regulatory requirement. In the same period, GTBank Kenya had restricted deposits of N1,128,074,000 (December 2015: N809,530,000).

(b) Included in Prepayments is an amount of N5,364,548,000 as at 31 December 2016 (December 2015: N5,551,748,000) which relates to prepaid operating lease rentals on branches leased by the Bank.

(c) Movement in impairment of other assets:

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
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 Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Money market deposits	12,485,830	15,314,439	-	-
Other deposits from banks	112,582,018	10,942,400	40,438	39,941
	125,067,848	26,256,839	40,438	39,941
Current	125,067,848	26,256,839	40,438	39,941
Non-current	-	-	-	-

36 **Deposits from customers**

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Retail customers:				
Term deposits	167,670,395	188,045,270	123,744,581	130,141,927
Current deposits	356,575,696	267,977,382	273,472,107	244,594,404
Savings	454,436,327	332,781,296	390,615,952	295,165,512
Corporate customers:				
Term deposits	241,549,629	258,426,826	208,000,749	236,185,583
Current deposits	766,014,185	563,118,915	685,351,431	516,462,699
	1,986,246,232	1,610,349,689	1,681,184,820	1,422,550,125
Current	1,957,923,345	1,606,253,762	1,681,181,153	1,422,545,248
Non-current	28,322,887	4,095,927	3,667	4,877

37 **Financial liabilities held for trading**

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Bond short positions	629,202	-	629,202	-
Treasury bills short positions	1,436,200	-	1,436,200	-
	2,065,402	-	2,065,402	-
Current	2,065,402	-	2,065,402	-
Non-current	-	-	-	-

38 Debt securities issued

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Debt securities at amortized cost:				
Eurobond debt security	125,639,949	179,736,280	-	-
Corporate bonds	597,914	381,144	-	-
	126,237,863	180,117,424	-	-
Current	-	105,645,788	-	-
Non-current	126,237,863	74,471,636	-	-

Debt securities of N125,306,578,000 (USD 401,109,000) (December 2015: N179,736,280,000 (USD 902,971,000))represents amortised cost of Dollar guaranteed note issued by GTB B.V. Netherlands. The outstanding note of USD 400,000,000 (principal) was issued in November 2013 for a period of 5 years at 6% per annum payable semi-annually. Please note that the note issued in May 2011 matured in May 2016 and the bank was able to fund the repayment without issuing additional notes

39 Other liabilities

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Cash settled share based payment liability (Note 39(d))	7,920,089	8,136,942	-	-
Liability for defined contribution obligations (Note 39(a))	51,512	28,218	-	-
Deferred income on financial guarantee contracts	141,684	108,730	46,447	37,727
Certified cheques	11,060,137	9,575,247	7,321,435	7,042,979
Lease obligation (Note 39(b))	1,675,041	1,915,400	1,675,041	1,915,400
Customers' deposit for foreign trade (Note 39(c))	12,220,426	7,343,801	11,972,086	7,343,801
Customers' escrow balances	30,786,203	16,750,005	30,786,203	16,750,005
Account Payables	7,455,494	6,417,011	7,200,437	6,266,513
Creditors and agency services	19,047,197	10,493,669	5,734,116	1,941,077
Customers deposit for shares of other Corporates	25,324,707	43,836,690	25,324,675	43,828,709
	115,682,490	104,605,713	90,060,440	85,126,211
Current	106,021,253	93,497,118	89,003,270	83,519,290
Non-current	9,661,237	11,108,595	1,057,170	1,606,921

(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 an Aircraft held under a finance lease arrangement. The net carrying amount of the assets, included within property, plant and equipment is N7,679,381,000 (December 2015: N9,231,455,000)

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 2015:Nil)

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Not more than one year	1,499,354	955,335	1,499,354	955,335
Over one year but less than five years	249,893	1,114,557	249,893	1,114,557
Over five years	-	-	-	-
	1,749,247	2,069,892	1,749,247	2,069,892
Less future finance charges	(74,206)	(154,492)	(74,206)	(154,492)
	1,675,041	1,915,400	1,675,041	1,915,400

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Dec-2016	Dec-2015	Dec-2016	Dec-2015
Not more than one year	1,427,318	848,125	1,427,318	848,125
Over one year but less than five years	247,723	1,067,275	247,723	1,067,275
Over five years	-	-	-	-
	1,675,041	1,915,400	1,675,041	1,915,400

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Dec-2016		Dec-2015	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	20.64	394,199	20.13	401,415
Granted	13.25	27,139	11.21	25,486
Forfeited	0.00	-	0.00	-
Exercised	16.60	(17,808)	21.65	(32,702)
Expired	0.00	-	-	-
As at end of the year	**19.63**	**403,531**	**20.64**	**394,199**

Out of the 403,531,000 outstanding Share Appreciation Right (SARs) as at December 2016 (Dec 2015: 394,199,000 SARs), 308,615,835 SARs (Dec 2015: 287,440,956) were exercisable. SARs exercised in 2016 resulted in 13,662,330 shares (Dec 2015:32,701,735) being issued at a weighted average price of N15.69 each (Dec 2015: N21.65 each).

The fair value of SAR was determined using a multi-factor model which entails using average share price for vested shares and multiple combination of 11.16% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

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

Naira	Exercise price		Share options (thousands)	
Grant-Vest	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
2004-2009	22.56	23.36	3,895,257	4,212,913
2004-2017	20.09	17.85	77,400	66,105
2005-2010	20.14	21.08	426,202	496,840
2005-2011	20.94	23.46	64,289	64,565
2005-2013	22.41	23.09	477,592	492,179
2006-2011	20.01	20.85	175,375	177,526
2006-2014	21.78	22.74	209,010	214,490
2007-2012	19.44	19.99	542,924	605,604
2007-2013	16.90	16.84	43,356	43,219
2007-2014	19.54	20.87	173,395	172,058
2007-2015	20.34	21.40	120,511	122,538
2007-2016	20.91	20.14	353,132	336,038
2008-2013	17.11	18.87	249,753	241,845
2008-2014	17.54	18.49	86,273	84,493
2008-2015	17.12	17.99	40,363	38,819
2008-2017	20.35	18.64	42,983	39,383
2009-2014	20.66	21.15	101,959	99,483
2009-2015	22.62	23.39	10,973	11,346
2009-2016	22.69	21.38	3,545	3,341
2010-2015	14.87	15.11	98,998	105,234
2010-2016	20.54	18.70	50,406	41,780
2010-2017	19.96	18.72	33,811	30,681
2010-2018	15.95	15.18	32,377	28,698
2010-2019	16.54	12.35	37,074	27,676
2011-2016	15.22	14.79	212,152	170,940
2011-2017	12.05	10.97	16,725	13,042
2011-2018	13.54	10.33	23,014	16,019
2011-2019	17.34	14.62	42,930	33,257
2011-2020	17.27	16.11	18,996	14,500
2012-2017	11.80	9.32	65,101	43,487
2012-2018	10.41	9.65	6,391	4,478
2012-2021	11.17	9.03	3,352	2,710
2012-2022	11.65	10.72	5,139	2,584
2013-2018	10.04	6.29	83,733	42,568
2014-2019	5.94	4.70	27,983	15,242
2014-2022	4.83	3.89	635	2,244
2015-2020	4.76	3.60	27,347	15,329
2015-2022	4.23	3.43	8,033	3,090
2015-2023	4.34	3.46	717	570
2015-2024	3.92	3.31	91	28
2016-2021	3.93	0.00	30,028	-
2016-2025	3.81	0.00	764	-
			7,920,089	8,136,942

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. The defined benefit obligation valuation was carried out by Alexander Forbes Consulting Actuaries.

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

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Unfunded obligations	-	-	-	-
Present value of funded obligations	(2,322,827)	(3,178,414)	(2,322,827)	(3,178,414)
Total present value of defined benefit obligations	(2,322,827)	(3,178,414)	(2,322,827)	(3,178,414)
Fair value of plan assets	9,829,129	8,273,747	9,829,129	8,273,747
Present value of net asset/(obligations)	7,506,302	5,095,333	7,506,302	5,095,333
Unrecognized actuarial gains and losses	-	-	-	-
Recognized asset/(liability) for defined benefit obligat	7,506,302	5,095,333	7,506,302	5,095,333

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

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

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

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
(Deficit)/surplus on defined benefit obligations, beginning of year	5,095,333	5,647,099	5,095,333	5,647,099
Net (Expense) / Income recognised in Profit and Loss[1]	454,606	754,440	454,606	754,440
Re-measurements recognised in Other Comprehensive Income[2]	1,902,941	(1,342,734)	1,902,941	(1,342,734)
Contributions paid	53,422	36,528	53,422	36,528
(Deficit)/surplus for defined benefit obligations, end of year	7,506,302	5,095,333	7,506,302	5,095,333

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

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Interest cost on Net defined benefit obligation[a]	570,680	832,507	570,680	832,507
Current service costs	(116,074)	(78,067)	(116,074)	(78,067)
	454,606	754,440	454,606	754,440

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Interest income on assets	943,207	1,184,156	943,207	1,184,156
Interest cost on defined benefit obligation	(372,527)	(351,649)	(372,527)	(351,649)
	570,680	832,507	570,680	832,507

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Return on plan assets, excluding amounts included in interest expense/income	612,175	(857,767)	612,175	(857,767)
Gain/(loss) from change in financial assumptions	-	742,172	-	742,172
Gain/(loss) from change in demographic assumptions	1,290,766	(1,227,139)	1,290,766	(1,227,139)
	1,902,941	(1,342,734)	1,902,941	(1,342,734)

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Equity securities:				
- Quoted	2,205,902	1,978,787	2,205,902	1,978,787
Government securities				
- Quoted	1,033,440	473,990	1,033,440	473,990
Offshore investments				
- Quoted	2,591,416	1,612,172	2,591,416	1,612,172
Cash and bank balances				
- Unquoted	3,998,371	4,208,798	3,998,371	4,208,798
	9,829,129	8,273,747	9,829,129	8,273,747

Group

In thousands of Nigerian Naira	Dec-2016		Dec-2015	
Equity securities	2,205,902	22%	1,978,787	24%
Government securities	1,033,440	11%	473,990	6%
Offshore investments	2,591,416	26%	1,612,172	19%
Cash and bank balances	3,998,371	41%	4,208,798	51%
	9,829,129	100%	8,273,747	100%

Parent

In thousands of Nigerian Naira	Dec-2016		Dec-2015	
Equity securities	2,205,902	21%	1,978,787	23%
Government securities	1,033,440	11%	473,990	6%
Offshore investments	2,591,416	26%	1,612,172	19%
Cash and bank balances	3,998,371	41%	4,208,798	51%
	9,829,129	100%	8,273,747	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 N2,058,015,000 (Dec 2015: N1,839,796,000) and money marke placements with a market value of N3,762,410,000 (Dec 2015:N3,610,631,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2017 are N143,504,000 (December 2016: N53,422,000) while gratuity payments are estimated to be N143,504,000 (December 2016: N53,422,000)

(d) Defined benefit cost for year ending December 2017 is expected to be as follows:

	Parent Dec-2017	Parent Dec-2016
Current service cost	56,252	116,074
Net Interest on Net benefit liability	(1,233,575)	(575,738)
Expense/(Income) recognised in profit or loss	(1,177,323)	(459,664)

Components of net interest on defined benefit liability for the year ending December 2017 is estimated to be as follows:

	Parent Dec-2017	Parent Dec-2016
Interest cost on defined benefit obligation	378,402	367,469
Interest income on assets	(1,611,977)	(943,207)
Total net interest cost	(1,233,575)	(575,738)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Fair value of plan assets, beginning of the year	8,273,747	7,947,358	8,273,747	7,947,358
Contributions paid into/(withdrawn from) the plan	53,422	36,528	53,422	36,528
Benefits paid by the plan	(53,422)	(36,528)	(53,422)	(36,528)
Actuarial gain/(loss)	612,175	(857,767)	612,175	(857,767)
Expected return on plan assets	943,207	1,184,156	943,207	1,184,156
Fair value of plan assets, end of the year	9,829,129	8,273,747	9,829,129	8,273,747

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

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Present value of obligation, beginning of the year	3,178,414	2,300,259	3,178,414	2,300,259
Interest cost	372,527	351,649	372,527	351,649
Current service cost	116,074	78,067	116,074	78,067
Benefits paid	(53,422)	(36,528)	(53,422)	(36,528)
Actuarial (gain)/loss on obligation	(1,290,766)	484,967	(1,290,766)	484,967
Present value of obligation at end of the year	2,322,827	3,178,414	2,322,827	3,178,414

(g) Actuarial assumptions

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

	2016	2015
Discount rate	16.40%	14.90%
Salary increase rate	10%	10%
Inflation	12.5%	8%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 16.4%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 10% per annum. The inflation component has been worked out at 12.5% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(h) Reasonably possible changes at the reporting date of discount rate, salary increase rate and mortality rate would have affected the defined benefit obligation by the amounts shown below:

Group
Dec-2016
In thousands of Nigerian Naira except percentages

		Impact on defined benefit obligation	
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,183,090)	2,477,712
Salary increase rate	1.00%	2,489,777	(2,170,493)
Mortality rate	1 year	2,326,775	(2,319,236)

Group
Dec-2015
In thousands of Nigerian Naira except percentages

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

Parent
Dec-2016
In thousands of Nigerian Naira except percentages

		Impact on defined benefit obligation	
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,183,090)	2,477,712
Salary increase rate	1.00%	2,489,777	(2,170,493)
Mortality rate	1 year	2,326,775	(2,319,236)

Parent
Dec-2015
In thousands of Nigerian Naira except percentages

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

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.

(i) Expected maturity analysis of undiscounted pension and post-employment benefits:

In thousands of Nigerian Naira	**Less than 1 year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Present value of the defined benefit obligation	1,146	573	4,427	37,451,943	37,458,089
	1,146	573	4,427	37,451,943	37,458,089

(j) Historical information

In thousands of Nigerian Naira	**Dec-2016**	**Dec-2015**	**Dec-2014**	**Dec-2013**	**Dec-2012**
Present value of the defined benefit obligation	(3,613,593)	(2,693,447)	(2,099,823)	(2,303,929)	422,669
Fair value of plan assets	9,216,954	9,131,514	8,542,922	7,427,603	6,403,690
Experience adjustments on plan liabilities	1,290,766	(484,967)	(200,436)	523,263	362,207
Experience adjustments on plan assets	612,175	(857,767)	(595,564)	132,505	(314,927)
Surplus/(deficit)	7,506,302	5,095,333	5,647,099	5,779,442	6,873,639

(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 Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Due to IFC (see note (i) below)	89,172,633	61,254,296	81,294,668	58,245,601
Due to ADB (see note (ii) below)	8,437,674	8,921,850	8,437,674	8,921,850
Due to FMO	3,530,615	3,270,193	-	-
Due to BOI (see note (iii) below)	47,804,677	47,568,133	47,804,677	47,568,133
Due to GTBV (see note (iv) below)	-	-	125,639,949	179,736,280
Due to CACS (see note (v) below)	21,104,769	14,140,270	21,104,769	14,140,270
Due to Proparco (see note (vi) below)	17,298,941	11,109,588	15,751,849	11,109,588
MSME Development Fund (see note (vii) below)	432,279	398,000	432,279	398,000
State Government Bail Out Fund (see note (viii) below	-	13,460,578	-	13,460,578
Excess Crude Account -Secured Loans (see note (ix) b	14,906,364	5,000,000	14,906,364	5,000,000
Due to DEG (see note (x) below)	16,945,652	-	16,945,652	-
	219,633,604	165,122,908	332,317,881	338,580,300
Current	45,366,170	19,729,559	37,023,752	122,509,064
Non-current	174,267,434	145,393,349	295,294,129	216,071,236

i). The amount of N81,294,668,000 (USD 260,226,000) (December 2015: N58,245,601,000 ; USD 292,618,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014(USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

ii). The amount of N8,437,674,000 (USD 27,009,000) (December 2015: N8,921,850,000 ; USD 44,822,000) represents the outstanding balance on the second tranche of the facility granted to the Parent by the African Development Bank(AfDB). The first tranche was disbursed in August 2007(USD 40,000,000) for a period of 5.5 years and was fully re-paid in February 2013. The second tranche was disbursed in February 2012 (USD 90,000,000) for a period of 7 years. The principal amount on this is payable semi annually from August 2013. Interest is payable semi annually on the second tranche at 5.157%.

iii). The amount of N47,804,677,000 (December 2015: N47,568,133,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iv). The amount of N125,639,949,000 (USD 402,177,000) (December 2015: N179,736,280,000 ; USD 902,971,000) represents amortised cost of dollar guaranteed notes issued by GTB Finance B.V., Netherlands subsequently granted as a loan to the Parent. It represents the balances on the third tranche of USD 400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum. The principal amount is repayable at the end of the tenor while interest on the note is payable semi-annually. The second tranche of USD 500,000,000 issued in May 2011 for a period of 5 years at 7.5% per annum matured in May 2016 and the Bank was able to repay the obligation without issuing another bond.

v). The amount of N21,104,769,000 (December 2015: N14,140,270,000) represents the outstanding balance on the on lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Rural Development(FMARD) with the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years. at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme is 9% p.a inclusive of all charges.

vi). The amount of N15,751,849,000 (USD 50,422,000) (December 2015: N11,095,588,000 ; USD 55,813,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development(AfD). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and Libor plus 4.26% for the second tranche.

vii). The amount of N432,279,000 (December 2015: N398,000,000) represents the outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate, inclusive of all charges, to the eligible MSMEs is 9% p.a. and the tenor of the facility ranges from 1 to 3 years depending on the type of enterprise.

viii). The Bank had a Nil balance on this facility as at December 2016 (December 2015: N13,460,578,000). The facility is the concessionary loans granted by the Central Bank of Nigeria to State governments for the liquidation of their workers' salary arrears. The facility attracts an interest rate of 2% and the Parent is under obligation to lend to participating states at a maximum rate of 9% p.a (inclusive of all charges). The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States.

ix). The amount of N14,906,364,000 (December 2015: N5,000,000,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges. The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

x). The amount of N16,945,652,000 (USD 54,243,000) (December 2015: N0,,0,000 ; USD 0,0,000) represents the amortised cost of the 7 year facility granted to the Parent by DEG, a wholly-owned subsidiary of KfW Group. The facility was disbursed in December 2016 and is repayable semi annually from July 2019. Interest is priced at 5.4% p.a. plus 6-months USD LIBOR and paid on a semi-annual basis.

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 Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
(a)	Authorised -				
	50,000,000,000 ordinary shares of 50k each				
	(31 December 2015: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2015: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
26,393,537,587 ordinary shares (Non-GDR) of 50k each (31 December 2015: 26,330,575,837)	13,196,769	13,165,288	13,196,769	13,165,288
3,037,641,637 ordinary shares (GDR) of 50k each (31 December 2015: 3,100,603,387)	1,518,821	1,550,302	1,518,821	1,550,302
	14,715,590	14,715,590	14,715,590	14,715,590

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

In thousands of Nigerian Naira	**Group Dec-2016**	**Group Dec-2015**	**Parent Dec-2016**	**Parent Dec-2015**
Balance, beginning of year	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the year	-	-	-	-
Balance, end of year	14,715,590	14,715,590	14,715,590	14,715,590

Share capital

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

	Number of shares (thousands)	**Ordinary shares**	**Share premium**	**Treasury shares**
At January 2015	29,431,180	14,715,590	123,471,114	(3,987,575)
Proceeds from shares issued	-	-	-	-
Bonus capitalised	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	(766,581)
At 31 December 2015/1 January 2016	**29,431,180**	**14,715,590**	**123,471,114**	**(4,754,156)**
(Purchases)/sales of treasury shares	-	-	-	(537,089)
At 31 December 2016	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**

Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

(i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. In the current period, the bank appropriated N38,051,038,000 representing 30% of its Profit after tax to statutory reserve. Total statutory reserves was N199,185,674,000 at the end of the year.

(ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. Total SMEEIS reserves was N4,232,478,000 at the end of the year.

(iii) **Treasury shares**

Treasury shares in the sum of N5,291,245,000 (31 December 2015:N4,754,156,000) represents the Bank's shares held by the Staff Investment Trust as at 31 December 2016.

(iv) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve**

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required by IAS 39. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N52,324,178,000.

(vi) **Retained earnings**

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

(vii) **Non-controlling interest**

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

	Group Dec-2016	**Group Dec-2015**	**Group Dec-2016**	**Group Dec-2015**
	%	%	₦'000	₦'000
GTB (Gambia) Limited	22.19	22.19	897,736	537,421
GTB (Sierra Leone) Limited	15.76	15.76	919,463	645,034
GTB (Ghana) Limited	2.03	2.03	399,661	597,485
GTB Liberia	0.57	0.57	27,288	18,476
GTB Kenya Limited	30.00	30.00	6,598,547	4,590,134
			8,842,695	6,388,550

Please refer to Note 45 for more information on the Group structure

(viii) **Other regulatory reserves breakdown**

In thousands of Nigerian Naira	2016 Statutory Reserves	2016 SMEEIS Reserves	2015 Statutory Reserves	2015 SMEEIS Reserves
Opening Balance	161,134,636	4,232,478	140,386,849	4,232,478
Transfers for the year	38,051,038	-	20,747,787	
Total transactions with equity holders	**38,051,038**	**-**	**20,747,787**	**-**
Balance at 31 December 2016	**199,185,674**	**4,232,478**	**161,134,636**	**4,232,478**

43 Dividends

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Balance, beginning of year	-	-	-	-
Final dividend declared[1]	44,735,384	44,146,768	44,735,384	44,146,768
Interim dividend declared	7,357,795	7,357,795	7,357,795	7,357,795
Payment during the year	(52,093,179)	(51,504,563)	(52,093,179)	(51,504,563)
Balance, end of year	-	-	-	-

[1] This relates to the final dividend declared for the 2015 financial year

Subsequent to the balance sheet date, the board of directors proposed a final dividend of 175k per share (31 December 2015: 152k 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 452 cases as a defendant (31 December 2015: 428) and 263 cases as a plaintiff (31 December 2015: 180). The total amount claimed in the 452 cases against the Bank is estimated at N464.9 Billion and $132.5 Million (31 December 2015: N511.17 Billion and $132.02 Million) while the total amount claimed in the 263 cases instituted by the Bank is N72.9 Billion (31 December 2015: N49.6 Billion). However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N139, 472,454.00 (31 December 2015: N109, 781,042).

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	**Dec-2016**	**Dec-2015**	**Dec-2016**	**Dec-2015**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	-	-	-
Transaction related bonds and guarantees	503,027,562	463,573,112	468,303,919	454,123,077
Agency Transactions [1]				
	503,027,562	463,573,112	468,303,919	454,123,077
Commitments:				
Short term foreign currency related transactions	1,641,614	3,367,750	-	-
Clean line facilities and letters of credit	70,895,854	84,713,490	43,091,160	73,260,543
Other commitments	7,932,788	12,766,126	-	-
	80,470,256	100,847,366	43,091,160	73,260,543

b. 62% (N289,210,631,000) of all the transaction related bonds and guarantees are collaterised (December 2015: 51%: N230,827,224,000). The cash component of the collaterised bond and guarantee is ₦108,360,331,000 (31 December 2015: N39,747,312,000) while the balance of N180,850,299,000 (December 2015: N191,079,912,000) 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 Dec-16	NCI Dec-16	Ownership interest Dec-15	NCI Dec-15
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	97.97%	2.03%	95.37%	4.63%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	0.00%	100.00%	0.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	0.57%	99.43%	0.57%
6	Guaranty Trust Bank Cote D'Ivoire S.A	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
7	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	30.00%	70.00%	30.00%
	Special purpose entities:					
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%
	Guaranty Trust Bank Finance BV	Netherlands	100.00%	0.00%	100.00%	0.00%

ii. Indirect investment in Sub-subsidiaries

		Country of incorporation	Ownership interest Dec-16	NCI Dec-16	Ownership interest Dec-15	NCI Dec-15
1	Guaranty Trust Bank Rwanda Limited*	Rwanda	67.20%	32.8%	67.20%	32.8%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	30.00%	70.00%	30.00%

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 31 December, 2016:

	Significant subsidiaries	**Principal place of business**	**Accumulated Non-controlling Interest**		**Profit or loss Allocated to Non-controlling Interest**	
	In thousands of Nigerian Naira		**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**
1	Guaranty Trust Bank Gambia Limited	Gambia	864,990	537,421	245,170	150,686
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	911,502	645,034	268,484	211,922
3	Guaranty Trust Bank Ghana Limited	Ghana	400,231	597,485	102,243	152,939
4	Guaranty Trust Bank Liberia Limited	Liberia	27,288	18,476	3,486	1,666
5	Guaranty Trust Bank Kenya Limited	Kenya	6,658,565	4,590,133	360,754	241,240

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Gambia) Limited paid dividend during the year in the sum of N36,224,000, N79,542,000 and N86,821,000 respectively (December 2015: N66,498,000, N13,989,000 and N23,197,000 respectively) 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	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	70%	51%
Nature of entity	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment
Activities of entity	Provision of hospitality services	Rearing of birds and production of table eggs
***Carrying amount**	N508,016,000 (Dec-2015: N508,016,000)	N40,500,000 (Dec-2015: N40,500,000)
Line item in SOFP	Investment securities-AFS***	Investment securities- AFS***
Loans granted	N4,341,488,290 (Dec-2015: N2,581,437,971)	-
****Maximum exposure to loss**	N4,849,504,290 (Dec-2015: N3,089,453,971)	N40,500,000 (Dec-2015: N40,500,000)
Source of Financing	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.
***Available For Sale (AFS)

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 year, the Bank received Dividend of ₦ 1,723,186,000, ₦ 425,316,000 and ₦ 304,409,000 from GTBank Ghana, GTBank Sierra Leone and GTBank Gambia respectively.

The Bank also has receivables from GTBank Ghana and GTBank UK in the sum of ₦18,206,569 and ₦15,851,520 as at 31 December, 2016 respectively (December 2015: GTBank Liberia, and GTBank Ghana in the sum of ₦31,751,974 and ₦141,212,679 respectively).

(c) Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management include the close family members of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close family members are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) Risk assets outstanding 31 December 2016

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc (Director Related) or related to a Key Management Personnel (Insider Related) at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N438,857,000 (31 December 2015:N1,585,455,000) was outstanding on these facilities at the end of the period. The bank earned a sum of N78,171,000 on insider related facilities during the year. The outstanding balance and 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** **Dec-2016**	**Parent** **Dec-2015**
Ithena Logic Ltd	Director Related	Overdraft	Performing	Lien On Shares	7,086	7,093
International Travel Express Ltd	Director Related	Overdraft	Performing	Tripartite Legal Mortgage, Personal Guarantee	-	89,087
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	12,497	12,076
Polystyrene Industries Ltd	Director Related	Overdraft/Term Loan	Performing	Mortgage Debenture,Personal Guarantee	4,621	46,911
Mediabloc Consulting Nigeria Ltd.	Insider Related	Overdraft/Term Loan	Performing	Domiciliation; Personal Guarantee	13,657	14,586
Enwereji Nneka Stella	Director Related	GT Mortgage / Term Loan	Performing	Legal Mortgage & Domiciliation	20,451	18,040
Cubic Contractors Limited	Director Related	Overdraft	Performing	Mortgage Debenture,Personal Guarantee	21,456	991,137
Contemporary Gifts Limited	Insider Related	Overdraft	Performing	All Asset Debenture, Personal Guarantee	18,584	16,920
Discovery House Mont.Sch. Ltd	Insider Related	Term Loan	Performing	Tripartite Legal Mortgage, Domiciliation, Personal Guarantee	74,815	50,000
Agbaje, Olufemi Augustus	Director Related	Maxplus Loan	Performing	Domiciliation	4,099	9,922
Fola Adeola	Director Related	Overdraft	Performing	Tripartite Equitable Mortgage	-	199,458
IBFC Alliance Limited	Director related	Overdraft	Performing	Treasury Bills	-	294
Olanrewaju Kalejaiye	Insider Related	GT Mortgage/Max Advance/I	Performing	Legal Mortgage, Domiciliation	115,155	129,932
Hassan Ibrahim	Director Related	GT Mortgage	Performing	Legal Mortgage	144,000	-
Touchdown Travels	Director Related	Performance Bond	Performing	Cash In Pledged Funds	1,250	-
Uzoewulu Lisa Obiageli	Director Related	Overdraft/Max Advance	Performing	Domiciliation	1,186	-
					438,857	1,585,455

(e) Director/insiders related deposit liabiilties

Name of company/Individual *In thousands of Nigerian Naira*	*Relationship*	*Type of Deposit*	***Parent*** **Dec-2016**	***Parent*** **Dec-2015**
Agusto & Co. Limited	Director related	Demand Deposit	54,151	29,655
Alliance Consulting	Director related	Demand Deposit	3,993	2,008
Comprehensive Project Mgt. Services	Director related	Demand Deposit	18,066	17,129
Cubic Contractors Limited	Director related	Demand Deposit	2,103	4,393
Eterna Plc	Director related	Demand Deposit	7,000	1,915
F & C Securities Limited	Director related	Demand Deposit	-	792
IBFC Limited	Director related	Demand Deposit	50	49
Jaykay Pharmacy Limited	Director related	Demand Deposit	71	600
Kresta Laurel Limited	Director related	Demand Deposit and Time Deposit	79,424	185,391
Main One Cable Company Ltd	Director related	Demand Deposit	4,450	12,218
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	374	1,471
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	3	3
WSTC Financial Services Ltd	Director related	Demand Deposit and Time Deposit	439,695	467,417
WSTC Nominee Limited	Director related	Demand Deposit	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	4,203	76
Intl Travel Express Ltd	Director related	Demand Deposit	13	10
Afren Onshore Ltd	Director related	Demand Deposit	1	1
Afren Resources Limited	Director related	Demand Deposit and Time Deposit	-	109
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposits	7	6
Adam And Eve Nigeria Ltd	Insider Related	Demand Deposit	136	98
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	2,289	2,701
Polystyrene Industries Ltd	Director related	Demand Deposit	197	4,504
Touchdown Travels Limited	Insider Related	Demand Deposit and Time Deposit	9,437	4,354
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	8,521	30,867
Agbaje, Olufemi Augustus	Director related	Demand Deposit	20,144	12,879
Adeola Razack Adeyemi	Director related	Demand Deposit	68,556	21,318
Enwereji Nnneka Stella	Director related	Demand Deposit	71	51
IBFC Alliance	Director related	Demand Deposit	887	721
Olanrewaju Kalejaiye	Insider Related	Demand Deposit	6,981	311
Contemporary Gifts Limited	Insider Related	Demand Deposit	31	-
Fcsl Asset Mgt Company Ltd	Director Related	Demand Deposit	3,263	-
Ithena Logic Limited	Director Related	Demand Deposit	1	-
Uzoewulu, Lisa Obiageli	Insider Related	Demand Deposit	30	-
			734,579	801,478

Interest expense on insider related deposits was N16,376,000 during the year.

(f) Subsidiaries' deposit account balances

Name of company/Individual	*Relationship*	*Type of Deposit*	**Dec-2016**	**Dec-2015**
			₦	₦
GTB Sierra Leone	Subsidiaries	Domicilliary	1,156,205	736,692
GTB Ghana	Subsidiaries	Demand Deposit	3,461,851	3,461,851
GTB Ghana	Subsidiaries	Domicilliary	61,933,772	23,604,882
			66,551,828	27,803,425

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

Loans and advances:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Secured loans	438,857	1,585,455	438,857	1,585,455

Deposits:

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Total deposits	734,579	801,478	734,579	801,478

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Wages and salaries	1,877,254	1,850,486	1,628,256	1,586,128
Post-employment benefits	9,887	7,411	3,350	7,411
Share-based payments	201,811	358,614	-	-
Increase /(decrease) in share appreciation rights	541,963	765,862	-	-
	2,630,915	2,982,373	1,631,606	1,593,539

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

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

In thousands of Nigerian Naira	Group Dec-2016	Group Dec-2015	Parent Dec-2016	Parent Dec-2015
Fees as directors	322,960	302,927	24,500	27,500
Other allowances	346,801	239,112	222,627	236,296
	669,761	542,039	247,127	263,796
Executive compensation	712,787	717,838	712,787	710,838
	1,382,548	1,259,877	959,914	974,634

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Dec-2016	Parent Dec-2015
Chairman	35,698	33,607
Highest paid director	204,242	204,993

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

	Parent Dec-2016	Parent Dec-2015
N 6,500,001 - N11,000,000	-	1
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	1	-
N12,000,001 - N12,500,000	-	-
N12,500,001 - N13,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	1	1
Above N22,500,001	12	13
	14	15

48 Contraventions

INFRACTION	AMOUNT
Penalty in respect of services rendered by unapproved International Money Transfer Service Operators	N50,000,000
Penalty in respect of unrefunded Negotiable Current Account Maintenance Fees	N6,000,000
Penalty in respect of AML/CFT Examination as at April, 2016	N6,000,000
Delay in rendition of Returns	N50,000

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 (OpRisk) as "the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events".

In GTBank, Operational Risk Management involves the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, engagement of third party services, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

– GTBank regards strategic risk as the risk that not only affects but are created by the Bank's strategic decision. It is 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, inadequate implementation of such strategies and strategy failure due to unexpected circumstances.

  The Bank aligns strategy and risk by identifying, assessing and managing risks and uncertainties, affected by internal and external events or factors, which could inhibit the Bank's ability to achieve its strategic objectives. This is done with the ultimate goal of creating and protecting stakeholder value.

  A specialized template is deployed for tracking key business activities designed or defined by the Bank to measure and monitor performance in the achievement of its strategic intent in the short, medium and long term.

– The Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly. A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

The Bank manages Operational risk by using appropriate qualitative & quantitative methods in day to day management processes and adopts various risk mitigating strategies. The following practices, tools and methodologies have been deployed in the Bank for the purpose of Operational Risk Management implementation:

- **Loss Incident Reporting** – Loss incidents are reported to the Operational Risk Management Group by all business areas in the Bank to enable collection of internal OpRisk losses and near misses. 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 built up a robust OpRisk loss database detailing relevant OpRisk loss data for six years. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. All branches and Head-Office departments are required to complete the Risk Self-Assessment process at least once a year. These assessments enable risk profiling and risk mapping of prevalent operational risks across the Bank. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Risk Assessments of the Bank's key processes, new and existing products, services, branches and vendors/contractors are also carried out. This process identifies inherent operational risks and tests the quality of controls the Bank has in place to mitigate likely risks.

- **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 to High risk trends are reported in the Monthly and Quarterly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries incidents identified in the Bank or prevalent in local and global business environments are carried out and reported. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with ISO 22301 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Management System (BCMS). This system assures timely resumption of critical business activities with minimal financial losses or reputational damage and continuity of service to the Bank's customers, vendors and regulators. GTBank has been certified ISO 22301 BC compliant by the globally recognized British Standards Institution (BSI) signifying that the Bank has instituted internationally accepted processes, structures and systems that demonstrate its capacity to resume business within a short timeframe in the event of any business disruption.

  Part of the BCMS is a Business Continuity Plan (BCP), which is reviewed and updated periodically to ensure reliability and relevance of information contained. Various testing and exercising programs are conducted bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health, safety and welfare of all staff, customers and visitors to the Bank's premises are advised, reported to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence

As a result, the Bank conducts Branch Risk Assessments, Fire Risk Assessments and Quarterly Fire Drills to guarantee the safety of its staff and visitors to any of its premises. In addition, awareness on health and safety issues are presented periodically on the intranet.

Operational Risk Management Philosophy and Principles

Approach to Managing OpRisk – Guaranty Trust Bank adopts operational risk procedures and practices that are "fit for purpose" and will increase the efficiency and effectiveness of the Bank's resources, minimize losses and utilize opportunities.

This outlook embeds OpRisk practices in the bank's day-to-day business activities.

It also aligns 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) and International Organization for Standardization (ISO).

Operational Risk Capital Calculation – The Bank has adopted the Basic Indicator Approach (BIA) under Basel II Pillar 1 for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to other capital calculation methods i.e. the Standardized Approach and Advanced Measurement Approach, the application of the BIA is in line with the Central Bank of Nigeria's (CBN) recommendation 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.

Governance Structure – The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank and reviews OpRisk reports on a quarterly basis. It ensures that the OpRisk policy is robust and provides a framework for the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, measurement systems and mitigants whilst ensuring review and approval of the bank's contingency plans for Specific risks. The Board lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured.

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

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

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

Treatment of Operational Risks – GTBank adopts several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Bank's risk tolerances. In line with best practices, the cost of risk treatments introduced must not exceed the reward. OpRisk treatment options adopted by the Bank include Risk Acceptance / Reduction, Risk Transfer, Risk Sharing and Risk Avoidance.

Operational Risk Reporting – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk Management software/application has been acquired by the Bank. This has been successfully implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Agents and Locations

List of Agents and Locations		
S/N	**Name**	**Location**
1	Prince Ebeano Supermarket	9, Northern Business District, Lekki Phase 1, Lagos
2	De Prince Supermarket	3A Adejokun Street, Isheri-Magodo
3	Hubmart Supermarket	Plot 1263, Adeola-Odeku Street, Victoria Island Lagos
4	Etisalat Nigeria Plc	Plot 19 Zone L Banana Island Ikoyi, Lagos.
Select Forte Oil Filling Stations in Lagos		
5	Forte Oil, Bank Road	1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos
6	Forte Oil, Old Airport Road	Muritala Mohammed 2, Local Airport Road, Ikeja
7	Forte Oil, Kingsway Road Apapa	72 Kofo Abayomi Road, Kingsway Avenue Apapa Lagos.
8	Forte Oil, Mushin Isolo	259, Agege Motor Road, Mushin, Lagos
9	Forte Oil, Festac Town	21, Road, Festac Town, Lagos
10	Forte Oil, Shomolu	138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos
11	Forte Oil, Wharf Road Apapa	Barracks Bus Stop, Wharf Road, Apapa, Lagos
12	Forte Oil, Ikorodu Round About	2, Sagamu Road, Ikorodu
13	Forte Oil, Jebba	80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos
14	Forte Oil Campus Road	1, Igbosere Road, Campos Lagos Island
15	Forte Oil, Oshodi Apapa (Mile 2)	Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos
16	Forte Oil, Western Avenue	113/115, Funsho Williams Avenue, Surulere
17	Forte Oil, Boundary Apapa	82/84 Mobil Road, Boundary Bus stop Ajegunle Lagos
18	Forte Oil, Old Apapa Road, Costain	80, Old Apapa Road Ebute Metta West , Costain Lagos
19	Forte Oil, Ogba	Oba Ogunji Road, Pen Cinema, Ogba Lagos
20	Forte Oil, Oba-Akran	39, Oba Akran Avenue Ikeja Lagos
21	Forte Oil, Ladipo-Mushin	110, Ladipo Street , Matori Industrial Estate Mushin
22	Forte Oil, Bariga	6/ 8 Fetuga Street, Bariga
23	Forte Oil, Ajiwe-Ajah	Block A, Plot 7, Budo Farm Layout, Ajiwe-Ajah Lagos
24	Forte Oil, Okota	51 Okota Road Opposite Police Barracks, Okota
25	Forte Oil, Idimu	222 Egbeda-Idimu road, Carwash Bus-stop, Idimu
26	Forte Oil, Awolowo Road	111 – 113 Awolowo Road, Ikoyi
27	Forte Oil, Egbe	71, Egbe Road, Powerline B/Stop, Ejigbo-Lagos
28	Forte Oil Idimu 2	215/217 Idimu Ikotun Road, Ikotun- Lagos.
29	Forte Oil, Iyana Iyesi- Sango Otta	Iyana Iyesi road, Sango Otta
30	Forte Oil, Ilo Awela - Sango Otta	11, Ilo Awela road, Sango Otta
31	Forte Oil, Rumubekwe PH	Ph/Aba Expressway By Shell RA , Port Harcourt
32	Forte Oil, Moscow Road PH	11, Moscow road opp Rivers St House Of Assembly, Port Harcourt
33	Forte Oil Mile 5 PH	By Rumuokwuta Round About, Port Harcourt
34	Forte Oil Aggrey Road 2, PH	Aggrey Road 2, Port Harcourt.
35	Forte Oil, Lorry Park, PH	29 Station Road, Lagos Bustop, Port Harcourt
36	Forte Oil, Eliozu Road, PH	Eliozu Road off Eastwest Port Harcourt
37	Forte Oil, Tantalizers Lekki	Admiralty Way, Lekki Phase 1 Lagos
Select Total Nigeria Plc Filling Stations in Lagos		
38	Total, Sura - Lagos Island	4 Simpson Street beside Sura shopping complex, Lagos Island
39	Total, Ogijo - Ikorodu	KM 12 Sagamu Express road, Ikorodu Ogijo Ogun State

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction. We also implemented stringent fraud control measures to reduce financial loss to the bank and our customers.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for period ended 31 December 2016.

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

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Dec-16	**Dec-15**	**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**
	'000	**'000**	**₦'mm**	**₦'mm**	**₦'mm**	**₦'mm**
Naira denominated debit cards	188,389	164,664	99,703	226,599	1,853,839	1,649,059
Foreign currency credit cards	161	114	11,766	8,934	-	-
Foreign currency debit cards	338	278	15,475	10,696	771	539

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

	International Transactions				Local Transactions			
	ATM		**POS/Web**		**ATM**		**POS/Web**	
In thousands	**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**
Naira MasterCard debit	975	2,426	3,605	5,633	157,093	144,932	26,716	11,670
Foreign Currency Denominated Cards:								
MasterCard debit	14	6	100	57	3	3	5	1
MasterCard credit	6	2	43	24			-	
Visa classic debit	25	23	181	164	5	12	4	5
Visa classic credit	11	8	93	70			-	
World credit	1	0.5	8	6			-	
Total	**1,032**	**2,466**	**4,030**	**5,954**	**157,101**	**144,947**	**26,725**	**11,676**

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

	International Transactions				Local Transactions			
In millions of Naira	ATM		POS/Web		ATM		POS/Web	
	Dec-16	**Dec-15**	**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**	**Dec-16**	**Dec-15**
Naira MasterCard debit	42,767	103,196	56,936	123,402	1,570,059	1,515,274	283,780	133,783
MasterCard debit	990	309	4,279	1,814	27	50	530	17
MasterCard credit	463	241	2,599	1,401	-		-	
Visa classic debit	1,969	1,572	8,237	5,751	62	195	153	274
Visa classic credit	1,065	837	7,640	4,910	-		-	
World credit	96	48	1,614	1,492	-		-	
Total	**47,350**	**106,203**	**81,305**	**138,770**	**1,570,148**	**1,515,519**	**284,463**	**134,074**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Declined Transactions	Declined Transactions on International ATMs	Restriction of cash withdrawals on International ATM Usage on non-EMV terminals Insufficient funds	Awareness
Complaints on International limits	Spend Limits	Reduction in International POS and WEB limit due to scarcity of FX.	Awareness and proffering alternative payment solutions.
Dispense Error	Cash/ Value not received for a transaction	This occurs when an ATM attempts to dispense cash after an account has been debited but fails due to network failure. This also occur when a customer's account has been debited for a certain amount for goods/services, but value is not received	Continuous review of Enhanced Auto-reversal process Continuous follow up with Technology to proactively identify and reverse failed transactions that are not auto reversed. Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund.

Value Added Statements

For the year ended 31 December 2016

Group

In thousands of Nigerian Naira	Dec-2016	%	Dec-2015	%
Gross earnings	414,615,587		301,850,111	
Interest expense:				
-Local	(41,294,160)		(57,385,475)	
- Foreign	(25,799,763)		(11,904,117)	
	347,521,664		232,560,519	
Loan impairment charges / Net impairment loss on financial assets	(65,290,310)		(12,408,194)	
	282,231,354		220,152,325	
Bought in materials and services				
- Local	(71,076,669)		(58,627,038)	
- Foreign	(1,315,393)		(514,238)	
Value added	209,839,292	100	161,011,049	100
Distribution				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	29,453,465	14	27,721,723	17
Government				
- Taxation	32,855,806	16	21,257,923	13
Retained in the Group				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	15,249,366	7	12,594,522	8
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	132,280,655	63	99,436,881	62
	209,839,292	100	161,011,049	100

Value Added Statements

For the period ended 31 December 2016

Parent

In thousands of Nigerian Naira	Dec-2016 Total	%	Dec-2015 Total	%
Gross earnings	365,916,859		268,876,290	
Interest expense:				
-Local	(41,477,841)		(44,726,705)	
- Foreign	(14,073,681)		(16,718,927)	
	310,365,337		207,430,658	
Loan impairment charges / Net impairment loss on financial assets	(63,542,640)		(11,769,374)	
	246,822,697		195,661,284	
Bought in materials and services				
- Local	(58,066,747)		(50,604,784)	
- Foreign	(1,315,393)		(514,238)	
Value added	187,440,557	100	144,542,262	100
Distribution				
Employees				
- Wages, salaries, pensions, gratuity and other employee benefits	20,704,772	11	20,727,835	14
Government				
- Taxation	27,168,695	14	18,718,934	13
Retained in the Bank				
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	12,730,298	7	10,787,370	7
- Profit for the year (including statutory and regulatory risk reserves)	126,836,792	68	94,308,123	66
	187,440,557	100	144,542,262	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	**Dec-2016**	**Dec-2015**	**Dec-2014**	**Dec-2013**	**Dec-2012**
Assets					
Cash and cash equivalents	455,863,305	254,633,215	246,939,868	307,395,676	276,856,206
Financial assets held for trading	12,053,919	34,626,186	9,415,919	17,223,667	271,073,896
Derivative financial assets	1,042,470	-	529,732	170,101	-
Investment securities:					
– Available for sale	448,056,733	364,180,150	344,701,935	374,673,147	15,765,789
– Held to maturity	80,155,825	29,408,045	35,160,640	84,741,890	129,490,810
Assets pledged as collateral	48,216,412	61,954,777	39,179,198	28,442,629	31,203,230
Loans and advances to banks	653,718	1,051,521	5,695,592	5,596,476	4,864,824
Loans and advances to customers	1,589,429,834	1,371,925,547	1,275,681,135	1,002,370,638	779,050,018
Restricted deposits and other assets	371,995,835	303,110,737	307,461,561	200,766,091	162,922,392
Property and equipment	93,488,055	87,988,778	76,236,447	68,306,197	60,886,728
Intangible assets	13,858,906	12,470,612	12,516,219	11,214,274	1,772,176
Deferred tax assets	1,578,427	3,244,141	2,358,280	1,945,629	991,791
Total assets	3,116,393,439	2,524,593,709	2,355,876,526	2,102,846,415	1,734,877,860
Liabilities					
Deposits from banks	125,067,848	26,256,839	31,661,622	15,208,300	23,860,259
Deposits from customers	1,986,246,232	1,610,349,689	1,618,208,194	1,427,493,697	1,148,197,165
Financial liabilities held for trading	2,065,402	-	-	-	-
Derivative financial liabilities	987,502	-	253,374	3,883	-
Other liabilities	115,682,490	104,605,713	57,200,461	61,014,954	83,278,066
Current income tax liabilities	16,428,279	17,739,676	20,827,157	18,431,270	15,630,973
Deferred tax liabilities	17,641,384	6,839,522	4,391,668	5,065,625	2,596,405
Debt securities issued	126,237,863	180,117,424	167,321,207	156,498,167	86,926,227
Other borrowed funds	219,633,604	165,122,908	91,298,545	92,134,872	92,561,824
Total liabilities	2,609,990,604	2,111,031,771	1,991,162,228	1,775,850,768	1,453,050,919
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	(5,291,245)	(4,754,156)	(3,987,575)	(2,046,714)	(2,046,714)
Retained earnings	91,773,587	51,089,585	51,425,181	49,847,719	39,766,597
Other components of equity	272,891,094	222,651,255	173,410,666	135,924,361	104,651,663
Total equity attributable to owners of the Bank	497,560,140	407,173,388	359,034,976	321,912,070	280,558,250
Non-controlling interests in equity	8,842,695	6,388,550	5,679,322	5,083,577	1,268,691
Total equity	506,402,835	413,561,938	364,714,298	326,995,647	281,826,941
Total equity and liabilities	3,116,393,439	2,524,593,709	2,355,876,526	2,102,846,415	1,734,877,860

Five Year Financial Summary Cont'd

Statement of comprehensive income -

Group

In thousands of Nigerian Naira	**Dec-2016**	**Dec-2015**	**Dec-2014**	**Dec-2013**	**Dec-2012**
Interest income	262,494,101	229,236,715	200,602,653	185,383,473	170,295,193
Interest expense	(67,093,923)	(69,289,592)	(58,210,555)	(48,444,468)	(39,609,462)
Net interest income	**195,400,178**	**159,947,123**	**142,392,098**	**136,939,005**	**130,685,731**
Loan impairment charges	(65,290,310)	(12,408,194)	(7,098,448)	(2,886,005)	(738,786)
Net interest income after loan impairment charges	**130,109,868**	**147,538,929**	**135,293,650**	**134,053,000**	**129,946,945**
Fee and commission income	51,273,910	51,865,608	47,969,982	46,631,901	45,445,557
Fee and commission expense	(3,456,257)	(3,079,439)	(2,114,365)	(1,824,212)	(1,591,016)
Net fee and commission income	**47,817,653**	**48,786,169**	**45,855,617**	**44,807,689**	**43,854,541**
Net gains/(losses) on financial instruments classified as held for trading	5,218,451	12,237,394	12,084,108	10,538,095	3,940,524
Other income	95,629,125	8,510,394	17,864,071	111,542	3,383,611
Other income	**100,847,576**	**20,747,788**	**29,948,179**	**10,649,637**	**7,324,135**
Operating income	278,775,097	217,072,886	211,097,446	189,510,326	181,125,621
Net impairment reversal on financial asse	-	-	(273,815)	118,836	(96,869)
Net operating income after net impairment loss on financial assets	278,775,097	217,072,886	210,823,631	189,629,162	181,028,752
Personnel expenses	(29,453,465)	(27,721,723)	(27,442,101)	(23,761,448)	(23,660,091)
General and administrative expenses	-	-	-	(22,550,173)	(22,405,475)
Operating lease expenses	(1,375,228)	(1,124,691)	(913,085)	(837,218)	(791,433)
Depreciation and amortization	(15,249,366)	(12,594,522)	(12,151,655)	(10,115,860)	(8,891,796)
Other operating expenses	(67,560,577)	(54,937,146)	(53,930,947)	(25,273,207)	(22,252,034)
Operating expenses	(113,638,636)	(96,378,082)	(94,437,788)	(82,537,906)	(78,000,829)
Profit before income tax	165,136,461	120,694,804	116,385,843	107,091,256	103,027,923
Income tax expense	(32,855,806)	(21,257,923)	(21,951,751)	(17,067,279)	(16,341,043)
Profit for the year from continuing operations	**132,280,655**	**99,436,881**	**94,434,092**	**90,023,977**	**86,686,880**
Profit for the year from discontinued operations	-	-	-	-	609,077
Profit for the period	**132,280,655**	**99,436,881**	**94,434,092**	**90,023,977**	**87,295,957**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic	4.67	3.51	3.32	3.17	3.06
– Diluted	4.67	3.51	3.32	3.17	3.06
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic	-	-	-	-	0.02
– Diluted	-	-	-	-	0.02

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
Assets					
Cash and cash equivalents	233,847,233	173,133,109	161,778,647	228,609,551	210,300,286
Financial assets held for trading	6,321,370	25,075,618	5,675,545	13,746,682	267,417,182
Derivative financial assets	1,042,470	-	529,732	170,101	-
Investment securities:					
– Available for sale	408,246,905	327,585,822	317,749,878	364,056,362	10,138,761
– Held to maturity	5,219,262	3,210,575	4,511,342	46,682,498	118,897,917
Assets pledged as collateral	48,205,702	61,946,270	39,173,640	28,440,947	31,203,230
Loans and advances to banks	29,943	638,817	30,815	16,976	177,985
Loans and advances to customers	1,417,217,952	1,265,207,443	1,182,393,874	926,967,093	742,436,944
Restricted deposits and other assets	364,152,777	297,240,082	304,174,757	191,868,850	159,783,305
Investment in subsidiaries	43,968,474	41,905,781	40,130,284	40,130,284	22,925,088
Property and equipment	81,710,025	79,192,748	68,042,098	61,419,683	55,496,808
Intangible assets	3,377,961	2,492,959	2,417,700	2,256,768	1,539,717
Total assets	2,613,340,074	2,277,629,224	2,126,608,312	1,904,365,795	1,620,317,223
Liabilities					
Deposits from banks	40,438	39,941	143,713	88,729	7,170,321
Deposits from customers	1,681,184,820	1,422,550,125	1,439,522,070	1,261,927,035	1,054,122,573
Financial liabilities held for trading	2,065,402	-	-	-	-
Derivative financial liabilities	987,502	-	253,374	3,883	-
Other liabilities	90,060,440	85,126,211	47,714,495	49,008,466	72,178,426
Current income tax liabilities	17,819,039	19,378,526	22,275,884	17,990,398	15,340,116
Deferred tax liabilities	11,946,699	6,345,773	3,955,805	4,784,323	2,533,627
Debt securities issued	-	-	-	13,233,595	13,238,291
Other borrowed funds	332,317,881	338,580,300	252,830,895	233,040,108	169,194,418
Total liabilities	2,136,422,221	1,872,020,876	1,766,696,236	1,580,076,537	1,333,777,772
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained earnings	83,989,499	46,048,031	48,824,128	49,721,694	45,944,146
Other components of equity	254,741,650	221,373,613	172,901,244	136,380,860	102,408,601
Total equity	476,917,853	405,608,348	359,912,076	324,289,258	286,539,451
Total equity and liabilities	2,613,340,074	2,277,629,224	2,126,608,312	1,904,365,795	1,620,317,223

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
Interest income	226,579,479	206,478,499	179,984,274	172,433,167	160,124,580
Interest expense	(55,551,522)	(61,445,632)	(51,285,444)	(44,575,952)	(37,025,839)
Net interest income	**171,027,957**	**145,032,867**	**128,698,830**	**127,857,215**	**123,098,741**
Loan impairment charges	(63,542,640)	(11,769,374)	(6,184,289)	(2,913,318)	667,667
Net interest income after loan impairment charges	**107,485,317**	**133,263,493**	**122,514,541**	**124,943,897**	**123,766,408**
Fee and commission income	40,397,778	44,034,897	40,944,512	40,189,316	40,339,298
Fee and commission expense	(2,947,714)	(2,689,751)	(1,747,518)	(1,718,975)	(1,508,915)
Net fee and commission income	**37,450,064**	**41,345,146**	**39,196,994**	**38,470,341**	**38,830,383**
Net gains/(losses) on financial instruments classified as held for trading	2,248,241	9,189,686	8,344,350	7,923,744	2,339,332
Other income	96,691,361	9,173,208	19,733,915	1,054,057	2,646,041
Other income	**98,939,602**	**18,362,894**	**28,078,265**	**8,977,801**	**4,985,373**
Total Operating income	243,874,983	192,971,533	189,789,800	172,392,039	167,582,164
Net impairment reversal on financial asse	-	-	(273,815)	118,836	(96,869)
Net operating income after net impairment loss on financial assets	243,874,983	192,971,533	189,515,985	172,510,875	167,485,295
Personnel expenses	(20,704,772)	(20,727,835)	(21,036,543)	(19,625,269)	(18,468,570)
General and administrative expenses	-	-	-	(20,077,522)	(20,285,783)
Operating lease expenses	(670,172)	(674,958)	(560,710)	(623,379)	(622,158)
Depreciation and amortization	(12,730,298)	(10,787,370)	(10,590,175)	(9,273,196)	(8,052,743)
Other operating expenses	(55,764,254)	(47,754,313)	(46,960,706)	(22,449,780)	(19,914,374)
Total expenses	(89,869,496)	(79,944,476)	(79,148,134)	(72,049,146)	(67,343,628)
Profit before income tax	154,005,487	113,027,057	110,367,851	100,461,729	100,141,667
Income tax expense	(27,168,695)	(18,718,934)	(21,197,074)	(14,916,219)	(14,877,841)
Profit for the year	**126,836,792**	**94,308,123**	**89,170,777**	**85,545,510**	**85,263,826**

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

– Basic	4.31	3.20	3.03	2.91	2.90
– Diluted	4.31	3.20	3.03	2.91	2.90

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

– Basic	-	-	-	-	-
– 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
2016	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

Dividend History

Ten-year dividend and unclaimed dividend history as at 31 December 2016

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31-Dec-16	Percentage Dividend Amount Unclaimed
Payment 28	Interim	28-Feb-06	1,500,000,000.00	25 kobo	63,256,830.86	4.22%
Payment 29	Final	28-Feb-06	4,200,000,000.00	70 kobo	157,514,555.63	3.75%
Payment 30	Interim	28-Feb-07	2,000,000,000.00	25 kobo	171,274,371.96	8.56%
Payment 31	Final	28-Feb-07	4,000,000,000.00	50 kobo	186,160,571.97	4.65%
Payment 32	Interim	28-Feb-08	3,419,853,912.50	25 kobo	227,093,645.16	6.64%
Payment 33	Final	28-Feb-08	9,575,590,955.00	70 kobo	512,268,240.00	5.35%
Payment 34	Final	31-Dec-08	14,922,998,891.00	100 kobo	764,475,982.18	5.12%
Payment 35	Final	31-Dec-09	13,990,311,460.50	75 kobo	722,473,458.41	5.16%
Payment 36	Interim	31-Dec-10	5,829,296,441.75	25 kobo	287,091,732.53	4.92%
Payment 37	Final	31-Dec-10	17,487,889,325.37	75 kobo	858,266,848.97	4.91%
Payment 38	Interim	31-Dec-11	7,286,620,552.30	25 Kobo	352,532,060.18	4.84%
Payment 39	Final	31-Dec-11	25,016,502,340.40	85 Kobo	1,136,734,895.08	4.54%
Payment 40	Interim	31-Dec-12	7,357,794,806.00	25 Kobo	339,824,585.90	4.62%
Payment 41	Final	31-Dec-12	38,260,532,991.20	130 kobo	1,716,807,800.15	4.49%
Payment 42	Interim	31-Dec-13	7,357,794,806.00	25 Kobo	375,302,263.43	5.10%
Payment 43	Final	31-Dec-13	42,675,209,874.80	145 kobo	2,059,207,859.94	4.83%
Payment 44	Interim	31-Dec-14	7,357,794,806.00	25 Kobo	370,901,392.54	5.04%
Payment 45	Final	31-Dec-14	44,146,768,836.00	150 kobo	2,047,955,134.45	4.64%
Payment 46	Interim	31-Dec-15	7,357,794,806.00	25 Kobo	361,235,476.84	4.91%
Payment 47	Final	31-Dec-15	44,735,392,420.48	152 Kobo	2,082,501,571.81	4.66%
Payment 48	Interim	31-Dec-16	7,357,794,806.00	25 Kobo	396,815,461.86	5.39%