Diamond Bank Plc and Subsidiary Companies

Annual Report
31 December 2016

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Directors, officers and professional advisors

Directors

Prof. Chris Ike Ogbechie	Chairman
Mr. Uzoma Dozie	Group Managing Director/Chief Executive Officer
Mrs. Caroline Anyanwu	Deputy Managing Director
Dr. Olubola Adekunle Hassan [7]	Non-Executive Director
Chief John D. Edozien	Non-executive Director
Mr. Ian Greenstreet	Independent Director
Mr. Kabir Alkali Mohammed	Non-executive Director
Ms. Genevieve Sangudi	Non-executive Director
Mr. Damian Dolland	Non-executive Director
Mr. Allan Christopher Michael Low[1]	Non-executive Director
Mr. Sunil Kaul[2]	Non-executive Director
Mr. Rotimi O. Oyekanmi[6]	Non-executive Director
Mr. Oladele Akinyemi[3]	Executive Director
Mr. Victor Ezenwoko[4]	Executive Director
Mrs. Chizoma Okoli [5]	Executive Director
Mr. Chiugo Ndubisi [5]	Executive Director

[1] *Mr. Christopher Low resigned with effect from January 31, 2016*
[2] *Mr. Sunil Kaul resigned with effect from June 23, 2016*
[3] *Mr. Oladele Akinyemi retired with effect from July 31, 2016*
[4] *Mr. Victor Ezenwoko - deceased on March 25, 2016*
[5] *Appointed as Executive Directors with effect from November 16, 2016*
[6] *Appointed as an independent director on December 1, 2016*
[7] *Retired with effect from December 21, 2016*

Company Secretary

Nkechi Nwosu	Company Secretary/Legal Adviser

Corporate Head Office

Diamond Bank Plc
PGD's Place, Plot 4, Block V, BIS Way
Oniru Estate, Victoria Island, Lagos.
Telephone: +234 1 2701500
+234 1 2620740-9

Email: info@diamondbank.com
Website: www.diamondbank.com

Independent Auditor

KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole Street,
Victoria Island, Lagos
Telephone: +234 271 8955
Website: www.ng.kpmg.com

Registrars

Centurion Registrars Limited
33c Cameron Road
Ikoyi
Lagos.
Telephone: +234 704 535 5922

Directors' Report

For the year ended 31 December 2016

The Directors present their report on the affairs of Diamond Bank PLC ("the Bank") and its subsidiaries ("the Group"), together with the financial statements and auditors' report for the year ended 31 December 2016.

a Legal form

Diamond Bank was incorporated on December 20, 1990, and opened for business in March, 1991 as a Private Limited Liability Company. In February 2001, the Bank became a universal bank. In January 2005, following a successful Private Placement and an Initial Public Offer (IPO), the Bank became a Public Limited Company and was subsequently listed on the Nigerian Stock Exchange in May 2005. In October 2005, the Bank acquired former Lion Bank of Nigeria Plc. The Bank was also listed on the Professional Securities Market of the London Stock Exchange in 2007, following a successful US$500 million GDR offering. In 2013, following the Central Bank of Nigeria's regulation repealing the universal banking model, Diamond Bank converted its license to an international commercial banking license.

b Principal activity and business review

The principal activity of the Group continues to be the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities. The Bank currently has three operating subsidiaries: Diamond Bank S.A (97.07%), Diamond Pension Fund Custodian Limited (100%) and Diamond Bank UK Plc (100%). The Bank's consolidated financial statements include the results of the operating subsidiaries. The indirectly wholly owned subsidiaries (via Diamond Bank SA) are Diamond Bank Togo, Diamond Bank Senegal and Diamond Bank Cote d'ivoire. These are consolidated with the results of Diamond Bank SA and the consolidated group is consequently consolidated with the Bank.

Diamond Finance B.V. was incorporated on 26 February 2014 as a Structured Entity in the Netherlands for the purpose of providing subordinated foreign currency loans to Diamond Bank Plc by issuing Loan Participatory Notes to interested investors. The financial results of all the subsidiaries have also been consolidated in these financial statements.

c Operating results

Gross earnings of the Group decreased from N217.1 billion to N212.4 billion and profit before tax decreased from N7.1 billion to N5.0 billion.

Highlights of the Group's operating results for the period under review are as follows:

For the year ended 31 December ***In thousands of naira***	**Group 2016**	**Group 2015**	**Bank 2016**	**Bank 2015**
Gross earnings	**212,412,211**	**217,091,803**	**187,279,015**	**196,867,016**
Profit before income tax	5,034,137	7,092,731	3,290,487	5,171,592
Minimum tax	(1,287,864)	(1,286,639)	(1,287,864)	(1,286,639)
Income tax expense	(247,308)	(149,469)	(32,579)	(51,204)
Profit for the year	3,498,965	5,656,623	1,970,044	3,833,749
Non-controlling interest	(27,826)	(41,033)	-	-
Profit attributable to group shareholders	3,471,139	5,615,590	1,970,044	3,833,749
Basic earnings per share (kobo)	15	24	9	17
Diluted earnings per share (kobo)	15	23	9	16
Total equity	226,707,963	214,609,455	211,336,909	208,076,384

d Directors and their interests

The direct and indirect interests of directors in the issued share capital of the Bank 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:

	Direct Shareholding		Indirect Shareholding	
	Number of 50k ordinary shares held	Number of 50k ordinary shares held	Number of 50k ordinary shares held	Number of 50k ordinary shares held
	Dec-16	Dec-15	Dec-16	Dec-15
Prof. Chris Ogbechie (Chairman)	16,047,124	15,047,124	-	-
Mr. Uzoma Dozie (Managing Director)	26,489,005	21,489,005	848,872,310	848,872,310
Mrs. Caroline Anyanwu (Deputy Managing Director/CRC	4,080,000	4,080,000	-	-
Mr. Oladele Akinyemi (Executive) [1]	13,605,268	13,605,268	-	-
Mr. Victor Ezenwoko (Executive) [2]	11,270,650	11,270,650	-	-
Mrs. Chizoma Okoli (Executive) [5]	2,297,124	2,297,124	-	-
Mr. Chiugo Ndubisi(Executive) [6]	1,509,210	1,509,210	-	-
Dr. Olubola Adekunle Hassan [7]	932,850	932,850	-	-
Mr. Christopher Low [3]	-	-	-	2,141,349,189
Chief John D. Edozien	16,783,520	13,783,520	227,700	227,700
Mr. Ian Greenstreet	-	-	-	-
Mr. Kabir Alkali Mohammed	6,841,519	5,437,120	227,700	227,700
Ms. Genevieve Sangudi	-	-	4,110,118,107	4,110,118,107
Mr. Sunil Kaul [4]	-	-		
Mr. Damian Dolland	-	-	2,141,349,189	-
Mr. Rotimi Olayiwola Oyekanmi [8]	-	-	-	-

[1] Mr. Oladele Akinyemi - Retired with effect from July 31, 2016
[2] Mr. Victor Ezenwoko - Deceased March 25, 2016
[3] Mr. Christopher Low - Resigned with effect from January 31, 2016
[7] Dr. Olubola Hassan - Retired with effect from December 21, 2016
[4] Mr. Sunil Kaul - Resigned with effect from June 23, 2016
[5] Mrs. Chizoma Okoli - Appointed an Executive Director effective November 16, 2016
[6] Mr. Chiugo Ndubisi - Appointed an Executive Director effective November 16, 2016
[8] Mr. Rotimi Oyekanmi - Appointed an Independent Director with effect from December 1, 2016.

In line with the provisions of the Articles of Association the Directors to retire by rotation are Mr. Ian Greenstreet, Mr. Kabir Mohammed and Damian Dolland who being eligible offer themselves for re-election.

e Directors' interest in contracts

For the purpose of section 277 (1) and (3) of the Companies and Allied Matters Act of Nigeria, none of the directors had direct or indirect interests in contracts with the Bank during the year, except:

Related Director	Interest in entity	Name of Company	Services to the Bank
Mr. Uzoma Dozie	Director	Elpina Associates Limited	Supply and Maintenance
Chief John D. Edozien	Director	Mercedes Benz Automobile Services Limited	Supply and Maintenance
Dr. Olubola A. Hassan	Director	Eye Foundation	Medical Services

f Property and equipment

Information relating to changes in property and equipment is provided in Note 29 to the financial statements.

g (i) Shareholding analysis

The shareholding pattern of the Bank as at 31 December 2016 is as stated below:

31 December 2016

Share Range	No. of Shareholders	Percentage (%) of Shareholders	No. of Holdings	Percentage (%) Holdings
1 - 10,000	91,193	78.89	193,505,338	0.84
10,001 - 50,000	15,881	13.74	313,105,347	1.35
50,001 - 100,000	4,518	3.91	292,939,676	1.26
100,001 - 500,000	3,126	2.70	594,156,379	2.57
500,001 - 1,000,000	341	0.29	241,362,803	1.04
1,000,001- 5,000,000	355	0.31	742,776,166	3.21
5,000,001 - 10,000,000	63	0.05	448,069,090	1.93
10,000,001 - 50,000,000	70	0.06	1,505,159,511	6.50
50,000,001 - 100,000,000	15	0.01	1,066,997,964	4.61
100,000,001 – 500,000,000	29	0.03	6,063,894,162	26.18
500,000,001 - 1,000,000,000	8	0.01	5,612,368,636	24.23
1000,000,001 - 10,000,000,000	2	0.00	6,086,053,896	26.28
TOTAL	115,601	100.00	23,160,388,968	100.00

31 December 2015

Share Range	No. of Shareholders	Percentage (%) of Shareholders	No. of Holdings	Percentage Holdings
1 - 10,000	91,320	78.98	194,033,379	0.84
10,001 - 50,000	15,944	13.79	313,584,183	1.35
50,001 - 100,000	4,498	3.90	289,401,070	1.25
100,001 - 500,000	3,032	2.62	569,624,189	2.46
500,001 - 1,000,000	313	0.27	218,272,223	0.94
1,000,001- 5,000,000	319	0.28	638,609,460	2.76
5,000,001 - 10,000,000	56	0.05	411,856,554	1.78
10,000,001 - 50,000,000	73	0.06	1,590,804,935	6.87
50,000,001 - 100,000,000	15	0.01	1,106,738,123	4.78
100,000,001 – 500,000,000	28	0.02	6,374,721,468	27.52
500,000,001 - 1,000,000,000	6	0.01	4,229,321,143	18.26
1000,000,001 - 10,000,000,000	3	0.00	7,223,422,241	31.19
TOTAL	115,607	100.00	23,160,388,968	100.00

(ii) Share Capital History

YEAR	AUTHORISED SHARE CAPITAL INCREASE	AUTHORISED SHARE CAPITAL CUMULATIVE	ISSUED SHARE CAPITAL INCREASE	ISSUED SHARE CAPITAL CUMULATIVE	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	Cash
1992	25,000,000	50,000,000	25,000,000	50,000,000	Cash
1993	50,000,000	100,000,000		50,000,000	
1994	100,000,000	200,000,000	45,000,000	95,000,000	Bonus issue of N20million and cash deposit of N25million per share
1995		200,000,000	19,000,000	114,000,000	Bonus issue of N19million
1996		200,000,000	38,000,000	152,000,000	Bonus issue of N38million
1997	800,000,000	1,000,000,000	412,300,000	564,300,000	Bonus issue of N412.3million
1998		1,000,000,000	156,750,000	721,050,000	Rights issue of N156.75million
1999		1,000,000,000		721,050,000	
2000		1,000,000,000		721,050,000	
2001		1,000,000,000		721,050,000	
2002	1,000,000,000	2,000,000,000	360,525,000	1,081,575,000	Bonus issue of N360.52million
2003		2,000,000,000		1,081,575,000	
2004		2,000,000,000	458,230,033	1,539,805,033	Rights issue of N458.23million
2004	1,500,000,000	3,500,000,000	513,268,327	2,053,073,360	Bonus issue of N513.26 million
2004		3,500,000,000	3,159,809	2,056,233,169	Rights issue of N3.1million
2005		3,500,000,000	981,373,342	3,037,606,511	Private placement proceed of N12.3billion
2005	1,500,000,000	5,000,000,000	420,000,000	3,457,606,511	Share exchange between Diamond Bank and Lion Bank
2005		5,000,000,000	344,197,564	3,801,804,075	IPO proceed of N4.6billion
2006	2,000,000,000	7,000,000,000	898,152,632	4,699,956,707	Private placement proceed of N17.06billion (Actis Holding Limited)
2007		7,000,000,000	1,879,699,250	6,579,655,957	GDR proceeds of N59.05 billion
2008	3,000,000,000	10,000,000,000	657,965,596	7,237,621,553	Bonus issue of N657.96 million
2009		10,000,000,000		7,237,621,553	
2010		10,000,000,000		7,237,621,553	
2011		10,000,000,000		7,237,621,553	
2012		10,000,000,000		7,237,621,553	
2013	5,000,000,000	15,000,000,000		7,237,621,553	
2014		15,000,000,000	4,342,572,932	11,580,194,485	Rights issue of N50.4billion
2015		15,000,000,000		11,580,194,485	
2016		15,000,000,000		11,580,194,485	

h Substantial interest in shares

According to the register of members as at 31 December 2016, no shareholder held more than 5% of the issued share capital of the Bank except the following:

	31 December 2016		31 December 2015	
Shareholders	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
		%		%
CSSAF DBN Holdings	4,110,118,107	17.75	4,110,118,107	17.75
Stanbic Nominees Nigeria Limited	2,777,091,881	11.99	3,985,349,934	17.21
Kunoch DB Limited	2,141,349,189	9.25	2,141,349,189	9.25
Diamond Partners Limited	1,411,694,266	6.10	1,411,694,266	6.10

i Charitable contributions

The Bank made contributions to charitable and non-political organizations amounting to N353 million (December 2015: N387 million) during the year. The schedule of charitable donations is shown below:

Donation and sponsorship	**Amount**
In thousands of naira	
Lagos State Security Trust Fund	65,000,000
Building Entrepreneurs Today (BET) Project	49,000,000
Road Construction At Elegushi	30,388,722
Education and Youth Development	21,770,090
The Vision Of The Child Project	21,000,000
Public Health and Welfare	20,763,900
Sports and Cultural Development	17,701,955
Sponsorship of Movie Premiere "It's Her Day"	15,000,000
Aso Villa Demo Day Entrepreneurship Project	15,000,000
Nigerian Police Force	11,573,700
2016 Code Camp Africa Summer Program	10,000,000
Global Entrepreneurship Week	8,000,000
Invisible Borders : TransAfrican Project	7,500,000
Sponsorship Women In Management, Business and Public Service (Wimbiz) Conference	6,150,000
Financial Sector Deepening (FSD) Africa	5,904,000
Delta State 25th Anniversary Celebration	5,000,000
Annual Financial Reporting Council Of Nigeria Summit	5,000,000
Institute of Export (IOE) UK, Doing Business in Nigeria Guide.	3,672,267
Future Ready Conference 2016	3,500,000
Nigerian Art Market Report	3,500,000
Sponsorship of Golf Tournament	2,860,000
Global Trade Review Event	2,590,875
Sponsorship of Rhythm Unplugged	2,000,000
U-Connect Product Launch	2,000,000
Endometriosis Campaign	2,000,000
Kelechi Amadi-Obi Photography Workshop 2016	2,000,000
NSE Corporate Challenge 2016	2,000,000
Business Law 10th Conference	2,000,000
Annual Bankers Dinner	1,886,000
The Construction Of Bank Street, Seme Border	1,562,500
Art Exhibition	1,500,000
Sponsorship of Movie Premiere " The Wedding"	1,000,000
Quintessential Cooperative Career Conference	1,000,000
Others	3,841,690
	353,665,699

j Human resources

Employment of disabled persons

The Bank operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and that appropriate training is provided. It is the policy of the Bank that the training, career development and promotion of disabled persons should as far as possible, be identical with those of other employees.

The bank has **one** disabled person in its employment as at December 2016 (December 2015: 2)

Analysis of women employed during the year

		31 December 2016	
DESCRIPTION	**NUMBER**	**% TO TOTAL STAFF**	**% TO TOTAL NEW HIRE**
Female new hire	6	0.2	37.5
Male new hire	10	0.3	62.5
Total new hire	16	0.5	100.0
Total staff	**3,555**		
Female as at December 2016	1,512	42.5	
Male as at December 2016	2,043	57.5	
	3,555	100.0	

	31 December 2015		
DESCRIPTION	**NUMBER**	**% TO TOTAL STAFF**	**% TO TOTAL NEW HIRE**
Female new hire	82	1.9	49.7
Male new hire	83	2.0	50.3
Total new hire	165	3.9	100
Total staff	**4,245**		
Female as at December 2015	1,777	41.9	
Male as at December 2015	2,468	58.1	
	4,245	100	

Analysis of top management positions by gender as at 31 December 2016

GRADE	FEMALE	MALE	TOTAL
General Manager	4	6	10
Deputy General Manager	2	2	4
Assistant General Manager	5	20	25
Total	11	28	39
Percentage	*28.2*	*71.8*	*100.0*

Analysis of top management positions by gender as at 31 December 2015

GRADE	FEMALE	MALE	TOTAL
General Manager	4	5	9
Deputy General Manager	2	2	4
Assistant General Manager	5	22	27
Total	11	29	40
Percentage	*27.50*	*72.50*	*100*

Analysis of executive and non executive positions by gender as at 31 December 2016

GRADE	FEMALE	MALE	TOTAL
Executive Director	1	3	4
Managing Director	0	1	1
Deputy Managing Director	1	0	1
Non Executive Director	1	6	7
Independent Director	0	1	1
TOTAL	3	11	14
Percentage	*21.4*	*78.6*	*100.0*

Analysis of executive and non executive positions by gender as at 31 December 2015

GRADE	FEMALE	MALE	TOTAL
Executive Director	0	2	2
Managing Director	0	1	1
Deputy Managing Director	1	0	1
Non Executive Director	1	8	9
TOTAL	2	11	13
Percentage	*15.38*	*84.62*	*100*

k Health, safety and welfare at work

The Bank’s employees are adequately insured against occupational hazards. In addition, medical facilities to specified limits are provided to employees and their immediate families at the Bank's expense

l Employee involvement and training

The Bank places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Bank. This is achieved through regular meetings between management and staff.

The Bank has in-house facilities for staff training supplemented by facilities of local and foreign educational institutions.

m Complaints

	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
In thousands of naira	**2016**	**2015**	**2016 N'000**	**2015 N'000**	**2016 N'000**	**2015 N'000**
Pending Complaints, start of the year	29,013	23,555	8,068,586	14,600,633	-	-
Received Complaints	436,376	179,954	28,634,365	10,326,942	-	-
Resolved complaints	(438,556)	(174,496)	(30,704,297)	(16,859,573)	3,688,576	4,875,740
Unresolved complaints escalated to CBN	-	-	-	-	-	-
Unresolved complaints pending,end of the year	**26,833**	**29,013**	**5,998,654**	**8,068,002**		

Automatic Teller Machine (ATM) Complaints

Total Number of Complaints Received :	41,538
Number Resolved:	38,036
Number Unresolved :	3,502

Further analysis shows that 95% of the total ATM Complaints were cash Dispense Error (retracted cash cases) while the remaining 5% are ATM fraudulent withdrawals and charge backs

n Number of cards issued

	Number of Cards	
Card Type	**2016**	**2015**
Visa Debit Cards	6,497,686	5,015,311
Verve Debit Card	385,508	241,835
Visa Credit Cards	99,199	85,752
Volume Of Transactions	134,136,275	73,913,409
Value Of Transactions	873,332,785,864	708,786,392,207

o Auditors

The Auditors, Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Bank. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Nkechi Nwosu
Company Secretary/Legal Adviser
FRC/2013/NBA/00000001571
PGD's Place, Plot 4, Block V
Oniru Estate, Victoria Island
Lagos
21 April 2017

CORPORATE GOVERNANCE

Introduction

Diamond Bank Plc was conceived with the vision of creating a "strong financial services institution with effective presence in Nigeria, Africa and indeed all the key financial centers of the world." We are pleased to state that over the years, as our vision has been fulfilled we have not lost sight of our core values of integrity, excellence, customer and stakeholder satisfaction.

Diamond Bank is managed in compliance with relevant Laws, Regulations, Codes of Corporate Governance and International Best Practices. Compliance is the joint responsibility of the Board, Management and the entire staff of the Bank, and there is an established system of controls to ensure strict adherence to these principles.

The Board

The primary mission of the Board is to effectively represent and promote the interest of shareholders and relevant stakeholders, by adding value to the Bank's performance. To achieve this and other objectives, these highly accomplished individuals were on the Board of Directors of Diamond Bank Plc during the 2016 financial year.

Professor Chris Ike Ogbechie- Chairman

Chris Ogbechie has a First Class Honours degree in Mechanical Engineering from Manchester University and an MBA from Manchester Business School. Chris obtained a PhD from the Brunel University, Middlesex, England. He has wide experience in marketing and strategy derived from his work as Group Head Marketing at Ecobank Transnational, Lome, Togo; Head of marketing/sales at Nestle Nigeria, Xerox and from his consulting work with Nigerian firms over the years. While in Nestle he had wide international exposure in Malaysia, Singapore and Switzerland. He has been involved with several start-ups and is on the Board of several companies.

He is a faculty member of the Lagos Business School (Pan Atlantic University), where he teaches Strategy and Corporate Governance. He is a visiting Professor of Marketing and Strategy at the Strathmore Business School, Nairobi, Kenya. He has written scholarly articles and books on Corporate Governance, Board Effectiveness, Strategy and Leadership in a Turbulent Environment and Sustainability amongst others.

Prof. Ogbechie sits on the Board of the Society for Corporate Governance Nigeria amongst other Companies and Not-for-Profit organisations. He is a fellow of the Nigerian Institute of Marketing and the Advertising Practitioners Council of Nigeria, member of the American Academy of Management, International Corporate Governance Network and the Strategic Management Association.

He is a philanthropist and a Papal Knight of St. Sylvester conferred on him by Pope John Paul II. He joined the Board of Diamond Bank in 2005.

Mr. Uzoma Dozie - Group Managing Director/Chief Executive Officer

Uzoma Dozie graduated in 1991 with a Bachelor of Science degree in Chemistry from the University of Reading, Berkshire England. He obtained a Master of Science degree in Chemical Research from University College, University of London in 1992 and an MBA with specialisation in Finance, from Imperial College Management School, London in 1998. He also attended the Program for Management Development at the Harvard Business School, Boston, Massachusetts, USA. Uzoma started his banking career in the Commercial Banking Unit at Guaranty Trust Bank Plc where he worked for some years and later moved to Citizens International Bank Limited where he worked in the Oil and Gas Division. Thereafter, he joined Diamond Bank Limited as Manager and Head of the Bank's Oil and Gas Unit. He was at a time Head, Financial Control, then Retail Banking (where he spear-headed the introduction of lifestyle-changing retail products in the Bank). He equally headed two distinctive strategic business units in the Bank before his appointment as an Executive Director in 2005, during which time he supervised the Retail Banking and Corporate Banking Divisions of the Bank. He at a time acted as the Bank's Chief Financial Officer.

Mr. Dozie was the Executive Director in charge of Lagos Businesses between 2011 and 2013 until his appointment as a Deputy Managing Director in March, 2014 and charged with the responsibility to oversee the Retail Banking Directorate of the Bank. He has attended various specialist and executive development courses in Nigeria and overseas. Following the resignation of the immediate past Group Managing Director from the Board, Uzoma Dozie, a man who believes in using cutting edge technology to deliver services to customers, and improve the efficiency of how the enterprise functioned, was unanimously appointed by the Board as the Group Managing Director/Chief Executive Officer of the Bank effective from November 1, 2014. His appointment was approved by the Central Bank of Nigeria in January 2015.

Mrs. Caroline Anyanwu-Deputy Managing Director/Chief Risk Officer

Caroline Anyanwu was the Head, Risk Management & Control Division in Diamond Bank Plc before her appointment by the Central Bank of Nigeria as an Executive Director Risk Management in Finbank Plc. She returned to Diamond Bank in April, 2011 as the Executive Director, Risk Management & Control, from her Central Bank of Nigeria's (CBN) appointment.

She joined the Bank in February, 2006 from UBA Plc where she was Head, Credit Risk Management. She commenced her professional career in PricewaterhouseCoopers (Chartered Accountants) where she trained and qualified as a Chartered Accountant and subsequently held the position of an Auditor Senior/Consultant. Her Banking career started with the defunct African Continental Bank Plc where she served as the Head, Strategic Planning. She subsequently worked in Oceanic Bank Plc and later UBA. Caroline's exposure in the banking Industry spanned through a number of job functions including: Strategic Planning, Financial control, Credit and Marketing, Banking Operations, Business Process Re-engineering and Risk Management. Caroline is a first class graduate of Statistics and a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) where she obtained a Second Place Overall Merit Award for ICAN Professional Examination II in May 1988. She is also an Honorary Fellow of the Institute of Bankers of Nigeria. Mrs. Anyanwu was appointed a Deputy Managing Director of the Bank in April 2014.

Mr. Oladele Akinyemi - Executive Director, Regional Businesses, North

Oladele Akinyemi holds a B.Sc. in Computer Science and an MBA from International Graduate School of Management, IESE University of Navarra, Madrid, Spain. He first joined Diamond Bank from erstwhile Lead Merchant Bank in 1991 as Head of Systems Unit. He later headed the Commercial/Consumer Banking and the Retail Banking Units of the Bank before leaving for UBA in 1997. He left UBA to become an Executive Director of One-to-One Nigeria Limited and whilst there, he built the first database marketing service company in Nigeria and pioneered List Rental business in Nigeria. He later joined Citibank Nigeria in 1999 as Head of Cards, Cash Management and e-Solutions Group. He returned to Diamond Bank in 2002 as Head of the Information Technology Group and was appointed an Executive Director in 2006. Dele retired from the Board effective July 31, 2016.

Mr. Victor Ezenwoko - Executive Director, Regional Businesses, Lagos/West

Victor Ezenwoko was Head, Regional Businesses Upcountry, a position he attained in 2008. In Diamond Bank Plc, Victor worked across virtually every part of the country and his performance underscored the aptness of his elevation to the Board. Victor was a 1986 Accountancy Graduate and qualified as a Chartered Accountant in 1991. He is an Alumnus of the prestigious Wharton Business School and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He attended several business, professional and manpower development courses both within and outside Nigeria. He had altogether over 24 years working experience as an accountant and a banker and also worked in the manufacturing and information technology sectors. He spent not less than twenty (20) of those years in the banking sector.

Victor started his banking career at Ecobank Nigeria Plc in 1992 where he worked in the Financial Controls Department and later moved into a branch management position. He joined Diamond Bank in July 1997 as a start-up Branch Manager for Onitsha Bridgehead Branch and subsequently Branch Manager of Onitsha New Market Road Branch and Abuja Branch. Having made his mark in Branch Management, Victor was promoted to Regional Manager East. Between 2002 and 2003, he functioned as Group Head, Large Commercial Businesses (Head Office) and Group Head, Commercial Banking Lagos Island. He was appointed an Executive Director in 2010.

Mr. Ezenwoko passed away on March 25, 2016.

Mrs. Chizoma Okoli – Executive Director, Business Development

Mrs. Okoli was Head, Business Development prior to her appointment as an Executive Director, Business Development. She has served in diverse capacities in the Bank since 1992 when she joined the organisation as an Executive Trainee in the Operations Unit, amongst which is Head, of the Corporate Banking Directorate. She is also on the Board of Diamond Bank, UK. An alumnus of the Wharton Advanced Management Program of the University of Pennsylvania and the Senior Management Program of the Lagos Business School; Chizoma is a 1989 Law graduate from the University of Benin. She was called to the Nigerian Bar in December 1990 and has an MBA from the Warwick Business School, Coventry, UK. Her appointment as an Executive Director was approved by the Central Bank of Nigeria on November 16, 2016.

Mr. Chiugo Ndubisi – Executive Director/Chief Financial Officer

Chiugo Ndubisi, functioned as the Acting Chief Financial Officer (CFO) until July 2016 when he was appointed the substantive Chief Financial Officer. He was previously the Head, Financial Management Division and formerly the Financial Controller. He has worked in several positions since joining the organisation in 1996 as an Executive Trainee. Chiugo graduated in 1994 with a First Class Honours degree in Engineering from the University of Nigeria, Nsukka and holds a Master of Business Administration degree (MBA) from the University of Lagos, Akoka.

A fellow of both Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Bankers of Nigeria (CIBN), Chiugo has attended various local and international courses including the HSBC International Bankers' course in London and the Citibank Foreign Exchange Workshop (Bourse Game). He is also an alumnus of the Wharton Advanced Management Programme (AMP) of the Wharton Business School and the Senior Management Programme (SMP) of the Lagos Business School. His appointment as an Executive Director was approved by the Central Bank of Nigeria on November 16, 2016.

Dr. Olubola Adekunle Hassan, M.B, B.S, D.O, FRCS, FRCOPH, FWACS - Non-Executive Director

Dr. Hassan holds a Bachelor of Medicine, Bachelor of Surgery, M.BB.S and Diploma in Ophthalmology amongst other qualifications. He is the Chief Consultant Ophthalmic Surgeon and Medical Director, Eye Foundation Hospitals, and also acts as a consultant ophthalmologist to a number of local and foreign hospitals. He has sixteen academic distinctions and awards and belongs to a host of professional and academic bodies locally and internationally. Dr. Hassan joined the Board of Diamond Bank Plc in 2005. Dr. Hassan retired from the Board in December 21 2016.

Chief John D. Edozien - Non-Executive Director

Chief Edozien holds a B.Sc. (Hons) (Economics) from the University of Ibadan and an M.A. Economics from the University of Wisconsin. As a Civil Servant, he rose to the position of Permanent Secretary of the Cabinet Office in 1987 and National Planning, Office of Planning and Budget both in the Presidency. Chief Edozien served as Deputy Governor of Bendel State and later Delta State. He was the Group Managing Director/CEO of Afribank Nigeria Plc as well as Chairman of Afribank International Limited (Merchant Bankers) from 1993 to 1999. He is the Chairman of a number of Nigerian companies such as Jenkyns Consult Nigeria Limited and Mercedes Benz Automobile Services Limited. He also holds other directorate positions in several companies. John Edozien joined the Board of Diamond Bank in 2008.

Mr Ian Greenstreet- Independent Director

Ian Greenstreet is an Investment Banker and recognised world expert in financial risk. He is considered by many as one of the world's leading Risk Management professionals. Mr Greenstreet, a Chartered Accountant (Institute of Chartered Accountants of England and Wales) holds a B.Sc (Hons) in Computer Science & Accounting from the University of Manchester. His career spans over 25 years in the financial sector, specialising in risk management and credit analysis. In 2006, he joined the Medicapital Bank as the head of risk where he set up enterprise risk management for the Bank covering market risk, credit risk and operational risk including systems, procedures and policy manuals which gained FSA approval. In 1996 Greenstreet was appointed Regional Country Risk Officer (Managing Director) ABN AMBRO Bank- London. For ten years he was responsible for the Bank's credit approval, credit monitoring and credit risk quantification of exposures working closely with client coverage and trading floors providing structuring advice on transactions to ensure that risks are mitigated and comply with the Bank's risk appetite. This enabled him to gain in-depth understanding of all wholesale bank products and project finance. Earlier in his career, he had worked as the Head of Credit for Yamaichi International (Europe) Limited, Lloyds Bank, Luxembourg (Private Bank), Stoy Hayward, Luxembourg, Henderson Fund Management, Luxembourg, Midland Bank and +Touche Ross & Co London. He is a member, Board Advisory Group of the London Stock Exchange. Ian joined the Board of Diamond Bank in 2011.

Mr. Kabir Alkali Mohammed, mni, FCIS, FCMA,CGMA, FCA- Non-Executive Director

Mr. Kabir Alkali was 49th President of the Institute of Chartered Accountants of Nigeria, and hails from Argungu, Kebbi State. He attended Government College, Sokoto (1965-1969); Federal Training Centre, Kaduna (1970-1971); WestHam College, now East London University (1972-1973); Chelmer Institute of Higher Education, Chelmsford, Essex (1974-1977); London School of Accountancy (1977-1978) where he passed out as one of the best qualifying students in 1978.
He also attended the National Institute for Policy & Strategic Studies Kuru, Jos and Havard Business School, Boston, USA. He has attended numerous senior Management Courses in Banking, Administration and Finance in the course of his career in Nigeria and abroad. Mr. Mohammed was Cost Accountant, CRYOPLANTS, London; Assistant Chief Accountant, FRCN, Kaduna; Chief Internal Auditor FRCN, Kaduna Acting Bursar, University of Sokoto; Principal Manager, UBA Plc; Principal Manager, UBA Plc; General Manager (Finance & Accounts) NEPA; Executive Director, (Finance & Accounts) NEPA. He was appointed to the Board in 2013.

Mr. Christopher Michael Low- Non-Executive Director

Mr. Low is an Associate of the Institute of Chartered Accountants in England and Wales and also holds a Master's Degree of St. Peters College, Oxford University. He comes with a wealth of experience and career spanning not less than 27 years. He has worked with the audit department of Arthur Anderson & Co, and later Head of Proprietary Accounting and Risk Analysis in Goldman Sachs, London.

He has held various positions in Standard Chartered Bank which saw him becoming at various times the Chief Executive Officer of Standard Chartered Bank in Tanzania, Kenya, India and South Africa until his current appointment by the National Bank of Kuwait as the Deputy Group General Manager, International Banking Division. Mr. Low resigned from the Board with effect from January 31, 2016.

Ms. Genevieve Sangudi- Non-Executive Director
Ms. Genevieve Sangudi is currently the Managing Director and Head of West Africa of one of the world's largest global alternative assets companies, Carlyle Group, which has over $200Billion of assets under its control. Prior to her appointment with Carlyle Group in 2011, Ms. Sangudi was a Partner and Managing Director of Emerging Capital Partners, a leading private equity fund manager focused on Africa with over $2.0Billion in capital under its management. Under her guidance, they made several profitable and timeous investments in several Nigerian blue-chip companies. Genevieve started her career in JP Morgan as a Senior Associate, and went on to gain remarkable experience in the fast moving consumer goods sector [FMCG], as the Marketing Manager for Procter & Gamble in Boston, Massachusetts where she developed and executed market strategies and brand building programs for several multi-billion dollar global brands, including Pampers, Folgers, Sunny Delight and Febreze.

She is a graduate of the Macalester College, and has two masters' degrees in Business Administration and International Affairs both from the Columbia Business School and Columbia University of International and Public Affairs, respectively. The Central Bank of Nigeria approved her appointment to the Board on June 30, 2015.

Mr. Sunil Kaul - Non-Executive Director
Sunil holds a B. Tech. in Electronics and an MBA from Indian Institute of Management, Bangalore. He comes with a wealth of experience and career spanning not less than 30 years having worked in various capacities in Citigroup. He was the President, Citibank, Japan, Chairman, Citi Cards, Japan and Citi Consumer Finance, Tokyo.

Mr. Kaul is a Managing Director and Head of Southeast Asia of the Carlyle Asia buyout advisory team Singapore, where he is responsible for sourcing, executing and managing financial services transactions across Asia. In his earlier roles, Mr. Kaul served as the Head of Retail Banking for Citi in Asia Pacific. He has also held senior positions in Business Development for Citi's Global Transaction Services based in New York, Transaction Services Head for Citi Japan based in Tokyo and Global Cash Business Management Head for ABN Amro, based in Holland. He is a member of Board of Directors and Risk & Executive Committees of Ta Chong Bank, Taiwan. He is also a member of the Board of Directors of TC Bank, PNB Housing Finance Ltd and India Infoline Limited, one of India's largest brokerages and non-banking financial services companies. He is also a member of the Asia Pacific Infrastructure Partnership (APIP) which serves as an advisory body for Asia Pacific Economic Cooperation. Sunil resigned from the Board with effect from June 23, 2016.

Mr Damian Dolland - Non-Executive Director
Mr. Damian Dolland holds a B.Sc (Hons) in Biomedical & Electrical Engineering with Distinction and Cum Laude; he has Minor in Chemistry from Duke University, Durham, North Carolina. His career spans over 19 years in the Investment banking sector. Damian started his career with Morgan Stanley Dean Witter, New York as a Summer Analyst, Asset-backed Securities. Between 2000 and 2009, he was Executive Director, Investment Banking Division of Morgan Stanley, Johannesburg, South Africa where he built Morgan Stanley's Sub-Sahara Africa ex-SA Investment Banking Platform, which was awarded Best Foreign Investment Bank in Africa 2008 by EMEA Finance.

He was also a Managing Partner in Fidelis Advisory Partners, Johannesburg, South Africa, where he was responsible for client management, business development, transaction execution and management of day to day operations and staff. He was also Managing Director, Head of Investment Banking: Sub-Saharan Africa, J.P. Morgan between 2010 and 2012. He is presently the founder and Director of Darisami International Consultancy based in Port Louis Mauritius where he is involved in financial advisory and investments focused on Sub-Saharan Africa and the Caribbean specialising in Mergers & Acquisition, Debt & Equity financing and Real Estate. He was appointed to the Board on November 24, 2015.

Mr. Rotimi Olayiwola Oyekanmi - Independent Non-Executive Director
Mr Rotimi Olayiwola Oyekanmi is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Nigeria. He holds a B.Sc (Hons) in Economics from the University of Ibadan and an M.Sc. from the London School of Economics and Political Science, London.

His career spans over 33 years in the Banking and investment sectors. He joined Arthur Andersen & Co (now KPMG Professional Services) in 1983 from where he moved to the International Institute of Tropical Agriculture as Chief Internal Auditor in 1988. He started his Banking career with Prime Merchant Bank Limited in 1991 as a Senior Manager. Between 2001 and 2009, he was Chairman, Venture Capital Association of Nigeria, a Director at African Venture Association and Chairman, African Venture Capital Association.

He was Group Head, Investment Banking at Ecobank Capital Nigeria from 2012 to 2013. Mr. Oyekanmi is currently the Chairman of Rendeavour Group and RenMoney MFB Limited and a Partner in Apis Partners LLP, a private equity asset manager Firm that supports growth stage financial services businesses in Africa and South Asia by providing them catalytic growth equity capital. His Appointment was approved by the Central Bank of Nigeria on the 1st of December, 2016.

Training and Evaluation:

In order to further develop the skill level of the Board, members attend courses and training programmes suited to enhancing their functions. If the situation necessitates it, the Directors are entitled to seek independent professional advice on matters for which they require clarification. Diamond Bank has always placed emphasis on the performance of the Board as a whole as well as on the performance of individual members in relation to their contributions to the Board and the Bank. Evaluation of the Executive Directors is carried out by the Governance and Personnel Committee which is comprised entirely of Non-Executive Directors while the evaluation of the Non-Executive Directors is undertaken by an independent external consultant.

Functions of the Board:

The Board meets regularly (at least once every quarter) to perform its stewardship and oversight functions, primary among which are:

- Review of the Bank's goals as well as the strategy for achieving these goals.
- Evaluation of present and future strengths, weaknesses and opportunities of the Bank. Comparisons with competitors, locally and internationally, and best practice.
- Review and approval of the Bank's financial objectives, plans and actions and significant allocation and expenditure.
- Approval of the annual budget;
- Approval of the annual and half-yearly financial statements, annual report and reports to shareholders.
- Consideration and where appropriate, declaration or recommendation of the payment of dividends.
- Reviewing the Bank's audit requirements.
- Reviewing the performance of, necessity for, and composition of Board Committees.
- Approval of the remuneration of the Chairman, Non-Executive Directors and Management.
- Reviewing risk management policies and controls, including compliance with legal and regulatory requirements.
- Reviewing the Bank's code of conduct and ethical standards.
- Reviewing shareholder and client relationships.

The Board also performs certain of its functions through Board Committees and Management Committees. The delegation of these functions does not in any way derogate from the discharge by members of their duties and responsibilities.

Board Committees

The Board Governance and Personnel Committee: The Governance and Personnel Committee is made up of 3 (Three) Non-Executive Directors. As the name suggests, this Committee is responsible for the overall governance and personnel function of the Bank. Some functions of the Committee are: To consider and make recommendations to the Board on its composition and that of the Committees and Subsidiaries; Review and recommend nomination of Directors to the Board based on a proper selection process; Ensure adequate succession planning for Board of Directors and the Chief Executive Officer; Ensure the orientation and continuous education of Directors; Monitor the procedures established for compliance with regulatory requirements for related party transactions; Monitor staff compliance with the Code of Ethics and Business Conduct of the Bank; Ensure compliance with regulatory standards of Corporate Governance and regularly identify international Best Practices of Corporate Governance and close any identified gaps; Recruitment or promotion of staff to Assistant General Manager level and above and to approve the remuneration, benefits and other terms and conditions of the service contracts of such officers; Recommend to the Board the terms and conditions of the service contract, including remuneration packages of the Executive Directors with a view to ensuring that these officers are fairly rewarded for their effort; Review cases of infractions of the Bank's policies committed by staff of Assistant General Manager level and above and apply appropriate sanctions where necessary; Review and approval of policies on staff welfare and fringe benefits; Annual review of the Board Charter; and ensuring the annual review of the Board and Board Committees' performance.

Members of the Board Governance and Personnel Committee are: Dr. Olubola Hassan (Chairman), Chief John D. Edozien and Ms. Genevieve Sangudi.

**Dr Olubola Hassan retired with effect from December 21, 2016 and Mr. Rotimi was appointed a member of the Committee on 1 December, 2016.*

The Board Audit and Risk Management Committee: On May 26, 2016, in compliance with the extant provisions of the Central Bank of Nigeria Code of Corporate Governance, the risk management and audit functions previously being exercised by the Board Audit and Risk Management Committee were vested in two separate Committees- Board Audit Committee and Board Risk Management Committee. The inaugural meetings of both Committees were held on July 20, 2016.

Before the reconstitution, the Board Audit and Risk Management Committee was comprised only of five (5) Non-Executive Directors. The functions of this Committee included: Understanding the principal risks to achieving the Group's strategy; Establishing the Bank's risk appetite and ensuring that the business profile and plans are consistent with the risk appetite; Establish and communicate the risk management framework including responsibilities, authorities and key controls; Establishing key control processes and practices, including limit structures, impairment, allowance criteria and reporting requirements; Monitoring the operation of the controls and adherence to risk direction and limits; Interpret and report on risk exposures, concentrations and risk- taking outcomes as well as on sensitivities and key risk indicators; Reviewing and challenging all aspects of the Group's risk profile; Review the financial reporting process with a view to ensuring the company's compliance with accounting and reporting standards, other financial matters and the applicable laws and regulations; and reviewing and challenging risk management processes.

Members of the Board Audit and Risk Management Committee were: Mr. Ian Greenstreet (Chairman), Mr. Kabir Alkali Mohammed, Dr. Olubola Hassan, Mr. Sunil Kaul and Mr. Damian Dolland.

The Board Risk Management Committee:The Committee is a new Committee and is composed of three Non-Executive Directors and the Executive Director in charge of Risk Management. The functions of the Committee include amongst others, establishing the group's risk appetite; ensuring that business profile and plans are consistent with the group's risk appetite; establishing and communicating the group's risk management framework including responsibilities, authorities and control; establishing the process for identifying and analyzing business level risks; agreeing and implementing risk measurement and reporting standards and methodologies; establishing key control processes and practices, including limit structures, impairment, allowance criteria and reporting requirements; monitoring the operation of the controls and adherence to risk direction and limits; ensuring that the group's risk management practices and conditions are appropriate for the business environment.

Members of the Board Risk Management Committee are: Mr. Ian Greenstreet (Chairman), Mr. Kabir Alkali Mohammed, Mr. Damian Dolland. Mr. Uzoma Dozie and Mrs. Caroline Anyanwu.

The Board Audit Committee: The Committee is made up of four Non-Executive Directors. The functions of the Committee include but not limited to review of the financial reporting process with a view to ensuring the Bank's compliance with accounting and reporting standards other financial matters and the applicable laws and regulations; reviewing of the draft financial and interim management reports, prospectus and other financial documents. Reviewing critical accounting issues; reviewing accounting policies and practices used by the group and ensuring that the information presented by the group supports a balanced, clear and understandable view of its financial position and prospects, reviewing the integrity of the bank's financial reporting and oversee the independence of the external auditors, evaluating the performance, objectivity and independence of the external auditor; developing and implementing policy on the engagement of the external auditor to undertake non-audit services, reviewing the level of external audit fees and the scope of, approach to and findings from external audit work, discussing with the external auditors any proposed changes in accounting policies, reviewing and discussing the scope of the audit and audit plan; reviewing the objective scope of the internal audit function and the adequacy of available resources.

Members of the Board Audit Committee are: Mr. Ian Greenstreet (Chairman), Mr. Kabir Alkali Mohammed, Mr. Damian Dolland and Ms. Genevieve Sangudi.

The Board Credit Committee: The Credit Committee is made up of 7 (Seven) members, 5 (Five) Non-Executive Directors and 2 (Two) Executive Directors. The primary function of this Committee is to consider all matters pertaining to the granting of credits by the Bank in accordance with approved policies and approval of credits in excess of the limits delegated to the Management Credit Committee, significant revisions to credit policies, and establish portfolio distribution guidelines in conformity with government regulations. In achieving this objective, the Committee ensures that the overall credit policies are aligned with the Bank's risk tolerance level. In addition, the Committee performs the following functions: Reviewing the policies and methodologies for assessing the Bank's credit risks and recommending appropriate exposure limits; and reviewing large exposures and impaired assets.

Members of the Board Credit Committee are: Mr. Kabir Alkali Mohammed (Chairman), Chief John D. Edozien, Mr. Ian Greenstreet, Ms. Genevieve Sangudi, Mr. Damian Dolland, Mr. Uzoma Dozie and Mrs. Caroline Anyanwu.

The Audit Committee: This Committee is established in accordance with the provisions of section 359(3)-(6) of the Companies and Allied Matters Act and in compliance with the provisions of the CBN Code of Corporate Governance for Banks and Discount Houses in Nigeria. The Committee consists of three (3) Shareholders' Representatives and Three (3) Non-Executive Directors. The Chairman of the Committee is a Shareholder and a Chartered Accountant. All members of the Committee are independent of the Bank's management. The Committee's primary functions are, to review and ensure the effectiveness of accounting systems and internal controls; review the scope and planning of audit requirements; make recommendations to the Board regarding the appointment, removal and remuneration of the external auditors; and to ensure that the accounting policies of the Bank are in accordance with legal requirements and agreed ethical principles.

Members of the statutory Audit Committee are Sir Nnamdi C. Oyeka, (Chairman) - Shareholder, Mr. Abayomi Olaofe – Shareholder, Alhaji Isma'Ila M. Zakari and Dr. Olubola Hassan, Ms. Genevieve Sangudi and Chief John D. Edozien.

• Ms. Genvieve Sangudi was appointed to all other Committees after the resignation of Mr. Sunil Kaul.

Management Committees

Assets and Liabilities Committee (ALCO): The primary functions of this Committee are the creation of a balance sheet structure to allocate sources and utilization of funds in a manner that would improve the Bank's financial performance; maximizing the value of capital overtime whilst controlling risk exposures; and managing the Bank's liquidity with respect to the composition of portfolio of liquid assets, control of cash flow, control of short-term borrowing capacity, monitoring of undrawn commitments, and contingency funding plans.

Members include: Group Managing Director/CEO as Chairman, Head Financial Management as Secretary, Deputy MD/Chief Risk Officer, Executive Director- CFO, Company Secretary/ Legal Adviser, Executive Director- Business Development, Head Business Development, Ag Head Corporate Banking, Head Regional Businesses- South, Head Regional Businesses- West, Head Regional Businesses- North, Head Retail Banking, Head Treasury & Financial Institutions, Head Operations, Head Consumer/Privilege Banking, Head Emerging Business/Agric, Head, Dealer, Head Retail Risk, Head Credit Risk Management, Head Market Risk, Head Transaction Banking, Head Internal Control, Head Corporate Planning, Head Research and Market Intelligence.

Management Credit Committee (MCC): Primarily, the Management Credit Committee approves credits in line with the Bank's credit policy. All credits exceeding the approval limit of the MCC are recommended to the Board Credit Committee for approval. The MCC also regularly assesses the Bank's risk asset portfolio to determine the optimum mix; the amount of exposures per customer and related group of customers; and approves the limits of interbank placements. The MCC meets regularly to review watch-listed/non-performing accounts and approve specific provisions to be made on non-performing accounts.

Members include: Group Managing Director/CEO as Chairman, Head Credit Admin as Secretary, Deputy MD/Chief Risk Officer, Executive Director/CFO, Executive Director Business Development, Company Secretary/ Legal Adviser, Ag Head Corporate Banking, Head Regional Businesses- South, Head Regional Businesses- North, Head, Credit Risk Management, Head Credit Processing & Analysis, Head Remedial Assets, Head Retail Credit, Head Retail Banking, Head Operational Risk, Head Business Development, Head Treasury and FInancial Institutions.

Personnel Management Committee (PMC): The Personnel Management Committee reviews and makes recommendations on policies regarding Manpower Planning and Career Development; recruitment, selection and training of staff; performance management and staff appraisal; compensation, staff welfare and benefits schemes; Staff Movement and Audit; moderation of staff appraisal exercises and the implementation of the existing staff personnel policies and guidelines. The PMC reviews cases of infraction on the Bank's policies and procedures and applies adequate sanctions where necessary.

Members include: Head Regional Business South as Chairman, Head Human Capital Management as Secretary, Company Secretary/ Legal Adviser, Head Corporate Audit, Head Retail Banking, Head Corporate Planning, Head Corporate Banking, Head Operations, Head Technology (CIO), Head Regional Businesses- Lagos & West

IT Steering Committee: The Committee serves as a Think-Tank for all Information Technology (IT) matters and determines IT strategy and policies and coordinates the implementation of these policies.

Members include: Head Corporate Audit as Chairman, Head Service Delivery Management as Secretary, Head Corporate Planning, Head Information Technology/CIO, Head Business and Technology Solutions, Head Retail Banking, Head Financial Management, Head IT Operations and Head Operations.

Budget and Revenue Sharing Committee: This Committee prepares budget outlines for all the units of the Bank; carries out a half yearly review of the budget in order to prepare an updated budget for the remaining months of the year; evaluates and approves extra budgetary expenditure.

Members include: Executive Director/Chief Financial Officer as Chairman, Head Financial Management as Secretary, Executive Director Business Development, Head Regional Business South, Head Regional Business North, Head Regional Business Lagos and West, Head Retail Banking, Head Transaction Banking, Head Consumer/Privilege Banking, Head Emerging Business Agric, Ag. Head Corporate Banking, Head Treasury and Financial Institutions, Chief Information Officer, Head Human Capital Management, Head General Internal Services, Head, Corporate Planning and Head Operations.

Cost Management Committee: The Committee periodically reviews the costs/expenses of the Bank and recommends appropriate cost reduction/control measures; reviews and streamlines the acquisition of capital expenditure and bulk purchases of consumables with a view to reducing cost without compromising quality; and generally reviews the procurement procedures of the Bank.

Members include: Executive Director Finance /Chief Finance Officer as Chairman, Head Admin Services as Secretary, Head Internal Control, Head IT Operations, Head Research and Market Intelligence Unit, Head Value Assurance and Head Operations

Group Risk Management Committee: This Committee provides central oversight of risk management across the Group, formulates policies and standards for the management of risk within the Group, monitors implementation of risk policies and implements Board decisions across the Group.

Members include: Deputy MD/Chief Risk Officer as Chairman, Head Operational Risk Management as Secretary, Head Operations, Head Human Capital Management, Head IT Services, Head Corporate Communications, Head Corporate Planning, Head General Internal Services, Head Contact Centre, Head Security and Head Legal, Head Financial Management and Head, Internal Control.

Shareholder Relations

Diamond Bank believes in strengthening shareholder relations and has a dedicated Investor Relations Unit to cater to shareholders' needs. In addition to this, the entire staff of the Bank are always available to resolve any issues which our highly esteemed shareholders may bring forward. The establishment of Shareholders' Associations has further improved the lines of communication between shareholders and the Bank such that the duly appointed representatives are able to table the concerns of the shareholders to the Management of the Bank. Shareholders are also encouraged to express their opinions at General Meetings.

Directors' Remuneration Policy

The remuneration policy of Diamond Bank Plc and its subsidiary companies ("the Group") is designed to establish a framework for defining and structuring the remuneration of executive and non-executive directors noting the Group's scope of operations, productivity and performance as well as shareholder value creation. The remuneration policy also takes cognisance of the relevant Codes of Corporate Governance in Nigeria with a view to ensuring adherence to the highest standards of Corporate Governance.

Remuneration Principles

1 Appropriately compensate directors for the services they provide to the Group;

2 Align director remuneration with shareholders' interest;

3 Attract and retain the right skills required to efficiently manage the operations and growth of our business;

4 Implement performance based incentive program to motivate directors to perform in the best interest of the Group; and

5 Ensure transparency, equity and consistency in remuneration matters across the Group.

Objectives of Remuneration Policy

The primary objectives of the Group's remuneration policy and practices are to:

a) Motivate directors to pursue and promote balance between the short term and long term growth of the Group while maximising shareholders' return;

b) Enable the Group to attract and retain people of proven ability, experience and skills in the market in which it competes for talent;

c) Link rewards to the creation of value for shareholders;

d) Ensure an appropriate balance between fixed and variable remuneration while reflecting the short and long term objectives of the Group;

e) Encourage fairness and demonstrate a clear relationship between remuneration and performance based on set targets on individual and corporate performance;

f) Encourage behaviour consistent with Diamond Bank's values, principles and Code of Business Conduct. This will lead to an appropriate balance in performance, governance, controls, risk management, customer service, people management, brand and reputation management;

g) Ensure that remuneration arrangements are equitable, transparent, well communicated and easily understood, aligned with the interest of shareholders and adequately disclosed;

h) Limit severance payments on termination to pre-approved contractual arrangements which does not commit the Group to paying for non- performance; and

i) Comply with the relevant legal and regulatory requirements.

Executive Directors' Remuneration

The remuneration of Executive Directors is designed to:

- Attract and retain directors;
- Align their interests with those of shareholders;
- Link rewards to set targets on individual and corporate performance; and
- Ensure total remuneration is competitive by market standards.

Composition of Remuneration

- The remuneration packages of the Group Managing Director (GMD), Executive Directors and other executives in the subsidiary companies will be determined by the Governance and Personnel Committee and are subject to the Board's approval.
- The compensation of the GMD and the Executive Directors shall include incentive schemes to encourage continued improvement in performance against the criteria set and agreed by the Board.
- The Governance and Personnel Committee will set operational targets consisting of a number of key performance indicators (KPIs) covering both financial and non-financial measures of performance for the executives at the beginning of each year.

Typical KPIs and assessment criteria include:

- Achieving pre-determined growth in the Group's turnover, profit after tax, return on asset etc;
- Meeting strategic and operational objectives; and
- Assessment of personal effort and contribution.

Remuneration of the GMD and other executive directors consist of both fixed and variable remuneration components. The components of remuneration for Executive Directors comprise base salary (a fixed sum payable monthly which is reviewed annually), benefits (including car allowances, medical allowance etc.), an annual bonus, long term incentives (comprising share options where applicable) and pension contributions.

The performance of the executive directors is measured against these criteria at the end of the financial year and their evaluation result is used to determine the variable element of their remuneration.

COMPLAINT MANAGEMENT POLICY & PROCEDURES

1. BACKGROUND

Diamond Bank is committed to delivering excellent customer service to its customers at all times. To this end, the Bank has put in place a Customer Charter to serve as a reminder of this commitment to our customers. With the above in mind, the Bank recognizes that mistakes will sometimes be made and when this happens, the Bank will aim to resolve any and every complaint in a fair and transparent manner.

Complaint handling is part of the promises included in the Customer Charter and to enable the fair and transparent treatment of complaints, the Bank has put in place policies and procedures to guide the handling of complaints. The Customer Complaints Process (CCP) details how complaints will be handled from receipt to resolution. It also includes the responsibilities of all involved. The CCP is supported by an automated Customer Complaint Management System (CCMS) which is a web-based application.

Similarly, the office of the Ombudsman has also been created to give opportunities to customers to further pursue the resolution of complaints not resolved to their satisfaction. The policies and procedures required for this system's use are as detailed below.

2. POLICIES AND PROCEDURES

(a Complaints from customers can be received through any of the following means:

- The Online Complaints form (via Diamond Bank website or intranet for staff).
- Telephone (customer hotlines phones in the banking hall/ATM locations; Contact Centre numbers – 07000 3000 000, 01-2793500, 01-6283892, 08082255322; CRU's number – 01-7741214 or any of the Bank's telephone numbers).
- E-mail (complaints@diamondbank.com / any other mailbox in the Bank).
- The Customer Complaint form (paper-based form to be picked up in the banking hall).

- Surface mail [addressed to the Customer Relations Unit (CRU), a branch/ unit within the bank or any staff].
- Face-to-face interaction (verbally).

(b) The complaint must be logged into the Customer Complaint Management System (CCMS) by the staff that received the complaint. The staff must also ensure that the contact details of the customer were included to enable direct communication with the customer upon resolution of the complaint by CRU. The application shall auto-assign the complaint based on category & issue types to the respective case owners (Resolving Unit).

Note: The information received via the online complaint form shall be automatically integrated in the CCMS. Complaints not logged on the CCMS shall be resolved by the relevant unit but penalties shall apply to the staff who received the complaint but did not log it.

(c) CCMS shall automatically forward a notification to the customer stating that the complaint has been received and will be resolved within 2 working days. The case reference number and other complaint details shall also be forwarded to the customer via email.

(d) The staff responsible for the complaint (Case Owner) shall attend to the complaint and resolve it in line with the Service Level Agreements (SLA) defined for the complaint category and issue. Detailed update actions shall also be entered into the CCMS until resolution is complete. A case owner is also responsible for ensuring that detailed resolution actions are entered into a case before case closure.

Note: Case Owners shall be as determined by Head of the Resolving Unit. Reassignment of complaint within the unit shall apply as advised by the Head of the Resolving Unit. Case Owners shall only have access to their case records.

(e) All complaints shall be resolved within the specified timeline (based on the SLA of the unit) from date of receipt. Complaints not resolved within stipulated timelines shall be duly escalated based on the SLA. For complaints that cannot be resolved within 2 working days, the first update will be sent within the first 2 working days and subsequently every 3 working days until resolved. However, complaints with immediate resolution shall be communicated to the customer same day of receipt, and logged as resolved on the CCMS.

(f) On satisfactory resolution of a complaint, the Case Owner shall provide comprehensive resolution details which shall also include possible root causes of the complaint as well as attach supporting documents to back up the decision or action taken and then close the case. (Auto notification shall be forwarded to the CRU to show that the case has been resolved).

(g) CRU shall monitor the complaint resolution process via the CCMS. All complaints shall be reviewed by CRU upon successful resolution of the complaints by the Case Owner. CRU staff shall notify the customer on the same day if received before close of business.

3. UNRESOLVED COMPLAINTS

1. Complaints not resolved to the customers' satisfaction were referred to the office of the Ombudsman, who shall be any officer designated by the Bank).Customers are expected to send feedback to the office of the Ombudsman not later than 14 days after receipt of resolution status.
2. The Ombudsman shall only accept complaints via email – ombudsman@diamondbank.com, telephone – 234-1-7412607 or a formal letter of complaint written to the office of the Ombudsman.
3. The Ombudsman shall make rulings within the shortest possible time after the complaint has been received. Feedback on decisions taken shall be forwarded to the customer and CRU

4. REWARD AND PENALTY SCHEME FOR LOGGING OF COMPLAINTS

The Reward and Penalty Scheme for CMMS is designed to encourage staff to log complaints and also to boost staff confidence in the Bank's Complaint Management process. This will in turn increase customer satisfaction and loyalty.

i. Categories

The following categories exist under the scheme:

- Staff that logs the most complaints
- Branch that logs the most complaints
- Region that logs the most complaints (Business Banking and Operations)

ii. Reward Structure

A target will be set for every staff/branch and region in any of the categories mentioned above. The targets will be reviewed bi-annually by the Customer Relations Unit. Reward – To be determined and communicated by the Customer Relations Unit.

iii. Penalty

Failure to log a complaint - This involves staff/branch's failure to log a complaint. This can be monitored if the duplicate copy of the complaint form (retained by the customer) is returned to the branch by the customer

A caution letter will be sent to the indicted staff and depending on the weight of the complaint and its impact on the business, the Head of Internal Control and Human Capital Management will determine the sanction to be applied.

Where a branch or region is indicted and depending on the weight of the complaint and its impact on the business, the Head of Internal Control and Human Capital Management will determine the sanction to be applied.

5. BENEFITS OF CUSTOMER COMPLAINTS MANAGEMENT

i. Enables a fair and transparent treatment of all customer complaints.

ii. Assist the Bank to redesign services with the customer as the focal point.

iii. The Bank will be in a better position to continuously re-assess customer's needs.

iv. The CCMS will highlight where there is a need to change organisational practices to better serve the customer.

v. Staff can be re-trained on service delivery based on number of complaints and resolution of said complaints.

vi The CCMS will enable the tracking of complaints.

6. ROLES AND RESPONSIBILITIES

i Staff

All staff of Diamond Bank shall take responsibility for complaints brought to their notice by customers until the complaint is logged in the CCMS. All complaints (in whatever form) received by staff MUST be logged into the CCMS to help the bank determine areas of improvement in policies, processes and product offerings.

ii Customer Relations Unit (CRU)

The CRU shall be responsible for:

a) Ensuring the prompt and appropriate resolution of customer complaints.

b) Ensuring that all complaints were appropriately logged into the CCMS

c) Provision of resolution status to customers and communication of the resolution outcome on all complaints. .

d) Ensuring the proper escalation of customer complaints.

e) Review of resolved cases to ensure appropriate resolution by case owners.

f) Root cause analysis and initiation of service improvement actions as applicable

g) Provision of reports for management and as requested

h) Creating Case Owners in the CCMS application.

iii

Internal Control Unit, shall be responsible for ensuring adherence to the procedures and policies guiding the use of the CCMS.

iv **Ombudsman** will be responsible for the following:

(a) Review of cases that have not been resolved to the satisfaction of the customer

b) Serve as an adviser where a customer is uncertain about which policy, procedure, or regulation applies to his/her situation.

(c) Mediate between a customer and the Bank where the customer feels that he/she has been unfairly or inequitably treated or that a policy, procedure, or regulation has been applied unfairly or erroneously, or is itself fundamentally unfair

Corporate Governance Principles

Diamond Bank ensures compliance with the corporate governance principles established by the Code of Corporate Governance for Banks in Nigeria, Post Consolidation, issued by the Central Bank of Nigeria (CBN) and the Securities and Exchange Code of Corporate Governance for Public Companies in Nigeria. In the quest to adopt best practices in the industry, the Bank established a Corporate Governance Framework which sets out a top-level framework for corporate governance in the Bank, This is revised from time to time to keep it in line with international best practices and extant regulations, codes and laws.

Financial Reporting and Accounting

The audit for the year under review was conducted by the firm of KPMG Professional Services which is independent of the Bank. In keeping with the provisions of section 359 subsections (3) & (4) of the Companies and Allied Matters Act, the report of the Auditors is submitted to the Audit Committee which examines the report and makes recommendations to the shareholders at each Annual General Meeting.

Compliance

The Compliance Division is vested with compliance risk management and maintaining relationships with regulators. The Compliance function is responsible for promoting compliance with statutory and regulatory requirements, internal policies and the Anti- Money Laundering program of the Bank. The Bank, in line with the constantly evolving nature of Information Technology has made substantial investments in Information Technology to provide the best services for its customers while ensuring compliance with statutory and regulatory requirements. To further strengthen its Corporate Governance structure, the Bank implemented a Compliance Risk Management framework, which highlights the strategies required to effectively manage the risk of non-compliance.

This includes the following:

- Development of a regulatory universe comprising a rule book of all the laws, rules and regulations governing the banking industry with inbuilt controls to ensure transactions and relationships are conducted in consonance with the laws of the land.
- Establishment of a full-fledged Compliance Division and ensuring its independence by appointing a senior management staff who reports to the Board as the Bank's Chief Compliance Officer. Adequate human and financial resources are made available to the Compliance Division to ensure effective management of Compliance Risk.
- To effectively identify and assess Compliance Risks presented by customers, products and services, the Bank, through the Compliance function developed a risk measurement and monitoring information system that will provide management with timely and meaningful reports related to compliance with laws and regulations at the business unit and transaction levels.
- The Compliance function analyses rules, regulations and laws in order to ensure that these are incorporated into the Bank's processes and procedures on day-to-day relationship management and transactions.
- Supporting the Business, in particular, by providing training to employees on laws, regulations, internal policies and standards
- Establishment of a well-defined and clearly communicated process for ensuring that identified compliance risks are effectively managed and the process for ensuring that corrective actions are taken promptly.
- Deployment of world-acclaimed Anti-Money Laundering (AML) software, OMNI Enterprise, by Infrasoft Technologies Ltd (India) to ease identifying, tracking and reporting of suspicious transactions in line with the Money Laundering (Prohibition) Act, 2011.

Whistle Blowing

Implementation of a robust whistle-blowing procedure that encourages reporting of financial improprieties through confidential channels. The Board of Directors has full ownership of the procedure and encourages all stakeholders to utilize the facility. Whistle Blowing is a statutory provision that allows employees and other stakeholders bring unethical and illegal practices to the fore so that the institution can minimize damages that occur when internal mechanisms are compromised. The Bank is serious about adherence to codes of ethics and corporate governance. All staff are enjoined to imbibe the culture of reporting any concerns relating to any unethical behaviour or dishonesty by Employees, Management, Directors, Depositors, Service Providers, Creditors and all other stakeholders through the whistle blowing channels. Please note that the whistle blower shall be adequately protected as provided in the Bank's policy on whistle blowing and the identity of the whistle blower shall be kept confidential. Customers/anyone with concerns should go to the Bank's website, www.diamondbank.com under 'Security Centre' to report any concern.

Details of Related Companies/Persons engaged as Service Providers/Suppliers are as follows:

Name of Contractor/Vendor	Relationship	Name of Director	Nature of Contract
Elpina Associates Limited	Director	Uzoma Dozie	Supply and Maintenance
Mercedes Benz Automobile Services Limited	Director	Chief John D. Edozien	Supply and Maintenance
Eye Foundation	Director	Dr. Olubola A. Hassan	Medical Services

Attendance at Board Committee meetings

Directors' attendances at meetings are as shown below:

S/N	NAMES OF DIRECTORS	Meeting BOD	BGPC	BARMC	BAC	BRMC	BCC	SAC
	Total number of meetings	6	7	2	2	2	4	4
1	Prof. Chris Ogbechie	6	N/A	N/A	N/A	N/A	N/A	N/A
2	Dr. Olubola Adekunle Hassan [4]	5	7	1	N/A	2	N/A	3
3	Chief John D. Edozien	5	5	N/A	N/A	N/A	3	3
4	Mr. Ian Greenstreet	5	N/A	1	2	2	2	N/A
5	Mr. Uzoma Dozie	6	N/A	N/A	N/A	2	3	N/A
6	Mr. Oladele Akinyemi [1]	4	N/A	N/A	N/A	N/A	N/A	N/A
7	Mr. Victor Ezenwoko [2]	1	N/A	N/A	N/A	N/A	1	N/A
8	Mrs Caroline Anyanwu	6	N/A	N/A	N/A	2	4	N/A
9	Mr Kabir Alkali Mohammed	6	N/A	2	2	2	4	N/A
10	Mr. Christopher Michael Low [3]	NIL	NIL	NIL	NIL	NIL	NIL	NIL
11	Ms Genevieve Sangudi [8]	6	7	N/A	1	1	3	4
12	Mr Sunil Kaul [5]	3	N/A	2	N/A	N/A	1	N/A
13	Mr Damian Dolland[9]	4	N/A	1	2	2	3	N/A
14	Mrs Chizoma Okoli [6]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	Mr Chiugo Ndubisi [6]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	Mr Rotimi Oyekanmi [7]	N/A	N/A	N/A	N/A	N/A	N/A	N/A

On May 26, 2016, in compliance with the extant provisions of the Central Bank of Nigeria Code of Corporate Governance, the risk management and audit functions previously being exercised by the Board Audit and Risk Management Committee were vested in two separate Committees- Board Audit Committee and Board Risk Management Committee. The inaugural meetings of both Committees were held on July 20, 2016.

[1] *Retired with effect from July 31, 2016*

[2] *Deceased March 25, 2016*

[3] *Resigned with effect from January 31, 2016*

[4] *Retired with effect from December 21, 2016*

[5] *Resigned with effect from June 23, 2016*

[6] *Appointed as Executive Directors effective November 16, 2016*

[7] *Appointed with effect from December 1, 2016*

Ms. Genevieve Sangudi was appointed to replace Mr. Sunil Kaul on the Board Credit Committee in March 2016. Also, she was appointed a member of the Board Audit Committee and Board Risk Management Committee in October 2016.

Mr. Damian Dolland was appointed to the Board Credit Committee and Board Audit and Risk Management Committee (now Board Risk Management Committee) in March 2016

Key

BOD – Board of Directors
BGPC – Board Governance and Personnel Committee
BARMC – Board Audit and Risk Management Committee
BAC - Board Audit Committee
BRMC - Board Risk Management Committee
BCC – Board Credit Committee
SAC – Statutory Audit Committee

BY ORDER OF THE BOARD

Nkechi Nwosu
Company Secretary/Legal Adviser
FRC/2013/NBA/00000001571
PGD's Place, Plot 4, Block V
Oniru Estate, Victoria Island
Lagos
21 April 2017

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

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B3, Laws of Federation of Nigeria and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of Federation of Nigeria, 2004 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.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Prof. Chris Ogbechie	**Mr. Uzoma Dozie**	**Mr. Chiugo Ndubisi**
Chairman	**Group Managing Director/CEO**	**Executive Director/Chief Financial Officer**
FRC/2015/IODN/00000011213	FRC/2015/CIBN/00000011214	FRC/2013/ICAN/00000001565
9 March 2017	9 March 2017	9 March 2017

Report of the Statutory audit committee

To the members of **Diamond Bank Plc:**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Diamond Bank Plc hereby report on the financial statements for the year ended 31 December 2016 as follows:

* We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria 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 agreement 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 insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N49,291,841,000 (December 2015: N40,230,658,334) was outstanding as at 31 December 2016 of which none is non-performing (December 2015: nil) (see Note 47).

* We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their final audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Sir Nnamdi Oyeka, FCA
Chairman, Audit Committee
FRC/2013/ICAN/00000002899
9 March 2017

Members of the Audit Committee are:

1	Sir Nnamdi Oyeka, FCA	Chairman (Shareholder Representative)
2	Mr Abayomi Olaofe	Member (Shareholder Representative)
3	Alhaji Isma'Ila M. Zakari	Member (Shareholder Representative)
4	Mr Damian Dolland	Member (Director)
5	Chief John D. Edozien	Member (Director)
6	Ms. Genevieve Sangudi	Member (Director)

In attendance:
Nkechi Nwosu - Company Secretary/Legal Adviser
FRC/2013/NBA/00000001571

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Diamond Bank Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Diamond Bank Plc ("the Bank") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 146.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiaries as at 31 December, 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis of 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 are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

a. Impairment of loans and advances

Refer to the *Group's accounting policy on impairment (Note 2.10), critical accounting judgments in applying the Group's accounting policies* (Note 4) and related disclosures on *credit risk* (Note 3.2) on Pages 42, 52 to 65 and 101 respectively of the financial statements.

Impairment of loans and advances involves significant judgment and assumptions about possibility of a loan becoming past due and subsequently defaulting, the rate of recovery on loans that are past due and in default, the market valuations of collateral, the expected loss rate, the estimated time and cost to sell any property pledged as collateral to the Bank, historical default parameters and prevailing economic conditions.

A significant portion of the Group's loans and advances relate to the oil and gas sector. Global oil prices remained low during the financial year, resulting in lower government revenue and foreign currency liquidity squeeze. This economic situation, amongst others, affected the ability of some of the Bank's customers to meet maturing credit obligations, thus necessitating a restructuring of these credit facilities.

The Group identifies loans and advances for specific impairment assessment based on the magnitude, nature of the loan and the current level of past due loans. Impairment allowance for loans that exceeded a specified threshold were based on estimated future cashflows from the expected realization of collaterals held by the Bank in respect of those loans, discounted to present value using the effective interest rate of the loan.

All other loans were collectively assessed for impairment on a portfolio basis using models developed by the Bank.

How the matter was addressed in our audit

We assessed and tested the design of key controls over the loan impairment process. Key controls tested covered areas such as monitoring of performance of loans and advances including timely identification of impairment trigger by the credit monitoring unit, and review of impairment allowance calculation by the credit measurement unit.

• In relation to specifically impaired loans, we challenged key assumptions in the Bank's impairment model (the expected realization period and value of collaterals) by re-computing the average time taken to realize actual collaterals sold by the Bank in the last two years per collateral type, and assessing the reasonableness of the collateral values reported by the Bank's valuation experts. In addition, we re-performed calculations of specific impairment allowance and checked key data inputs like discount rates to underlying sources.

• We assessed the assumptions inherent in the Bank's impairment model for collective impairment, based on our understanding of the Bank and our knowledge of the industry, and recomputed the collective impairment allowance

• We evaluated the methodology used by the Bank to calculate the likelihood of loans and advances with different profiles moving into default and recalculated these default rates based on our cumulative knowledge of the Bank's actual historical experience and current economic conditions.

• We also checked whether restructured loans were correctly classified and impaired based on specific and collective impairment assessment.

b. Assessment of recoverability of deferred tax asset

Refer to the Group's accounting policy on deferred tax (Note 2.20(b)), *critical accounting judgments in applying the Group's accounting policies* (Note 4(j)) and related disclosures (Note 31) on Pages 47 – 48, 102 and 130 -131 respectively of the financial statements.

The Bank has significant amount of deferred tax asset both recognized and unrecognized. The deferred tax asset arose mainly from unrelieved tax losses, unutilized capital allowances and collective impairment on loans and advances.

The Bank's determination of the recoverability of deferred tax asset involves significant judgment and high estimation uncertainty as management assesses the recoverability of the recognized deferred tax asset mainly with projections which contain estimate of future taxable income, taking into consideration the current tax laws and regulations.

How the matter was addressed in our audit

- We assessed the components that gave rise to deferred tax asset to determine whether they were appropriate in line with the relevant accounting standards and tax laws.
- We further assessed the recoverability of recognized deferred tax asset by reviewing management's forecasts of future taxable profits, and checking that the assumptions used in the Bank's projection of taxable income were consistent with the Bank's historical performance and future outlook.

KPMG

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the List of directors, officers and professional advisors, Directors' report, Corporate governance report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee and Other national disclosures (but does not include the consolidated and separate financial statements and our audit report thereon) which we obtained prior to the date of this auditor's report, and the Vision statement, Mission statement and Core values, Corporate profile, Notice of Annual General Meeting, Chairman's Statement, Chief Executive Officer's Review, Board of Directors' pictures, List of Management team, Corporate Social Responsibility Report and Board Performance Assessment Report ("the other reports") 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 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, 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 other reports, 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 for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Bank'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 the directors either intend to liquidate the Group and Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the consolidated and separate financial statement

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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 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 and Bank's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

• Conclude on the appropriateness of directors' 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 and Bank'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 and Bank 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 the Audit Committee 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 the Audit Committee 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

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and the other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank and Group paid penalties in respect of contravention of the Bank and Other Financial institutions Act during the year ended 31 December 2016. Details of penalties paid are disclosed in note 51 to the financial statements.

ii. Related party transactions and balances are disclosed in note 47 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Signed:

Kalou

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
24 April 2017
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0052884

Consolidated and separate statement of financial position
As at 31 December 2016

In thousands of Naira	Note	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Assets					
Cash and balances with central banks	19	329,906,916	361,166,936	289,663,505	319,168,003
Financial assets held for trading	20	6,870,235	13,116,843	6,870,235	13,116,843
Derivative assets	21	2,088,208	161,622	1,925,777	157,493
Assets pledged as collateral	22	221,898,226	172,100,785	170,623,817	159,390,905
Loans to banks	23	100,342,964	60,103,340	88,553,151	66,820,934
Loans and advances to customers	24	995,334,118	763,634,827	804,635,641	648,971,379
Investment securities					
-Available-for-sale	25	23,119,904	26,803,076	9,169,048	19,164,422
-Held to maturity	25	212,444,985	240,534,130	151,141,809	213,991,141
Investment in subsidiaries	26	-	-	15,841,882	15,841,882
Investments in associates	27	-	-	-	-
Investment properties held for sale	28	3,870,200	4,409,085	3,701,500	4,240,385
Property and equipment	29	67,146,137	62,396,081	60,948,266	58,433,678
Intangible assets	30	5,646,005	5,122,300	4,521,189	4,171,967
Deferred tax assets	31	4,984,388	4,984,544	4,984,388	4,984,388
Other assets	32	76,146,470	38,698,711	49,928,617	26,729,647
Total assets		2,049,798,756	1,753,232,280	1,662,508,825	1,555,183,067
Liabilities					
Deposits from banks	33	103,409,297	115,819,590	13,365,314	57,175,088
Deposits from customers	34	1,424,689,527	1,233,591,063	1,134,861,466	1,075,622,532
Derivative liabilities	35	2,187,779	1,349,595	2,126,386	1,251,675
Current income tax liability	17	2,027,948	1,697,816	1,598,861	1,599,970
Deferred tax liabilities	31	6,958	194,660	-	-
Other liabilities	36	60,263,158	44,673,003	40,267,095	31,481,835
Borrowings	37	169,182,279	102,719,571	197,644,942	141,398,056
Long term debt	38	61,323,847	38,577,527	61,307,852	38,577,527
Total liabilities		1,823,090,793	1,538,622,825	1,451,171,916	1,347,106,683
Equity					
Share capital	39	11,580,195	11,580,195	11,580,195	11,580,195
Share premium	40	134,532,974	134,532,974	134,532,974	134,532,974
Retained earnings	40	12,042,517	16,385,685	6,364,510	12,208,773
Other reserves					
Statutory reserve	40	23,541,079	23,245,572	23,292,842	22,997,335
Regulatory risk reserve	40	29,098,571	21,579,771	29,098,571	21,579,771
Small scale industries (SSI) reserve	40	3,966,628	3,966,628	3,966,628	3,966,628
Fair value reserve	40	2,456,373	1,098,583	2,501,189	1,210,708
Foreign currency translation reserve	40	9,064,519	1,955,384		-
Total equity attributable to owners of the Bank		226,282,856	214,344,792	211,336,909	208,076,384
Non- controlling interest	41	425,107	264,663	-	-
Total shareholders equity		226,707,963	214,609,455	211,336,909	208,076,384
Total equity and liabilities		2,049,798,756	1,753,232,280	1,662,508,825	1,555,183,067

The accompanying notes and significant accounting policies are an integral part of these consolidated and separate financial statements.

The financial statements were approved by the Board of Directors on 21 April 2017 and signed on its behalf by :

Professor Chris Ogbechie	Mr. Uzoma Dozie	Mr. Chiugo Ndubisi
Chairman	Group Managing Director/CEO	ED/Chief Financial Officer
FRC/2015/IODN/00000011213	FRC/2015/CIBN/00000011214	FRC/2013/ICAN/00000001565

Consolidated and separate statement of profit or loss and other comprehensive income
For the year ended 31 December

In thousands of Naira	**Note**	**Group 2016**	**Group 2015**	**Bank 2016**	**Bank 2015**
Gross earnings		212,412,211	217,091,803	187,279,015	196,867,016
Interest and similar income	8	149,571,434	157,860,427	130,878,953	142,701,675
Interest expense	9	(42,346,262)	(48,454,172)	(34,542,332)	(41,907,105)
Net interest income		**107,225,172**	**109,406,255**	**96,336,621**	**100,794,570**
Net impairment loss on financial assets	10	(59,024,736)	(55,172,108)	(57,015,474)	(53,246,775)
Net interest income after impairment loss on financial assets		48,200,436	54,234,147	39,321,147	47,547,795
Fee and commission income	11	46,570,754	39,638,833	41,472,518	35,321,879
Fee and commission expense	11	(8,954,205)	(8,827,235)	(9,226,084)	(8,673,087)
Net fee and commission income		37,616,549	30,811,598	32,246,434	26,648,792
Net trading income	12	13,484,169	6,563,695	12,426,994	6,466,529
Other operating income	13	1,734,788	1,514,798	1,449,484	862,883
Net gain from other financial instruments through profit or loss	14	1,051,066	11,514,050	1,051,066	11,514,050
Net operating income		**102,087,008**	**104,638,288**	**86,495,125**	**93,040,049**
Personnel expenses	15	(32,535,081)	(31,904,402)	(26,744,714)	(27,766,971)
Depreciation and amortisation	29,30	(9,142,310)	(7,522,627)	(7,567,310)	(6,714,353)
Operating lease expenses		(1,155,076)	(982,443)	(1,020,793)	(876,854)
Other operating expenses	16	(54,220,404)	(57,136,085)	(47,871,821)	(52,510,279)
Total expenses		**(97,052,871)**	**(97,545,557)**	**(83,204,638)**	**(87,868,457)**
Profit before income tax		**5,034,137**	**7,092,731**	**3,290,487**	**5,171,592**
Minimum tax	17	(1,287,864)	(1,286,639)	(1,287,864)	(1,286,639)
Income tax expense	17	(247,308)	(149,469)	(32,579)	(51,204)
Profit for the year		**3,498,965**	**5,656,623**	**1,970,044**	**3,833,749**
Other comprehensive income net of income tax:					
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences		7,241,753	1,354,828	-	-
Fair value gain/(loss) on available-for-sale investments		1,357,790	889,276	1,290,481	897,907
Other comprehensive income for the year, net of tax		**8,599,543**	**2,244,104**	**1,290,481**	**897,907**
Total comprehensive income for the year		**12,098,508**	**7,900,727**	**3,260,525**	**4,731,656**
Profit attributable to :					
Owners of the Bank		3,471,139	5,615,590	1,970,044	3,833,749
Non-controlling interest		27,826	41,033	-	-
Profit for the year		**3,498,965**	**5,656,623**	**1,970,044**	**3,833,749**
Total comprehensive income attributable to :					
Owners of the Bank		11,938,064	7,854,104	3,260,525	4,731,656
Non-controlling interest		160,444	46,623	-	-
Total comprehensive income for the year		**12,098,508**	**7,900,727**	**3,260,525**	**4,731,656**
Basic earnings per share (kobo)	18(a)	15	24	9	17
Diluted earnings per share (kobo)	18(b)	15	23	9	16

The accompanying notes and significant accounting policies are an integral part of these consolidated and separate financial statements.

Consolidated and separate statements of changes in equity
For the year ended 31 December

Group

In thousands of Naira	Attributable to equity holders of the parent									Non-controlling interest	Total equity
	Share capital	Share premium	Retained Earnings	Statutory reserve	Regulatory risk reserve	Small Scale Industry reserve	Fair value reserve	Foreign currency translation reserve	Total		
Balance at 1 January 2016	**11,580,195**	**134,532,974**	**16,385,685**	**23,245,572**	**21,579,771**	**3,966,628**	**1,098,583**	**1,955,384**	**214,344,792**	**264,663**	**214,609,455**
Profit/loss for the year	-	-	3,471,139	-	-	-	-	-	3,471,139	27,826	3,498,965
Foreign currency translation differences	-	-	-	-	-	-	-	7,109,135	7,109,135	132,618	7,241,753
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	1,357,790	-	1,357,790	-	1,357,790
Total comprehensive income	-	-	3,471,139	-	-	-	1,357,790	7,109,135	11,938,064	160,444	12,098,508
Transactions with equity holders recorded directly in equity											
Transfer from/(to) retained earnings	-	-	(7,814,307)	295,507	7,518,800	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Total contributions and distributions	-	-	(7,814,307)	295,507	7,518,800	-	-	-	-	-	-
Balance at 31 December 2016	**11,580,195**	**134,532,974**	**12,042,517**	**23,541,079**	**29,098,571**	**3,966,628**	**2,456,373**	**9,064,519**	**226,282,856**	**425,107**	**226,707,963**
Balance at 1 January 2015	**11,580,195**	**134,532,974**	**35,240,967**	**22,670,510**	**-**	**3,966,628**	**209,307**	**606,146**	**208,806,727**	**218,040**	**209,024,767**
Profit/loss for the year	-	-	5,615,590	-	-	-	-	-	5,615,590	41,033	5,656,623
Foreign currency translation differences	-	-	-	-	-	-	-	1,349,238	1,349,238	5,590	1,354,828
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	889,276	-	889,276	-	889,276
Total comprehensive income	-	-	5,615,590	-	-	-	889,276	1,349,238	7,854,104	46,623	7,900,727
Transactions with equity holders recorded directly in equity											
Transfer from/(to) retained earnings	-	-	(22,154,833)	575,062	21,579,771	-	-	-	-	-	-
Dividends	-	-	(2,316,039)	-	-	-	-	-	(2,316,039)	-	(2,316,039)
Total contributions and distributions	-	-	(24,470,872)	575,062	21,579,771	-	-	-	(2,316,039)	-	(2,316,039)
Balance at 31 December 2015	**11,580,195**	**134,532,974**	**16,385,685**	**23,245,572**	**21,579,771**	**3,966,628**	**1,098,583**	**1,955,384**	**214,344,792**	**264,663**	**214,609,455**

The accompanying notes and significant accounting policies are an integral part of these consolidated and separate financial statements.

Consolidated and separate statements of changes in equity
For the year ended 31 December

Bank

	Share capital	Share premium	Retained earnings	Statutory reserve	Regulatory risk reserve*	Small Scale industry reserve	Fair value reserve	Total
Balance at 1 January 2016	**11,580,195**	**134,532,974**	**12,208,773**	**22,997,335**	**21,579,771**	**3,966,628**	**1,210,708**	**208,076,384**
Profit for the year	-	-	1,970,044	-	-	-	-	1,970,044
Fair value movement on available-for-sale financial assets	-	-	-	-	-	-	1,290,481	1,290,481
Total comprehensive income	**-**	**-**	**1,970,044**	**-**	**-**	**-**	**1,290,481**	**3,260,525**
Transactions with equity holders recorded directly in equity								
Transfer from/(to) retained earnings	-	-	(7,814,307)	295,507	7,518,800	-	-	-
Total contributions and distributions	**-**	**-**	**(7,814,307)**	**295,507**	**7,518,800**	**-**	**-**	**-**
Balance at 31 December 2016	**11,580,195**	**134,532,974**	**6,364,510**	**23,292,842**	**29,098,571**	**3,966,628**	**2,501,189**	**211,336,909**
Balance at 1 January 2015	11,580,195	134,532,974	32,845,896	22,422,273	-	3,966,628	312,801	205,660,767
Profit for the year	-	-	3,833,749	-	-	-	-	3,833,749
Fair value movement on available-for-sale financial assets	-	-	-	-	-	-	897,907	897,907
Total comprehensive income	**-**	**-**	**3,833,749**	**-**	**-**	**-**	**897,907**	**4,731,656**
Transactions with equity holders recorded directly in equity								
Dividends	-	-	(2,316,039)	-	-	-	-	(2,316,039)
Transfer from/(to) retained earnings	-	-	(22,154,833)	575,062	21,579,771	-	-	-
Total contributions and distributions	**-**	**-**	**(24,470,872)**	**575,062**	**21,579,771**	**-**	**-**	**(2,316,039)**
Balance at 31 December 2015	**11,580,195**	**134,532,974**	**12,208,773**	**22,997,335**	**21,579,771**	**3,966,628**	**1,210,708**	**208,076,384**

The accompanying notes and significant accounting policies are an integral part of these consolidated and separate financial statements.

Consolidated and separate statements of cash flows

For the year ended 31 December 2016

In thousands of Naira	Note	Group 2016	Group 2015	Bank 2016	Bank 2015
Profit for the year		3,498,965	5,656,623	1,970,044	3,833,749
Add:					
Minimum tax	17	1,287,864	1,286,639	1,287,864	1,286,639
Income tax expense	17	247,308	149,469	32,579	51,204
Profit before tax		5,034,137	7,092,731	3,290,487	5,171,592
Adjustments for :					
Depreciation and amortisation	29, 30	9,142,310	7,522,627	7,567,310	6,714,353
(Gain)/loss on disposal of property and equipment	13	(212,934)	(141,842)	(212,934)	(141,744)
Write off of property and equipment	29	-	190,044	-	190,044
Write off of intangible assets	30	-	511,727	-	511,727
Specific impairment charge on loans and advances	10	53,805,898	38,420,760	51,790,196	36,171,059
Collective impairment charge on loans and advance	10	2,780,673	11,347,212	2,780,673	11,376,258
Specific impairment charge on other loans and receivables	10	2,922,942	2,480,000	2,922,942	2,480,000
Specific impairment charge on associates	10	-	2,918,000	-	2,918,000
Specific impairment charge on available-for-sale	10	2,692,124	599,999	2,692,124	599,999
Specific impairment charge on other assets	10	860,664	1,056,661	34,327	763,615
Interest income	8	(149,571,434)	(157,860,427)	(130,878,953)	(142,701,675)
Interest expense	9	42,346,262	48,454,172	34,542,332	41,907,105
Contributions to defined contribution plans	15	728,929	880,975	725,453	816,139
Fair value loss/(gain) on financial assets held for tra	12	700,675	(550,377)	761,643	(550,377)
Foreign exchange gains	12	(14,184,844)	(6,013,318)	(13,188,637)	(5,916,152)
Fair value gain on other financial instruments	14	(1,051,066)	(11,514,050)	(1,051,066)	(11,514,050)
Fair value (gain)/loss on investment properties	28	792,012	(62,695)	792,012	(62,695)
Dividend income	13	(71,761)	(280,325)	(186,827)	(280,325)
Loans written off as uncollectible	10	663,205	1,289,425	663,205	1,289,425
		(42,622,208)	(53,658,701)	(36,955,713)	(50,257,701)
Change in financial assets held for trading	43(i)	6,947,283	(9,085,167)	7,008,251	(9,085,167)
Change in assets pledged as collateral	43(vii)	(49,797,441)	(68,703,138)	(11,232,912)	(49,615,728)
Change in mandatory reserve deposits	43(viii)	1,706,479	48,384,773	6,278,131	48,869,228
Change in derivative assets	43(ix)	(809)	45,883	157,493	-
Change in loans and advances to customers	43(ii)	(283,831,679)	(9,105,936)	(205,780,949)	37,845,080
Change in other assets	43(iii)	(37,744,700)	(14,972,032)	(22,669,574)	(11,672,138)
Change in deposits from customers	43(iv)	219,363,630	(229,281,406)	80,381,109	(248,832,731)
Change in deposit from banks	43(v)	(12,410,293)	47,059,163	(43,809,774)	47,488,773
Change in derivative liabilities	43(x)	(36,527)	97,920	-	-
Change in other liabilities	43(xi)	15,590,155	4,163,466	8,785,260	1,396,568
		(182,836,112)	(285,055,175)	(217,838,678)	(233,863,816)
Interest received		149,571,434	157,860,427	130,878,953	142,701,675
Interest paid		(42,784,581)	(48,454,172)	(34,980,651)	(41,907,105)
Income tax paid	17	(1,205,040)	(2,183,786)	(1,321,552)	(1,927,829)
Retirement benefit obligations paid	15	(728,929)	(880,975)	(725,453)	(816,139)
Net cash flow generated from operating activities		(77,983,228)	(178,713,681)	(123,987,381)	(135,813,214)
Investing activities					
Net sale/(purchase) of investment securities	43(vi)	39,540,922	77,770,688	80,546,002	92,742,630
Dividends received	13	71,761	280,325	186,827	280,325
Acquisition of investment properties	28	(253,127)	(12,732)	(253,127)	(12,732)
Purchase of property and equipment	29	(13,065,561)	(14,623,247)	(9,342,826)	(12,440,651)
Proceeds from sale of property and equipment	43(xii)	477,910	811,568	497,457	691,677
Purchase of intangible assets	30	(2,218,138)	(4,077,785)	(1,981,755)	(4,020,732)
Net cash generated (used in)/from investing activities		24,553,767	60,148,817	69,652,577	77,240,517

Financing activities					
Proceeds from borrowings	43(xiii)	46,656,315	1,304,014	46,656,315	1,304,014
Net repayment of borrowings	43(xiv)	(22,797,202)	(4,633,258)	(22,797,202)	(4,633,258)
Repayment of long term debts	43(xv)	(3,848,424)	(2,432,155)	(3,847,459)	(2,432,155)
Dividend paid		-	(2,316,039)	-	(2,316,039)
Net cash generated (used in) /from financing activities		20,010,689	(8,077,438)	20,011,654	(8,077,438)
(Decrease)/increase in cash and cash equivalents		(33,418,772)	(126,642,303)	(34,323,150)	(66,650,136)
Effect of exchange rate fluctuations on the balance of cash held by foreign operations		11,275,855	789,690	-	-
Cash and cash equivalents at beginning of year		217,145,331	342,997,944	188,233,124	254,883,260
Cash and cash equivalents at end of year	44	195,002,414	217,145,331	153,909,974	188,233,124

The accompanying notes and significant accounting policies are an integral part of these consolidated and separate financial statements.

1. Reporting Entity

Diamond Bank Plc (the "Bank") was incorporated in Nigeria as a private limited liability company on 20 December 1990. In February 2005, following a highly successful private placement share offer which substantially raised the Bank's equity base, Diamond Bank became a public limited liability company. The address of its corporate office is PGD's Place, Plot 4, Block V,BIS Way, Oniru Estate, Lekki, Lagos.

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Diamond Bank provides a full range of financial services including investment, commercial and retail banking, securities dealing and custodian services.

Diamond Bank Plc operates through subsidiaries, including Diamond Pension Fund Custodian Limited, Diamond Bank du Benin SA, Diamond Bank Cote d'Ivoire, Diamond Bank Senegal, Diamond Bank Togo and Diamond Bank UK Limited.

In addition, Diamond Bank Nigeria Plc incorporated two structured entities, Stitching Diamond Finance and Diamond Finance BV, for the purpose of facilitating foreign currency borrowing arrangements.

The consolidated and separate financial statements of the Bank for the year ended 31 December 2016 were authorised for issue on 21 April 2017 by the Board of Directors.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies which have been adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 Basis of preparation

(a) Statement of compliance

These financial statements are the consolidated and separate financial statements of the Bank, and its subsidiaries (together, "the Group"). The Group's consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). The financial statements comply with the Companies and Allied Matters Act, Banks and Other Financial Institution Act, Financial Reporting Council of Nigeria Act 2011, and relevant Central Bank of Nigeria guidelines and circulars.

(b) Functional and presentation currency

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

(c) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- investment properties held for sale are measured at fair value.
- loans and receivables classified as held to maturity are measured at amortized cost using effective interest rate.
- loans to customers and loans to banks are measured at amortized cost using effective interest rate.
- held to maturity financial assets are carried at amortized cost less impairment losses.
- other financial liabilities that are not classified as at fair value through profit or loss are measured at amortized cost using the effective interest rate method.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for changes/amendments highlighted below.

Standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

IFRS 9: Financial Instruments

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments, which replaces earlier versions of IFRS 9 and completed the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

The standard is also expected to change the manner in which the Group classifies its financial assets. Depending on the business model of the Group and the cash flow characteristics of the financial asset, the Group may choose to classify the financial asset as Fair Value or Amortised Cost. The Group can also elect to present changes in the fair value of equity investments in the "Profit or Loss" or Other Comprehensive Income"

IFRS 15: Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.
This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 16: Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as required by IAS 17 and introduces a single lease accounting model. Applying that model, a lessee is required to recognise:

* assets and liabilities for leases with a term of more than 12 months, unless the underlying assets is of low value;
* depreciation of lease assets seperately from interest on lease liabilities in profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases or finance leases, and to account for these two types of leasers differently. The Group is currently in the process of assessing the impact that the initial application would have on its business and will adopt the standard for the year ending 31 December 2019.

Newly effective standards

The following new or amended standards became effective during the year, and are not expected to have a significant impact on the Group's consolidated financial statements:

New or Amended Standards

- Regulatory Deferral Accounts (IFRS 14)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012 - 2014 Cycle - various standards.
- Investment Entities: Applying the consolidation Exception (Amendments to IFRS 10,IFRS12 and IFRS 28)
- Amendments to IAS 1- Disclosure initiative

2.4 Consolidation

(a) *Subsidiaries*

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are consolidated from the date on which control is acquired by the Group. They are de-consolidated from the date on which control ceases. The results of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(b) *Business combinations*

The Group applies IFRS 3 *Business Combinations* in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which the Group obtains control. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred, which is generally measured at fair value; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs related to the acquisition, 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.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

In the separate financial statements of the Bank, investments in subsidiaries are accounted for at cost.

(c) *Transactions eliminated on consolidation*

Intra-group transactions, balances and any unrealised incomes and expenses on transactions between companies within the Group (except for foreign currency transactions gains or losses) are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) *Acquistion from entities under common control*

Common control transactions are business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and such control acquired is not transitory.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(e) *Non controlling interests (NCI)*

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

(f) ***Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(g) ***Associates***

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. This is generally represented by a shareholding of between 20% and 50% or other qualitative factors.

Investments in associates are accounted for using the equity method of accounting. They are initially recognised at cost, which includes transaction costs. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Subsequent to initial recognition, the Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss; its share of post-acquisition movements is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intra-group gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intra-group losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of consolidated financial statements, equal accounting policies for similar transactions and other events in similar circumstances are used. Dilution gains and losses in associates are recognised in the consolidated profit or loss.

In the separate financial statements of the Bank, investments in associates are accounted for at cost.

(h) ***Structured Entities***

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.

The financial statements of structured entities are included in the Group's financial statements where the substance of the relationship is that the Group controls the special purpose entity. The Group established two structured entities, Stitching Diamond Finance and Diamond Finance BV, for the purpose of facilitating foreign currency borrowing arrangements through the issuance of loan notes to borrowers. Accordingly the financial statements of Diamond Finance B.V. have been consolidated as the Group has control over the relevant activities of the entity.

2.5 Foreign currency translation

(a) ***Foreign transactions and balances***

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured (i.e. spot exchange rate).

The local currency (Nigerian Naira) is the reporting currency for the Group's financial statement, thus foreign currency balances are translated by using the current exchange rate at the reporting date. The translation rate applied by the Bank is the rate per the Nigerian Inter-bank Foreign exchange market (NIFEX) as published by the FMDQ OTC. The translation rates for third currencies are derived by multiplying the interbank rate (i.e. the USDollar/Naira) with applicable cross rates of those currencies.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the carrying amount of the asset or liability in the functional currency at the beginning of the year, adjusted for any movements during the year due to effective interests, payments, additions, fair value changes etc. and the carrying amount in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the spot exchange rate at the date on which the fair value was determined.Non-monetary items that are measured based on historical cost denominated in a foreign currency are translated with the spot exchange rate as at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

• available-for-sale equity instruments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

• a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

• qualifying cash flow hedges to the extent that the hedge is effective.

(b) *Foreign Operations*

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

- assets and liabilities including goodwill and fair value adjustments arising on acquisition, are translated to Naira at the closing spot exchange rate at the reporting date;
- income and expenses of each foreign operation 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 rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in OCI, and accumulated in the translation reserve within equity.

2.6 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities - which include derivative financial instruments - have to be recognised in the statement of financial position and measured in accordance with their assigned category.

(A) *Initial recognition and measurement*

The Group initially recognises the loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, (for an item not at fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue.

The Group does not currently apply hedge accounting.

(B) *Subsequent measurement*

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost depending on their classification.

(C) *Classification and related measurement*

Management determines the classification of its financial instruments at initial recognition, see Note 7 for details. Reclassification of financial assets are permitted in certain instances as discussed below.

i) Financial assets

The Group classifies its financial assets in terms of the following IAS 39 categories:

a) financial assets at fair value through profit or loss;
b) loans and receivables;
c) held-to-maturity financial assets;
d) available-for-sale financial assets

a) Financial assets at fair value through profit or loss

This category comprises two sub-categories:
a) financial assets classified as held for trading;
b) financial assets designated by the Group as fair value through profit or loss upon initial recognition (the "fair value option").

At the reporting dates covered by these financial statements, financial assets at fair value through profit or loss comprise financial assets classified as held for trading only. Management did not apply the fair value option to any financial assets existing at these dates.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Financial instruments included in this category are initially recognized in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are reocgnized as part of net trading income in profit or loss. Interest income and dividend income on financial assets held for trading are included in 'interest income' and 'other operating income' respectively.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;
- those that the Group upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially measured at fair value plus incremental direct transaction costs and subsequently measured at amortized cost using effective interest method. Interest income is included in 'interest income' in the statement of profit or loss. Refer to accounting policy 2.10 for the impairment of financial assets.

c) Held-to-maturity financial assets

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

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses (see Note 25). A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassification 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 has collected substantially all of the asset's original principal; and
- sales or reclassifications that are attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale financial assets are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in 'Interest income', with dividend income included in 'other operating income'. When available-for-sale financial assets are sold or impaired, the cumulative gain or loss recognised in a separate reserve in equity are reclassified to profit or loss from the Other Comprehensive Income.

ii) Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as detailed below;

a) Financial liabilities at fair value through profit or loss
b) Other financial liabilities

a) Financial liabilities at fair value through profit or loss

The Group has designated financial liabilities at fair value through profit or loss in either of the following circumstances;

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. Note 7 sets out the amount of financial liability that has been designated at fair value through profit or loss. A description of the basis for this designation is set out in the note for the relevant liability class.

b) Other financial liabilities

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'interest expense' in the statement of profit or loss.

(D) Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the fair value through profit or loss category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

(E) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial 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.

(F) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, then the Group measures the assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to date.

The Group recognises transfers between levels of the fair value heirachy as of the end of the reporting period during which the change has occurred.

(G) Derecognition

(i) Financial Assets

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gains or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers asset recognised on its statement of financial position, but retains either all or substantially all the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transcations are sale and repurchase transactions.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the Statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise 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.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

(ii) Financial Liabilities

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

(iii) 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 assets pledged as collateral are designated as available for sale, subsequent measurement is at fair value through other comprehensive income. Assets pledged as collateral designated as held to maturity are measured at amortised cost.

2.7 Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at fair value through profit or loss;
- the terms of embedded derivative would meet the definition of a derivative if they were contained in a separate contract and;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic charcteristics and risks of the host contract

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

2.8 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

2.9 Revenue recognition

(i) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and expense presented in the profit or loss include :

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.
- interest on available-for-sale investment securities calculated on an effective interest basis.

(ii) Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. If it is unlikely that the loan will be drawn down, the commitment fee is recognised on a straight line basis over the commitment period. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

(iii) Income from bonds, financial guarantees and letters of credit

Income from bonds or financial guarantees and letters of credit are recognised on a straight line basis over the life of the bond or guarantee.

(iv) Dividend income

Dividend income is recognised when the entity’s right to receive payment is established. Dividends are reflected as a component of net trading income, net income from other financial instruments at fair value through profit or loss or other opertaing income based on the underlying classification of the equity investments.

(v) Net trading income

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

(vi) 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 non-trading derivaties held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and financial liabilties designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

2.10 Identification and measurement of impairment of financial assets

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 not carried at fair value through profit or loss is impaired. A financial asset or 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.

Objective evidence that financial assets are impaired include:

- Contractual payments of principal or interest are past due by 90 days or more;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Deterioration of the borrower’s competitive position;
- Deterioration in the value of collateral;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- 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;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- 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: adverse changes in the payment status of borrowers in the portfolio; and national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 profit or loss. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised 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.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value. The impairment loss before an expected restructuring is measured as follows;

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of derecognition. This amount is discounted from the expected date of derecognition to the reporting date, using the original interest rate of the existing financial asset.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. 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 are reflected and 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.

The Group writes off a loan or an investment in debt securities, either partially or in full, and any related allowance for impairment losses when the Group determines that there is no realistic prospect of recovery.

Impairment charges on financial assets are included in profit or loss within 'net impairment loss on financial assets'.

2.11 Impairment of non-financial assets

At each reporting date, the carrying amount of non-financial assets (other than investment properties held for sale and deferred tax assets) are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Additionally, assets that have an indefinite useful life (including goodwill) and are not subject to amortisation are tested annually for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, 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 or cash generating unit (CGU).

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Goodwill arising from business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synegies of the combination. The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

2.12 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the Group (issuer) 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 original or modified terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities. 'Loan commitments' are firm commitments to provide credit under pre-specificed terms and conditions.

Liabilities arising from financial guarantee or commitments to provide a loan at a below-market interest rate are initially recognised at fair value and the initial fair value is amortised over the life of the financial guarantee or commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability, when a payment under the guarantee has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

2.13 Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, loans to banks and other short term investments with original maturities of 3 months or less.
Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.14 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Profit for the year is therefore adjusted by income/expense and non-cash items, such as measurement gains or losses, changes in impairment allowances, as well as changes from operating assets. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The cash flows from investing and financing activities are determined by using the direct method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach). Interest and dividends received on investment securities are classified as investing activities; interest paid on customer deposits are classified as operating cash flows, while dividends paid to shareholders are included in financing activities.

2.15 Leases

Leases are divided into finance leases and operating leases.

(a) The Group is a 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 profit or loss 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 of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in 'Deposits from banks' or 'Deposits from customers' depending on the counter party. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

(b) The Group is a lessor

(i) Operating lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term.

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) 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.

2.16 Investment properties held for sale

Investment properties held for sale represent investment properties which are held for long-term rental yields or for capital appreciation or both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Recognition of these properties takes place only when it is probable that the future economic benefits that are associated with the properties will flow to the entity and the cost can be measured reliably.

Investment properties held for sale are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing Investment property held for sale at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of such properties. Subsequent to initial recognition, properties held for sale are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of these properties are included in the profit or loss in the period in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Any gain or loss on disposal of these properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

The fair value of these properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuers contracted to perform valuations on behalf of the Group. The fair value of these properties do not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.17 Property and equipment

(i) Recognition and measurement

The cost of an item of property and equipment is initially recognized by the Group if and only if it is probable that future economic benefits associated with the item will flow to the Group; and the cost of the item can be measured reliably. All property and equipment used by the Group is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of a property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 'other operating expenses' during the financial period in which they are incurred.

(iii) Depreciation

Freehold land is not depreciated. Depreciation of items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Land	Not depreciated
- Leaseholds improvements:	over the unexpired lease term.
- Leasehold buildings:	depreciated over the lease period.
- Motor vehicles:	four years
- Office equipment:	three years
- Computer equipment:	three years
- Furniture and fittings:	four years

The assets' residual values, depreciation methods and useful lives are reviewed annually, and adjusted if appropriate.

(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 assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is recognised.

(v) Other requirements

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as prepayments in "other assets" and upon delivery are reclassified as additions in the appropriate category of property and equipment.

2.18 Intangible assets

The cost of an Intangible asset is initially recognized by the Group if and only if it is probable that future economic benefits associated with the item will flow to the Group; and the cost of the item can be measured reliably. Subsequent measurement is as detailed below:

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see 2.4(b). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Impairment is assessed annually.

Software

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

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure is expensed when incurred.

Software is amortised on a straight line in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three years.
Software under development which are not available for use are tested for impairment annually.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

An intangible asset shall be derecognized by the Group 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 assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is recognised.

2.19 Non-current assets classified as held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated inventories, financial assets, deferred tax assets, employee benefit analysis or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distrubition and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

2.20 Income taxation

The tax expense for the period comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

(a) Current income tax
The current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date in the respective jurisdiction. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(b) Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilised. Such deferred tax assets and liabilities are not recognised if:

- the 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;
- the temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and where the Group is able to control the reversal of the temporary difference; and
- the taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties held for sale that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through the sale unless the presumption is rebutted. The presumption is rebutted when the investment properties held for sale is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Management has reviewed the Group's investment properties held for sale portfolio and concluded that none of the Group's investment properties held for sale are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Although, Management has determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted, the Group has elected to recognise deferred tax on changes in fair value of the investment properties held for sale as the Group is subject to capital gains taxes on disposal of its investment properties.

2.21 Employee benefits

(a) Defined contribution scheme

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The Group contributes 12% of basic salary, rent and transport allowances, with the employee contributing a further 8% in line with the provisions of the Pension Reforms Act 2014. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense 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.

(b) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

(c) Other employee benefits

Other employee benefits are expensed when they are incurred. Other personnel expenses relate to one-off discretionary payments and other benefits paid to staff of the Group. There is no other constructive or contractual obligations on the Group aside from the actual amount incurred.

2.22 Provisions

A provision is recognised 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. The unwinding of the discount is recognized as finance cost.

(a) Bank levies

A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

2.23 Share capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

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

Dividends for the period that are declared after the date of the statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

(c) Treasury shares

Where the Company or other members of the Group purchase the Bank’s equity share capital, the consideration paid is deducted from total 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.

2.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is 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 the effects of all dilutive potential ordinary shares, which comprise options to convert the outstanding notional amount of borrowing with conversion options.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Executive Management Committee as its chief operating decision maker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance. Refer to Note 5 for the Group segment report.

2.26 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities through Diamond Pension Fund Custodian Limited, a subsidiary company that results in the holding of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The carrying value of the assets as at reporting date are disclosed in the financial statements (see Note 46.3). The carrying value of the assets under custody were determined as follows:

- Real estate and real estate investment trust, equity and equity fund are carried at fair value.
- all other classes of assets under custody are carried at cost.

Fees and commissions earned from providing such services are generally recognised on an accrual basis in line with the agreement between the Group and the party for which the Group holds its assets.

3. Financial risk management

3.1 Introduction and overview

This note presents information about the Group's exposure to financial risks and the Group's management of capital

Enterprise risk review

The underlying premise of Enterprise Risk Management is that every entity exists to provide value for its stakeholders. All organizations face uncertainty, uncertainty presents both risks and opportunities, with the potential to erode or enhance value.

In recent years, managing an enterprises' risk in a consistent, efficient and sustainable manner has become a critical priority, as the business environment faces unprecedented levels of complexity changing geopolitical threats, new regulations and increasing shareholders' demand.

The Diamond Bank Group seeks to achieve an appropriate balance between risk and reward in its business and strategy, and continues to build and enhance the risk management capabilities that will assist it in delivering its growth plans in a controlled environment.

The Group has made significant progress in its vision to become world-class at managing risk. The Group’s Enterprise Risk Management (ERM) framework addresses specific risk areas such as credit, market, liquidity, operational, strategic and reputational risks.

Full implementation of the requirements of the ERM Framework is on-going under the oversight of the Board Risk Management Committee (BRMC), which is tasked with monitoring the implementation on behalf of the Board.

The Group’s Enterprise Risk Management (ERM) Framework ensures risks are managed using a structured and disciplined approach that aligns strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the opportunities and threats faced. The Group’s “Enterprise-wide” Risk Management methodology ensures the removal of functional, divisional, departmental or cultural barriers to managing risks.

The main benefits and objectives to the Group of the ERM implementation include the following:

- It provides a platform for the Board and Management to confidently make informed decisions regarding the trade-off between risk and reward;
- It aligns business decisions at the operating level to the Group’s appetite for risk;
- It balances operational control with the achievement of strategic objectives;
- It enables Executives to systematically identify and manage significant risks on an aggregate basis;
- It enables the evaluation of new and existing investments on both a standalone and portfolio basis; and
- It minimizes operational surprises and related costs or losses.

Diamond Bank's Enterprise Risk Management vision is " to build a world-class risk management culture".

Risk Management governance structure

The following management committees, comprising of senior management staff, support the Executive Committee in performing its risk management roles:

(i) Asset and Liability Management Committee (ALCO)
The Asset and Liability Committee (ALCO) is responsible for market and liquidity risk management.

(ii) Management Credit Committee (MCC)
The Management Committee (MCC) is responsible for managing credit risks in the Group. The Committee focuses on Management of the Group's credit risk exposures. The Management Credit Committee (MCC) deliberates on issues concerning the credit risk. These include issues from credit approval, restructure, write off, and approval of credit policies.

(iii) Group Risk Management Committee (RMC)
The Group Risk Management Committee (RMC) has oversight responsibility for all other risk categories except credit, market and liquidity risks. Risk categories within the purview of the committee include, but are not limited to, the following: Operational risk; Strategic risk; Legal risk; Compliance risk; Reputational risk; Accounting & Taxation risk; Human Capital risk; and Information Security risk.

Business units

Business Units and their staff, as primary risk owners/managers, are responsible for the day-to-day identification, mitigation, management and monitoring of risks within their respective functions.

Business Units and their staff are also responsible for the following:

- Implementing the Group's risk management strategies;
- Managing day-to-day risk exposures by using appropriate procedures and controls in line with the Group's risk management framework;
- Identifying risk issues and implementing remedial action to address these issues; and
- Reporting and escalating material risks and associated issues to appropriate authorities.

Units and functions with primary responsibility for independent risk oversight and monitoring

These units and function include the following:

- Risk Management & Control Division;
- Legal Unit;
- Corporate Communications Units
- Strategic Planning & Research Unit; and
- Financial Control Unit.
- Human Capital Management Unit and
- Compliance Unit

Units and functions with primary responsibility for evaluating and providing independent assurance. This is made up of the

- Internal Auditors (i.e. Corporate Audit function); and
- The External Auditors.

3.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arises principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in the off-balance sheet financial instruments. The credit risk management is centralized in Risk Managment and Control at the group level and reports to the board of directors and interacts with the head of each business segment regularly.

Diamond Bank has a credit risk management framework approved by its Board. The credit risk management objectives are:

(1) To provide a clear and consistent direction for the Bank for creating and managing credit exposures;
(2) To maintain a high quality risk assets portfolio and minimize credit losses arising from errors of judgement.
(3) To achieve the lowest non-performing loans in the industry while maximizing returns on assets created;
(4) To maximize stakeholder value;
(5) To develop a strong credit risk culture where all staff actively participate in the risk management process.

The credit risk appetite of the bank is defined by its expression or willingness to accept risk up to a level that minimizes erosion of earnings or capital due to avoidable losses from credit activities. The Bank's Credit Risk Management Strategy is driven by its objectives and includes adoption of the following strategies for the management of credit risk;

(a) A selective and disciplined approach to credit origination and focus on customers that will create attractive value for the Bank;
(b) Adherence by all lending and approval individuals to the Bank's credit risk policies, developed to enable staff identify, measure and manage credit risk exposures;
(c) The Board and Senior Management set the tone for the right risk culture in the Bank;
(d) Adequate pricing for the risks taken by the Bank;
(e) Establishment and enforcement of the Bank's exposure and provisioning policies in accordance with the International Financial Reporting Standards and other regulatory requirements; and
(f) Broadening of the knowledge and skills of all credit personnel through training and capacity building programmes.

Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and banks at a counterparty level, the Group reflects the following components (i) the client or counterparty's character and capacity to pay off its contractual obligations; (ii) current exposures to the counterparty and its likely future development; (iii) credit history of the counterparty; and (iv) the likely recovery ratio in case of default obligations - value of collateral and other ways out.

The Group's rating scale, the Diamond Master Rating (DMR), reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Diamond Master Rating Table

DIAMOND BANK	CBN	CBN MID WEIGHT	DB REMARK	CBN REMARK
D01	AAA	1.5	Investment Grade	Extremely low risk
D02	AA	2.5	Investment Grade	Very low
D03	A	3.5	Investment Grade	Low risk
D04	BBB	4.5	Sub investment Grade	Acceptable risk
D05	BB	5.5	Sub investment Grade	Moderately Higk risk
D06	B	6.6	Sub investment Grade	High risk
D07	CCC	7.5	Sub investment Grade	Very high risk
D08	CC	8.5	Watchlist	Extremely high risk
D09	C	9.5	Watchlist	High likelihood of default
D10	D		Default	Default

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Treasury to primarily manage their liquidity risk exposures.

Risk limit control and mitigation policies

The Group manages limits and control concentrations of credit risk wherever they are identified - in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers (single obligor limits), and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

The Group also sets internal credit approval limits for various levels in the credit process and are shown in the table below:

Authorizing level

Approver	Band 1 D01 - D03 (Investment Grade) (PD< 0.55%)	Band 2 D04- D07 (Sub-Investment Grade) (0.55% < PD < 14.06%)	Band 3 D08 – D10 (Watchlist/Default) PD > 14.06%
	N'Million	N'Million	N'Million
Full Board-Ratification	>10,000 up to SOL***	>4,000 up to SOL***	>1,500 up to SOL***
BCC*	10,000	4,000	1,500
MCC**	4,000	2,000	500
MINI-MCC	2,000	1,000	250
Group Managing Director	500	300	150
Executive Director, RB, Lagos & West	300	200	100
Executive Director, RB, North	300	200	100
Executive Director, CFO	100	50	15
Divisional Head, Regional Business- South	200	150	Nil

* Board Credit Committee
** Management Credit Committee
*** Single Obligor Limit

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similiar instruments, which are secured by portfolios of financial instruments.

The guiding principles behind collateral acceptability are adequacy and realizability. The Management Credit Committee (MCC) approves the guidelines for acceptability of credit collateral. The committee also provides a clear articulation of:

- Acceptable collateral in respect of each credit product including description, location restrictions in respect of landed property, guidelines in respect of minimum realizable value of such collateral;
- Required documentation/perfection of collateral;
- Conditions for waivers of collateral requirement and guidelines for approval of collateral waiver;
- Acceptability of cash and other forms of collateral denominated in foreign currency;

All items pledged as security for credit facilities are usually registered in the name of the Bank. Additional criteria including insurance cover as may be defined in the Bank's risk management policy provisions are usually met. Collateral as security in respect of approved credit exposures include mortgage on landed property, quoted stocks/shares of actively traded blue chip companies only, charge on assets (fixed and/or floating), guarantees issued by other banks acceptable to Diamond Bank, lien on asset being financed and others.

Collateral must be appreciating or at least stable. Estimate of open market value of the collateral item(s) should be adequate to ensure full recovery of the Bank's principal credit exposure.

The fair values of collaterals are based upon the latest 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 neighborhood 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 and other acceptable valuation methodologies.

The same fair value approach is used in determining the collaterals value in the course of sale or realization. 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.

Also, recently approved policy includes the additional extract below;

1 Assessment of collateral value shall reflect standard internal bank discounts in appropriating lending value. These valuation guidelines are only for use in estimating or reporting collateral margins. These standards are intended to optimize our collateral analysis and shall not be construed to imply any limited opinions of realizable market values. A maximum exposure of 75% of the “Forced Sale Value” of the property is allowed per client while further discount shall reflect the bank’s policy on collateral coverage for other assets. For all types of collateral the internal assessment discounts shall be applied to reduce collateral values before further reducing said values by the amount of debts owed to senior lien holders, if any.

2 Daily mark-to-market shall be carried out on all equity shares in line with fair value accounting standards and provisioning shall be applied monthly on shortfalls.

However, as proactive measures towards preventing total diminution and control asset delinquency, four margin limits are instituted as follows:

i Initial Margin of 200%;
ii First Maintenance Margin of 175%; and
iii Second Maintenance Margin of 150%
iv Below 150%

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collaterised by the underlying shipments of goods to which they relate and therefore carrry less risk than a direct loan.

(c) Collective Impairment Assessment

The Group adopts a collective or portfolio approach to impairment assessment for loans that have not been specifically identified as non-performing but form part of a group of loans with similar credit characteristics. The calculation of collective impairment requires estimation of the under-listed risk parameters to determine historical loss experience.

1 Probability of Default
2 Exposure at Default
3 Loss Given Default
4 Loss Identification Period

The risk parameters are reviewed annually to monitor their predictive capacity relative to actual risk assets performance and updated as necessary.

Probability of Default (PD)

The Group assesses the probability of default using the trend analysis methodology to determine the repayment behavior over a period of time.

The Bank identifies all 90 days past due accounts in the current financial year ensuring that an account is only selected once after moving into non-performing bucket. Subsequently, PD is calculated as total number of NPL in a column over total number of loans in the column and a 5-year average is used for impairment. This is revised on a continous basis.

Exposure at Default

Exposure at Default (EAD) is the amount the Group is owed at the time of default or at a reporting date. This is the sum of contract balance and account balances to ensure that the total exposure of a customer is captured.

Loss Given Default (LGD)

Loss Given Default represents the Group’s expectation of the extent of loss on a claim should default occur.

This is calculated only on accounts that end the year as non-performing based on the 90 days past due criteria.The Group identifies collateral values tied to each account and then, computes the present value of the collateral using the effective interest rate. To get the loss given default, deduct the present values of the collateral from the EAD and divide by the EAD. This is revised with trends in the lending relationship.

Loss Identification Period

Loss identification period (LIP) is the time it takes from the date a loss event occurs to the date the entity identifies it has occurred. 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.

Given that credit management policies require quarterly loan review and biannual regulatory loan review, we estimated LIP to be at most 6 months in duration.

Upon determination of the risk parameters, the performing loans are grouped into 5 basic segments, namely Corporate, Business Banking, Retail, Government and Staff using the MIS code column. The outstanding balance of the loans in each segment is aggregated to have a single portfolio value.

To determine the impairment figure for each segment, we multiply the aggregate portfolio value with the Probability of default (PD) and Loss given default (LGD) and Loss Identification Period (LIP) i.e.

Exposure *X* PD *X* LGD *X* LIP = Impairment.

Where the loans are past due but not impaired, the same approach is adopted in determining collective impairment. However, a higher PD and LIP is adopted to reflect the increased risks in the portfolio.

Methodology for risk rating

Diamond Bank Plc uses the Moody's rating tool as the core rating for all its corporate credits. In addition to the core rating, the Bank has recently developed a new rating framework for rating all corporate exposure in its credit portfolio. Through the new corporate framework, each corporate borrowers will be given a rating on the 10-grade Diamond Master Rating Scale, which signifies the borrower's creditworthiness and risk of default. These ratings will be used to determine pricing, availability of credit, required collateral and other important decisions such as in relation to the extension of loans.

The new rating framework takes the core rating (i.e. Moody's) as a foundation and uses other factors such as the Group/country rating, early warning signals and any relevant new information to arrive at a more realistic rating for the borrower.

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

The Group's maximum exposure to credit risk at 31 December 2016 and 31 December 2015 respectively, is represented by the net carrying amounts of the financial assets set out in Note 7 below, with the exception of financial guarantees issued by the Group for which the maximum exposure to credit risk is represented by the maximum amount the Group would have to pay if the guarantees are called on (refer to Note 46 contingent liabilities and commitments).

Risk assets (loans and advances, advances under finance leases, other loans and receivables, on-balance sheet direct credit substitutes, etc.)

Risk assets are summarized as follows:

Loans and advances to customers

31 December		Group		Bank	
In thousands of Naira	**Note**	**2016**	**2015**	**2016**	**2015**
Neither past due nor impaired		689,239,014	641,355,052	504,093,068	535,488,735
Past due but not impaired		263,148,339	122,490,939	262,012,215	117,180,565
Individually impaired		100,411,716	56,684,184	90,225,152	49,712,646
Gross	**24**	1,052,799,069	820,530,175	856,330,435	702,381,946
Allowance for specific impairment	**24**	(41,719,089)	(39,099,881)	(36,286,485)	(36,222,438)
Allowance for collective impairment	**24**	(15,745,862)	(17,795,467)	(15,408,309)	(17,188,129)
Net	**24**	995,334,118	763,634,827	804,635,641	648,971,379

Loans to banks

31 December		Group		Bank	
In thousands of Naira	**Note**	**2016**	**2015**	**2016**	**2015**
Neither past due nor impaired		100,342,964	60,103,340	88,553,151	66,820,934
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Gross	**23**	100,342,964	60,103,340	88,553,151	66,820,934
Specific impairment		-	-	-	-
Collective impairment		-	-	-	-
Net	**23**	100,342,964	60,103,340	88,553,151	66,820,934

3.2.2 Credit quality

(a) Risk assets: neither past due nor impaired

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

Group
In thousands of Naira

31 December 2016	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	82,919,487	418,605,046	2,959,844	4,190,105	180,564,532	689,239,014

Group
In thousands of Naira

31 December 2015	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	66,892,948	557,346,588	2,853,224	6,727,060	-	633,819,820

Bank
In thousands of Naira

31 December 2016	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	60,332,831	275,587,104	-	4,190,105	163,983,028	504,093,068

Bank

In thousands of Naira

31 December 2015	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	59,806,277	468,956,448	-	6,726,010	-	535,488,735

(b) Risk assets: past due but not impaired

Loans and advances to customers that are "past due but not impaired" are those for which contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of collateral available and/or the stage of collection of amounts owed to the Group. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Group
In thousands of Naira

31 December 2016

	Commercial Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	-	1,295,749	21,891,944	2,107,337	-	25,295,030
Past due 30 - 60 days	-	-	17,950,073	-	-	17,950,073
Past due 60 -90 days	-	-	33,204,611	5,130,559	-	38,335,170
Past due 90 -180 days	-	-	41,027,745	30,811,106	-	71,838,851
Past due 180 -360 days	-	7,647,551	49,340,972	52,740,692	-	109,729,215
Total	**-**	**8,943,300**	**163,415,345**	**90,789,694**	**-**	**263,148,339**

31 December 2015

	Commercial Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	-	138,040	40,891,500	79,882,741	193,402	121,105,683
Past due 30 - 60 days	-	-	-	-	-	-
Past due 60 -90 days	-	-	-	113,931	-	113,931
Past due 90 -180 days	-	139,149	-	-	-	139,149
Past due 180 -360 days	-	1,116,839	-	15,337	-	1,132,176
Total	**-**	**1,394,028**	**40,891,500**	**80,012,009**	**193,402**	**122,490,939**

Bank

In thousands of Naira
31 December 2016

	Commercial Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	-	-	22,051,112	2,107,337	-	24,158,449
Past due 30 - 60 days	-	-	17,950,073	-	-	17,950,073
Past due 60 -90 days	-	-	33,204,613	5,130,559	-	38,335,172
Past due 90 -180 days	-	-	41,028,200	30,811,106	-	71,839,306
Past due 180 -360 days	-	7,647,551	49,340,972	52,740,692	-	109,729,215
Total	**-**	**7,647,551**	**163,574,970**	**90,789,694**	**-**	**262,012,215**

31 December 2015

	Commercial Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	-	138,040	40,891,500	74,572,367	193,402	115,795,309
Past due 30 - 60 days	-	-	-	-	-	-
Past due 60 -90 days	-	-	-	113,931	-	113,931
Past due 90 -180 days	-	139,149	-	-	-	139,149
Past due 180 -360 days	-	1,116,839	-	15,337	-	1,132,176
Total	**-**	**1,394,028**	**40,891,500**	**74,701,635**	**193,402**	**117,180,565**

(c) Risk assets: individually impaired

Loans and advances to customers is considered individually impaired based on the Group's accounting policy as documented in Note 2.10.

Gross amount of loans and advances to customers that are as disclosed below:

Group
In thousands of Naira

Non-performing loans by classification

	Group		Bank	
	31 Dec 2016	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**
Overdraft	98,927,218	52,645,603	88,740,654	45,674,065
Term Loans	1,484,498	4,038,581	1,484,498	4,038,581
Finance Lease	-	-	-	-
Commercial Papers	-	-	-	-
Total	**100,411,716**	**56,684,184**	**90,225,152**	**49,712,646**

Non-performing loans by geography

	Group		Bank	
	31 Dec 2016	**31 Dec 2015**	**31 Dec 2016**	**31 Dec 2015**
Nigeria:				
North East	65,483	125,822	65,483	125,822
North Central	2,420,128	3,364,597	2,420,128	3,364,597
North West	234,812	232,630	234,812	232,630
South East	875,538	4,459,838	875,539	4,459,838
South South	15,654,628	7,142,950	15,654,628	7,142,950
South West	69,759,514	34,386,809	69,759,514	34,386,809
Rest of West Africa	10,186,565	6,971,538	-	-
Europe	1,215,048	-	1,215,049	-
Total	**100,411,716**	**56,684,184**	**90,225,152**	**49,712,646**

(d) The credit quality of investments in debt securities that were neither past due nor impaired can be assessed by reference to Standard & Poor's rating at 31 December 2016 and 31 December 2015.

Group

		Debt securities			
In thousands of naira	**Note/ Rating**	**Treasury bills**	**Bonds**	**Placements with other banks**	**Total**
31 December 2016					
Financial assets held for trading	20	6,660,368	209,867	-	6,870,235
Investment securities - held to maturity	25	139,033,488	73,411,497	-	212,444,985
Investment securities - available-for-sale	25	12,078,752	5,301,074	-	17,379,826
Assets pledged as collateral	22	91,074,935	129,780,178	1,043,113	221,898,226
		248,847,543	**208,702,616**	**1,043,113**	**458,593,272**
31 December 2015					
Financial assets held for trading	20	13,116,843	-	-	13,116,843
Investment securities - held to maturity	25	140,688,752	99,845,378	-	240,534,130
Investment securities - available-for-sale	25	15,466,818	-	-	15,466,818
Assets pledged as collateral	22	70,392,166	81,762,703	19,945,916	172,100,785
		239,664,579	**181,608,081**	**19,945,916**	**441,218,576**

Bank

	Note/ Rating	Investments securities Treasury bills	Bonds	Placements with other banks	Total
In thousands of naira					
31 December 2016					
Financial assets held for trading	20	6,660,368	209,867	-	6,870,235
Investment securities - held to maturity	25	118,126,576	33,015,233	-	151,141,809
Investment securities - available-for-sale	25	2,607,231	-	-	2,607,231
Assets pledged as collateral	22	91,074,935	58,273,097	21,275,785	170,623,817
		218,469,110	**91,498,197**	**21,275,785**	**331,243,092**
31 December 2015					
Financial assets held for trading	20	13,116,843	-	-	13,116,843
Investment securities - held to maturity	25	129,916,707	84,074,434	-	213,991,141
Investment securities - available-for-sale	25	12,093,590	-	-	12,093,590
Assets pledged as collateral	22	70,392,166	26,190,308	62,808,431	159,390,905
		225,519,306	**110,264,742**	**62,808,431**	**398,592,479**

3.2.3 Individually impaired loans and advances to customers

Set out below is an analysis of the gross and net (of allowance for impairment) amounts of individually impaired loans and advances

Group

	Loans and advances to customers	
In thousands of naira	**Gross**	**Net**
31 December 2016		
Grades		
[Default] (D10)	100,411,716	58,692,627
	100,411,716	**58,692,627**
31 December 2015		
Grades		
[Default] (D10)	56,684,184	17,584,303
	56,684,184	**17,584,303**

Bank

	Loans and advances to customers	
In thousands of naira	**Gross**	**Net**
31 December 2016		
Grades		
[Default] (D10)	90,225,152	53,938,667
	90,225,152	**53,938,667**
31 December 2015		
Grades		
[Default] (D10)	49,712,646	13,490,208
	49,712,646	**13,490,208**

3.2.4 Credit concentrations

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2016 and 31 December 2015. For this table, the Group has allocated exposures to regions based on the region of domicile of the counterparties.

Group
In thousands of naira

31 December 2016	Cash and balances with Central Bank	Financial assets held for trading	Assets pledged as collateral	Loans to Banks	Loans & Advances to Customers	Investment securities	Derivative assets	Other assets	Total
In Nigeria:									
North East	-	-	-	-	678,848	-	-	-	678,848
North Central	-	-	-	-	18,447,246	-	-	-	18,447,246
North West	-	-	-	-	8,289,382	-	-	-	8,289,382
South East	-	-	-	-	26,546,773	-	-	-	26,546,773
South South	-	-	-	-	25,767,528	-	-	-	25,767,528
South West	289,663,505	6,870,235	-	20,470,435	703,992,890	164,760,814	1,925,777	50,002,134	1,237,685,789
Rest of West Africa	36,769,736	-	220,855,113	-	170,626,563	61,332,554	-	25,779,627	515,363,592
Europe	3,473,674	-	1,043,113	79,872,529	40,984,888	9,471,521	162,431	364,709	135,372,866
Total	**329,906,915**	**6,870,235**	**221,898,226**	**100,342,964**	**995,334,118**	**235,564,889**	**2,088,208**	**76,146,470**	**1,968,152,025**

Bank
In thousands of naira

31 December 2016	Cash and balances with Central Bank	Financial assets held for trading	Assets pledged as collateral	Loans to Banks	Loans & Advances to Customers	Investment securities	Derivative assets	Other assets	Total
In Nigeria:									
North East	-	-	-	-	678,849	-	-	-	678,849
North Central	-	-	-	-	18,447,246	-	-	-	18,447,246
North West	-	-	-	-	8,289,382	-	-	-	8,289,382
South East	-	-	-	-	26,546,774	-	-	-	26,546,774
South South	-	-	-	-	25,767,529	-	-	-	25,767,529
South West	289,663,505	6,870,235	-	20,470,435	703,992,889	160,310,857	1,925,777	49,928,617	1,233,162,315
Rest of West Africa	-	-	149,348,032	-	3,146,241	-	-	-	152,494,273
Europe	-	-	21,275,785	68,082,716	17,766,731	-	-	-	107,125,232
Total	**289,663,505**	**6,870,235**	**170,623,817**	**88,553,151**	**804,635,641**	**160,310,857**	**1,925,777**	**49,928,617**	**1,572,511,600**

Group

In thousands of naira **31 December 2015**	**Cash and balances with Central Bank**	**Financial assets held for trading**	**Assets pledged as collateral**	**Loans to Banks**	**Loans & Advances to Customers**	**Investment securities**	**Derivative assets**	**Other assets**	**Total**
In Nigeria:									
North East	-	-	-	-	883,530	-	-	-	883,530
North Central	-	-	-	-	29,521,870	-	-	-	29,521,870
North West	-	-	-	-	8,300,777	-	-	-	8,300,777
South East	-	-	-	-	37,380,613	-	-	-	37,380,613
South South	-	-	-	-	36,038,424	-	-	-	36,038,424
South West	319,168,021	13,116,843	116,528,390	28,249,681	478,287,054	233,155,561	-	23,741,919	1,212,247,469
Rest of West Africa	17,003,045	-	55,572,395	24,985,425	103,675,693	26,576,027	-	-	227,812,585
Europe	24,995,870.06	-	-	6,868,234	69,546,866	7,605,618	161,622	-	109,178,210
Total	**361,166,936**	**13,116,843**	**172,100,785**	**60,103,340**	**763,634,827**	**267,337,206**	**161,622**	**23,741,919**	**1,661,363,478**

Bank

In thousands of naira **31 December 2015**	**Cash and balances with Central Bank**	**Financial assets held for trading**	**Assets pledged as collateral**	**Loans to Banks**	**Loans & Advances to Customers**	**Investment securities**	**Derivative assets**	**Other assets**	**Total**
In Nigeria:									
North East	-	-	-	-	883,530	-	-	-	883,530
North Central	-	-	-	-	29,521,870	-	157,493.00	-	29,679,363
North West	-	-	-	-	8,300,777	-	-	-	8,300,777
South East	-	-	-	-	37,380,613	-	-	-	37,380,613
South South	-	-	-	-	36,038,424	-	-	-	36,038,424
South West	319,168,003	13,116,843	159,390,905	66,820,934	480,399,052	233,155,563	-	17,067,758	1,289,119,058
Rest of West Africa	-	-	-	-	2,113,843	-	-	-	2,113,843
Europe	-	-	-	-	54,333,270	-	-	-	54,333,270
Total	**319,168,003**	**13,116,843**	**159,390,905**	**66,820,934**	**648,971,379**	**233,155,563**	**157,493**	**17,067,758**	**1,457,848,878**

(b) Industry sectors

Group
In thousands of naira

31 December 2016	Cash and balances with Central Bank	Financial assets held for trading	Assets pledged as collateral	Loans to Banks	Loans & Advances to Customers	Investment securities	Derivative assets	Other assets	Total
Agriculture	-	-	-	-	24,977,330	-	-	-	24,977,330
Communication	-	-	-	-	39,412,737	-	-	-	39,412,737
Education	-	-	-	-	2,985,892	-	-	-	2,985,892
Finance and insurance	329,906,916	6,870,235	1,043,113	100,342,964	14,121,580	12,792,499	2,088,208	70,897,822	538,063,337
General commerce	-	-	-	-	157,209,296	-	-	-	157,209,296
Government	-	-	220,855,113	-	6,890,033	222,772,390	-	5,246,648	455,764,183
Manufacturing	-	-	-	-	114,467,387	-	-	-	114,467,387
Oil and gas	-	-	-	-	394,467,147	-	-	-	394,467,147
Power	-	-	-	-	111,638,362	-	-	-	111,638,362
Real estate and construction	-	-	-	-	33,714,300	-	-	-	33,714,300
Other	-	-	-	-	85,605,573	-	-	-	85,605,573
Transportation	-	-	-	-	9,844,483	-	-	-	9,844,483
Total	**329,906,916**	**6,870,235**	**221,898,226**	**100,342,964**	**995,334,118**	**235,564,889**	**2,088,208**	**76,144,470**	**1,968,150,026**

Bank
In thousands of naira

31 December 2016	Cash and balances with Central Bank	Financial assets held for trading	Assets pledged as collateral	Loans to Banks	Loans & Advances to Customers	Investment securities	Derivative assets	Other assets	Total
Agriculture	-	-	-	-	14,987,302	-	-	-	14,987,302
Communication	-	-	-	-	27,245,772	-	-	-	27,245,772
Education	-	-	-	-	2,920,882	-	-	-	2,920,882
Finance and insurance	289,663,505	6,870,235	21,275,785	88,553,151	4,891,992	5,132,587	1,925,777	44,679,969	462,993,001
General commerce	-	-	-	-	107,880,715	-	-	-	107,880,715
Government	-	-	149,348,032	-		155,178,270	-	5,248,648	309,774,950
Manufacturing	-	-	-	-	105,151,518	-	-	-	105,151,518
Oil and gas	-	-	-	-	387,737,745	-	-	-	387,737,745
Other	-	-	-	-	30,920,256	-	-	-	30,920,256
Power	-	-	-	-	69,259,868	-	-	-	69,259,868
Real estate and construction	-	-	-	-	46,700,774	-	-	-	46,700,774
Transportation	-	-	-	-	6,938,817	-	-	-	6,938,817
Total	**289,663,505**	**6,870,235**	**170,623,817**	**88,553,151**	**804,635,641**	**160,310,857**	**1,925,777**	**49,928,617**	**1,572,511,600**

Group *In thousands of naira* **31 December 2015**	**Cash and balances with Central Bank**	**Financial assets held for trading**	**Assets pledged as collateral**	**Loans to Banks**	**Loans & Advances to Customers**	**Investment securities**	**Derivative assets**	**Other assets**	**Total**
Agriculture	-	-	-	-	14,900,089	-	-	-	14,900,089
Capital markets	-	-	-	-	-	-	-	-	0
Communication	-	-	-	-	34,295,456	-	-	-	34,295,456
Consumer credit	-	-	-	-	24,793,610	-	-	-	24,793,610
Education	-	-	-	-	4,677,328	-	-	-	4,677,328
Finance and insurance	361,166,936	13,116,843	-	60,103,340	7,510,044	13,927,495	161,622	-	455,986,280
General commerce	-	-	-	-	148,953,440	-	-	-	148,953,440
Government	-	-	172,100,785	-	5,756,001	253,409,711	-	-	431,266,497
Manufacturing	-	-	-	-	85,249,821	-	-	-	85,249,821
Mortgage	-	-	-	-	13,248,315	-	-	-	13,248,315
Oil and gas	-	-	-	-	236,878,163	-	-	-	236,878,163
Power	-	-	-	-	65,998,498	-	-	-	65,998,498
Real estate and construction	-	-	-	-	63,246,663	-	-	-	63,246,663
Other	-	-	-	-	47,267,002	-	-	23,741,919	71,008,921
Transportation	-	-	-	-	10,860,397	-	-	-	10,860,397
Total	**361,166,936**	**13,116,843**	**172,100,785**	**60,103,340**	**763,634,827**	**267,337,206**	**161,622**	**23,741,919**	**1,661,363,478**

Bank *In thousands of naira* **31 December 2015**	**Cash and balances with Central Bank**	**Financial assets held for trading**	**Assets pledged as collateral**	**Loans to Banks**	**Loans & Advances to Customers**	**Investment securities**	**Derivative assets**	**Other assets**	**Total**
Agriculture	-	-	-	-	13,718,668	-	-	-	13,718,668
Capital markets	-	-	-	-	-	-	-	-	0
Communication	-	-	-	-	25,725,363	-	-	-	25,725,363
Consumer credit	-	-	-	-	12,404,014	-	-	-	12,404,014
Education	-	-	-	-	4,677,328	-	-	-	4,677,328
Finance and insurance	319,168,003	13,116,843	-	66,820,934	3,915,672	9,662,069	157,493	-	412,841,014
General commerce	-	-	-	-	120,828,940	-	-	-	120,828,940
Government	-	-	159,390,905	-	22,307	223,493,494	-	-	382,906,706
Manufacturing	-	-	-	-	75,757,260	-	-	-	75,757,260
Mortgage	-	-	-	-	13,248,315	-	-	-	13,248,315
Oil and gas	-	-	-	-	234,020,462	-	-	-	234,020,462
Other	-	-	-	-	25,580,639	-	-	17,067,758	42,648,397
Power	-	-	-	-	65,998,498	-	-	-	65,998,498
Real estate and construction	-	-	-	-	44,043,029	-	-	-	44,043,029
Transportation	-	-	-	-	9,030,884	-	-	-	9,030,884
Total	**319,168,003**	**13,116,843**	**159,390,905**	**66,820,934**	**648,971,379**	**233,155,563**	**157,493**	**17,067,758**	**1,457,848,878**

3.2.5 Collateral held and other credit enhancements, and their financial assets

The Group holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against loans and advances to customers and banks

Group

In thousands of naira	**Loans and advances to customers**	
	December 2016	**December 2015**
Neither past due nor impaired	403,478,767	1,152,623,496
Past due but not impaired	243,024,878	218,943,186
Individually impaired	52,649,866	58,080,432
Total	**699,153,511**	**1,429,647,114**

Group

In thousands of naira	**Loans and advances to customers**	
	December 2016	**December 2015**
Against neither past due nor impaired		
Property	97,353,236	580,419,636
Equities	31,772,953	214,866,000
Cash	55,138,353	2,025,587
Pledged goods/receivables	31,256,300	221,350,812
Others	187,957,924	133,961,461
	403,478,766	**1,152,623,496**
Against past due but not impaired		
Property	61,839,622	211,524,664
Equities	56,231,049	-
Equipment	55,610,587	-
Others	69,343,621	7,418,522
	243,024,879	**218,943,186**
Against individually impaired		
Property	20,769,928	39,419,008
Cash	1,012,310	5,625
Equipment	19,900,390	2,161,043
Others	10,967,238	16,494,756
	52,649,866	**58,080,432**
Total	**699,153,511**	**1,429,647,114**

Bank

In thousands of naira	**Loans and advances to customers**	
	December 2016	**December 2015**
Neither past due nor impaired	271,459,165	1,069,477,030
Past due but not impaired	216,171,270	192,139,556
Individually impaired	40,745,789	50,922,170
Total	**528,376,224**	**1,312,538,756**

Bank

In thousands of naira	**Loans and advances to customers**	
	December 2016	**December 2015**
Against neither past due nor impaired		
Property	88,898,292	544,077,245
Equities	31,772,953	214,866,000
Cash	2,531,881	1,687,989
Equipment	31,256,300	197,692,703
Others	116,999,738	111,153,093
	271,459,165	**1,069,477,030**
Against past due but not impaired		
Property	60,163,419	185,270,554
Equities	56,231,049	-
Cash	-	-
Pledged goods/receivables	55,610,587	-
Others	44,166,214	6,869,002
	216,171,270	**192,139,556**
Against individually impaired		
Property	14,576,569	35,283,549
Cash	-	5,625
Pledged goods/receivables	19,900,390	2,000,966
Others	6,268,831	13,632,030
	40,745,789	**50,922,170**
Total	**528,376,224**	**1,312,538,756**

Loans and advances to customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

The Group is focused on corporate customers' creditworthiness. However, the Group does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement. At 31 December 2016, the gross and net carrying amount of impaired loans and advances to customers amounted to N100,411,716,000 (2015: N56,684,184,000) and N58,692,627 (2015: N22,196,593,000) respectively. The value of identifiable collateral held against those loans and advances amounted to N52,649,866,000 (2015: N58,080,432,000).

Other types of collateral and credit enhancements

In addition to the collateral included in the tables above, the Group also holds other types of collateral and credit enhancements such as second charges and floating charges for which specific values are not generally available.

Assets obtained by taking possession of collateral

The Group's policy is to pursue timely realisation of the collateral in an orderly manner and dispose these assets as soon as possible in line with the legal framework surrounding the possession of collaterals. The Group does not generally use the non-cash collateral for its operations.

3.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity risk management process

The Group's liquidity management process is primarily the responsibility of the Assets and Liabilities Commitee (ALCO).

Treasury is the executory arm of ALCO and its functions include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements (in conjunction with financial control unit); and
- Managing the concentration and profile of debt maturities.

Funding approach

Sources of liquidity are regularly reviewed by Treasury to maintain a wide diversification by currency, geography, provider, product and term.

3.3.1 Management of liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses. Liquidity risk arises when the cushion provided by liquid assets is not sufficient to meet outstanding obligations. The Bank has liquidity and funding risk management process that ensures that all foreseeable funding commitments can be met when due and that access to wholesale market is coordinated and cost effective. Treasury Group manages liquidity on a daily basis while ALCO tracks and reviews the liquidity situation every 2 weeks.

- Ensure that an adequate liquidity cushion is maintained to meet all maturing obligations on an on-going basis.
- Control the Bank's dependence on high cost of funds by building an effective contingency funding plan.
- Set and comply with liquidity risk limits.
- Monitor the gap profile structure and the funding sources.
- Ensure a sufficient liquidity reserve of unencumbered liquid assets and the efficient usage of it.
- Ensure availability of timely information for liquidity management decisions.
- Ensure compliance with regulatory liquidity management and reporting requirements.

Liquidity Risk management processes

The Bank has methodology and procedures for the identification, assessment, measurement, monitoring, controlling and reporting of liquidity risks within the Bank. Diamond Bank adopts both qualitative and quantitative approaches to identify and measure liquidity risk, which include:

Funding and liquidity plan

Diamond bank developed and maintains a comprehensive, up-to-date, liquidity contingency plan. The contingency plan includes early warning indicators of potential funding problems, specific action plans to prepare for and manage funding problems, and appropriate monitoring provisions to ensure that prudent levels of contingent or standby liquidity are available at all times.

Ratio analysis (Indicators)

The bank uses liquidity ratios to indicate its ability to meet short term obligations with liquid assets, reveal mismatches between tenured funding sources and uses, review the ability of the Bank to fund loans through customer deposits and allow management to monitor changes in liquidity.

Liquidity Gap analysis

Liquidity gap analysis is used to monitor the current liquidity position of the Bank. It quantifies the cumulative gap in the Bank's business-as-usual environment. The gap for any given tenor bucket represents the borrowings from or placements to the markets required to replace maturing liabilities or assets. The underlying assumptions are documented and used consistently.

Concentration in sources and application of funds

The Bank monitors concentration in the sources and application of funds to ensure that the funding bases are stable and diversified. A well diversified funding base makes the Bank less vulnerable to adverse changes in the perception of a group of depositors/investors, whose actions or inactions could significantly affect the Bank.

Liquidity Ratios

Liquidity ratios are used to monitor changes in the Bank's liquidity in business environment. The ratios are designed to indicate the Bank’s ability to meet short-term obligations with liquid assets.

Liquidity risk monitoring

Trigger points in the form of targets and limits on liquidity positions are monitored and deviations from "normal" ranges of operation reported to management.Trigger points and early warning indicators are based on industry standards. The Bank's liquidity management policies and procedures highlight and escalate exceptions promptly.

Liquidity Risk Reporting

Liquidity risks are communicated to the applicable business units, Senior Management and the Board. The Market Risk Group maintains an independent liquidity risk reporting which effectively and consistently communicate liquidity risk information to ALCO for appropriate decision making.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows;

Group

	2016	**2015**
At the end of the year	41.53%	53.78%
Average for the year	42.24%	47.56%
Maximum for the year	47.33%	53.78%
Minimum for the year	39.40%	45.05%

Bank

	2016	**2015**
At the end of the year	42.28%	52.79%
Average for the year	44.90%	39.31%
Maximum for the year	56.38%	52.79%
Minimum for the year	38.10%	34.86%

3.3.2 Maturity analysis

(a) Contractual maturity of financial assets and liabilities

The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities into relevant time bands, groupings based on the remaining period to the contractual maturity as at the reporting date. The table includes both principal and interest cash flows. Contractual maturities do not necessarily reflect actual repayments or cash flow.

Group

In thousands of naira **31 December 2016**	**Note**	**Carrying value**	**Gross nominal value**	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**less than 5 years**	**Over 5 years**
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	329,906,916	329,910,615	181,220,835	35,670,386	12,002,459	1,080,487	1,619,466	98,316,982
Financial assets held for trading	20	6,870,235	7,748,401	625,905	680,868	1,495,630	4,668,298	277,700	-
Assets pledged as collateral	22	221,898,226	277,084,780	1,996,915	26,681,703	66,248,468	26,967,108	69,612,555	85,578,031
Loans to banks	23	100,342,964	100,424,272	100,424,272	-	-	-	-	-
Loans and advances to customers	24	995,334,118	1,286,268,366	285,255,073	160,884,295	74,104,563	100,282,179	330,460,776	335,281,480
Investments securities	25	235,564,889	265,857,541	24,264,928	28,446,365	38,101,177	55,905,696	67,433,748	51,705,627
Other assets	32	58,215,378	58,215,378	30,833,413	27,381,965	-	-	-	-
Total non derivative assets		1,948,132,726	2,325,509,353	624,621,341	279,745,582	191,952,297	188,903,768	469,404,245	570,882,120
Derivative assets	21	2,088,208	2,088,208	193,590	365,889	1,217,743	310,986	-	-
Total financial assets		**1,950,220,934**	**2,327,597,561**	**624,814,931**	**280,111,471**	**193,170,040**	**189,214,754**	**469,404,245**	**570,882,120**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	103,409,297	104,413,242	87,760,649	768,216	15,884,377	-	-	-
Deposits from customers	34	1,424,689,527	1,431,671,979	1,275,098,417	60,334,127	20,166,796	19,314,255	55,755,578	1,002,806
Borrowings	37	169,182,279	182,048,302	98,859,267	22,838,408	277,586	55,801,879	3,959,695	311,467
Other liabilities		53,356,255	53,356,255	53,356,255	-	-	-	-	-
Long term debt	38	61,323,847	82,401,708	-	1,005,466	687,541	2,649,708	58,942,843	19,116,150
Total non derivative liabilities		1,811,961,205	1,853,891,486	1,515,074,588	84,946,217	37,016,300	77,765,842	118,658,116	20,430,423
Derivative liabilities		2,187,779	2,187,779	92,552	365,889	1,217,743	310,986	200,609	-
Total financial liabilities		**1,814,148,984**	**1,856,079,265**	**1,515,167,140**	**85,312,106**	**38,234,043**	**78,076,828**	**118,858,725**	**20,430,423**
Liquidity gap		**136,071,950**	**471,518,296**	**(890,352,209)**	**194,799,365**	**154,935,997**	**111,137,926**	**350,545,520**	**550,451,697**
Cumulative liquidity gap				**(890,352,209)**	**(695,552,844)**	**(540,616,847)**	**(429,478,921)**	**(78,933,401)**	**471,518,296**

Group
In thousands of naira

31 December 2015	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	361,166,936	361,170,224	227,526,833	32,679,757	6,200,955	1,128,494	1,080,762	92,553,423
Financial assets held for trading	20	13,116,843	13,764,385	48,135	1,066,413	3,311,199	9,338,638	-	-
Assets pledged as collateral	22	172,100,785	225,658,956	16,057,084	17,166,068	55,263,858	11,602,795	85,476,771	40,092,380
Loans to banks	23	60,103,340	60,334,207	54,893,896	3,318,797	10,960	1,315,782	794,772	-
Loans and advances to customers	24	763,634,827	826,901,524	151,362,868	135,150,544	74,487,682	91,716,956	222,518,273	151,665,200
Investments securities	25	267,337,206	303,910,719	26,624,633	32,899,504	30,704,005	93,811,603	70,239,161	49,631,813
Other assets	32	23,741,919	23,741,916	23,741,916	-	-	-	-	-
Total non derivative assets		1,661,201,856	1,815,481,931	500,255,365	222,281,083	169,978,659	208,914,268	380,109,739	333,942,816
Derivative assets	21	161,622	161,622		161,622	-			
Total financial assets		**1,661,363,478**	**1,815,643,553**	**500,255,365**	**222,442,705**	**169,978,659**	**208,914,268**	**380,109,739**	**333,942,816**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	115,819,590	116,132,716	73,760,082	32,269,354	10,103,280	-	-	-
Deposits from customers	34	1,233,591,063	1,239,687,823	1,094,852,935	69,867,082	11,780,410	15,970,998	46,813,736	402,662
Borrowings	37	102,719,571	116,336,136	3,071,895	538,685	2,108,674	7,753,824	51,926,065	50,936,993
Other liabilities		40,248,711	40,248,711	40,248,711	-	-	-	-	-
Long term debt	38	38,577,527	56,609,976	-	658,126	448,705	1,725,898	43,474,474	10,302,773
Total non derivative liabilities		**1,530,956,462**	**1,569,015,362**	**1,211,933,623**	**103,333,247**	**24,441,069**	**25,450,720**	**142,214,275**	**61,642,428**
Derivative liabilities		1,349,595	1,349,595	-	1,349,595	-	-	-	-
Total financial liabilities		**1,532,306,057**	**1,570,364,957**	**1,211,933,623**	**104,682,842**	**24,441,069**	**25,450,720**	**142,214,275**	**61,642,428**
Liquidity gap		**129,057,421**	**245,278,596**	**(711,678,258)**	**117,759,863**	**145,537,590**	**183,463,548**	**237,895,464**	**272,300,388**
Cumulative liquidity gap				**(711,678,258)**	**(593,918,395)**	**(448,380,805)**	**(264,917,257)**	**(27,021,793)**	**245,278,595**

Bank

In thousands of naira 31 December 2016	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	289,663,505	289,667,204	127,565,527	30,098,949	6,870,224	1,080,487	1,619,466	122,432,551
Financial assets held for trading	20	6,870,235	7,748,401	625,905	680,868	1,495,630	4,668,298	277,700	-
Assets pledged as collateral	22	170,623,817	225,810,371	16,326,439	23,974,338	63,383,415	21,602,815	38,485,888	62,037,476
Loans to banks	23	88,553,151	88,634,460	88,634,460	-	-	-	-	-
Loans and advances to customers	24	804,635,641	1,095,569,887	271,440,063	139,127,752	49,734,136	51,604,002	288,262,382	295,401,552
Investments securities	25	160,310,857	184,603,087	23,040,853	25,739,000	35,236,123	50,541,402	25,991,804	24,053,905
Other assets	32	40,850,848	40,850,848	13,468,884	27,381,964	-	-	-	-
Total financial assets		**1,561,508,054**	**1,932,884,258**	**541,102,131**	**247,002,871**	**156,719,528**	**129,497,004**	**354,637,240**	**503,925,484**
Derivative Assets		1,925,777	1,925,777	31,159	365,889	1,217,743	310,986	-	-
Total financial liabilities		**1,563,433,831**	**1,934,810,035**	**541,133,290**	**247,368,760**	**157,937,271**	**129,807,990**	**354,637,240**	**503,925,484**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	13,365,314	13,369,259	13,369,259	-	-	-	-	-
Deposits from customers	34	1,134,861,466	1,141,843,917	1,063,599,909	51,205,463	12,700,916	6,388,510	7,811,979	137,140
Borrowings	37	197,644,942	210,233,898	111,476,265	25,373,629	11,314,011	57,798,831	3,959,695	311,467
Other liabilities		36,220,137	36,220,137	36,220,137	-	-	-	-	-
Long term debt	38	61,307,852	82,401,708	-	1,005,466	687,541	2,649,708	58,942,843	19,116,150
Total non derivative liabilities		1,443,399,711	1,484,068,919	1,224,665,570	77,584,558	24,702,468	66,837,049	70,714,517	19,564,757
Derivative liability		2,126,386	2,126,386	31,159	365,889	1,217,743	310,986	200,609	-
Total financial liabilities		**1,445,526,097**	**1,486,195,305**	**1,224,696,729**	**77,950,447**	**25,920,211**	**67,148,035**	**70,915,126**	**19,564,757**
Liquidity gap		**115,981,957**	**448,614,730**	**(683,563,439)**	**169,418,313**	**132,017,060**	**62,659,955**	**283,722,114**	**484,360,727**
Cumulative liquidity gap				**(683,563,439)**	**(514,145,126)**	**(382,128,066)**	**(319,468,111)**	**(35,745,997)**	**448,614,730**

Bank
In thousands of naira

31 December 2015	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	319,168,003	319,171,291	185,845,174	30,840,308	5,859,918	1,128,494	1,080,762	94,416,635
Financial assets held for trading	20	13,116,843	13,764,385	48,135	1,066,413	3,311,199	9,338,638	-	-
Assets pledged as collateral	22	159,390,905	197,953,932	18,817,687	15,050,364	52,764,729	14,188,606	65,200,180	31,932,366
Loans to banks	23	66,820,934	67,504,390	67,504,390	-	-	-	-	-
Loans and advances to customers	24	648,971,379	747,189,150	150,380,257	130,578,936	70,601,340	92,504,002	186,359,734	116,764,881
Investments securities	25	233,155,563	270,263,648	26,518,950	31,906,402	29,530,926	92,035,511	54,181,109	36,090,750
Other assets	32	17,067,758	17,067,758	17,067,758	-	-	-	-	-
Total financial assets		**1,457,691,385**	**1,632,914,554**	**466,182,351**	**209,442,423**	**162,068,112**	**209,195,251**	**306,821,785**	**279,204,632**
Derivative Assets		**157,493**	**157,493**	**-**	**-**	**-**	**-**	**157,493**	**-**
Total financial assets		**1,457,848,878**	**1,633,072,047**	**466,182,351**	**209,442,423**	**162,068,112**	**209,195,251**	**306,979,278**	**279,204,632**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	57,175,088	57,488,476	17,138,056	30,247,140	10,103,280	-	-	-
Deposits from customers	34	1,075,622,532	1,078,814,311	995,233,563	64,728,305	8,166,427	5,434,075	5,140,454	111,487
Borrowings	37	141,398,056	145,697,352	6,967,041	10,714,811	8,277,481	25,566,856	51,926,065	42,245,098
Other liabilities		28,991,347	28,991,347	28,991,347	-	-	-	-	-
Long term debt	38	38,577,527	56,609,976	-	658,126	448,705	1,725,898	43,474,474	10,302,773
Total non derivative liabilities		**1,341,764,550**	**1,367,601,462**	**1,048,330,007**	**106,348,382**	**26,995,893**	**32,726,829**	**100,540,993**	**52,659,358**
Derivative liability		1,251,675	1,251,675	1,251,675	-	-	-		-
Total financial liabilities		**1,343,016,225**	**1,368,853,137**	**1,049,581,682**	**106,348,382**	**26,995,893**	**32,726,829**	**100,540,993**	**52,659,358**
Liquidity gap		**114,832,653**	**264,218,910**	**(583,399,331)**	**103,094,041**	**135,072,219**	**176,468,422**	**206,438,285**	**226,545,274**
Cumulative liquidity gap				**(583,399,331)**	**(480,305,290)**	**(345,233,071)**	**(168,764,649)**	**37,673,636**	**264,218,910**

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

Group
In thousands of naira

31 December 2016	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	46,606,013	46,606,013	7,707,481	10,026,787	13,763,337	24,729	-	15,083,679
		46,606,013	**46,606,013**	**7,707,481**	**10,026,787**	**13,763,337**	**24,729**	**-**	**15,083,679**

Group
In thousands of naira

31 December 2015	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	61,895,364	61,895,364	17,819,671	25,580,029	10,776,106	5,717,062	2,002,496	-
		61,895,364	**61,895,364**	**17,819,671**	**25,580,029**	**10,776,106**	**5,717,062**	**2,002,496**	**-**

Bank
In thousands of naira

31 December 2016	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	32,854,354	32,854,354	631,960	6,255,673	10,883,042	-	-	15,083,679
		32,854,354	**32,854,354**	**631,960**	**6,255,673**	**10,883,042**	**-**	**-**	**15,083,679**

Bank
In thousands of naira

31 December 2015	Note	Carrying value	value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	85,090,667	85,090,667	24,107,662	28,589,473	18,825,809	10,036,850	3,530,873	-
		85,090,667	**85,090,667**	**24,107,662**	**28,589,473**	**18,825,809**	**10,036,850**	**3,530,873**	**-**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments

(b) Behavioural maturity of financial assets and liabilities

The table below summarizes the behavioural maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities into relevant time bands as at the reporting date. In practice, certain liability instruments behave differently from their contractual terms. Typically, short-term deposits often extend to a longer period than their contractual maturity.

Group

In thousands of naira 31 December 2016	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	329,906,916	329,910,615	181,220,835	35,670,386	12,002,459	1,080,487	1,619,466	98,316,982
Financial assets held for trading	20	6,870,235	7,748,401	625,905	680,868	1,495,630	4,668,298	277,700	-
Assets pledged as collateral	22	221,898,226	277,084,780	1,996,915	26,681,703	66,248,468	26,967,108	69,612,555	85,578,031
Loans to banks	23	100,342,964	100,424,272	100,424,272	-	-	-	-	-
Loans and advances to customers	24	995,334,118	1,286,268,364	114,329,568	171,026,048	83,628,432	101,824,950	333,845,809	481,613,557
Investment securities	25	235,564,889	265,857,541	24,264,928	28,446,365	38,101,177	55,905,696	67,433,748	51,705,627
Other assets	32	58,215,378	58,215,378	30,833,413	27,381,965	-	-	-	-
Total non derivative assets		1,948,132,726	2,325,509,351	453,695,836	289,887,335	201,476,166	190,446,539	472,789,278	717,214,197
Derivative assets	21	2,088,208	2,088,208	31,159	528,320	1,217,743	310,986	-	-
Total financial assets		**1,950,220,934**	**2,327,597,559**	**453,726,995**	**290,415,655**	**202,693,909**	**190,757,525**	**472,789,278**	**717,214,197**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	103,409,297	104,413,242	87,760,649	768,216	15,884,377	-	-	-
Deposits from customers	34	1,424,689,527	1,431,671,978	473,432,481	166,388,517	43,159,326	69,584,504	55,755,578	623,351,572
Borrowings	37	169,182,279	182,048,302	98,859,267	22,838,408	277,586	55,801,879	3,959,695	311,467
Other liabilities		53,356,255	53,356,255	53,356,255					
Long term debt	38	61,323,847	82,401,708	-	1,005,466	687,541	2,649,708	58,942,843	19,116,150
Total non derivative liabilities		1,811,961,205	1,853,891,485	713,408,652	191,000,607	60,008,830	128,036,091	118,658,116	642,779,189
Derivative liabilities	35	2,187,779	2,187,779	92,552	365,889	1,217,743	310,986	200,609	-
Total financial liabilities		**1,814,148,984**	**1,856,079,264**	**713,501,204**	**191,366,496**	**61,226,573**	**128,347,077**	**118,858,725**	**642,779,189**
Liquidity gap		**136,071,950**	**471,518,295**	**(259,774,209)**	**99,049,159**	**141,467,336**	**62,410,448**	**353,930,553**	**74,435,008**
Cumulative liquidity gap				**(259,774,209)**	**(160,725,050)**	**(19,257,714)**	**43,152,734**	**397,083,287**	**471,518,295**

Group
In thousands of naira

31 December 2015		Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	361,166,936	361,170,224	227,526,833	32,679,757	6,200,955	1,128,494	1,080,762	92,553,423
Financial assets held for trading	20	13,116,843	13,764,385	48,135	1,066,413	3,311,199	9,338,638	-	-
Assets pledged as collateral	22	172,100,785	225,658,956	16,057,084	17,166,068	55,263,858	11,602,795	85,476,771	40,092,380
Loans to banks	23	60,103,340	60,334,207	54,893,896	3,318,797	10,960	1,315,782	794,772	-
Loans and advances to customers	24	763,634,827	826,901,525	81,560,039	145,122,377	79,473,599	91,716,956	227,504,189	201,524,365
Investment securities	25	267,337,206	303,910,719	26,624,633	32,899,504	30,704,005	93,811,603	70,239,161	49,631,813
Other assets	32	23,741,919	23,741,916	23,741,916	-	-	-	-	-
Total non derivative assets		1,661,201,856	1,815,481,932	430,452,536	232,252,916	174,964,576	208,914,268	385,095,655	383,801,981
Derivative assets	21	161,622	161,622	-	161,622	-	-	-	-
Total financial assets		**1,661,363,478**	**1,815,643,554**	**430,452,536**	**232,414,538**	**174,964,576**	**208,914,268**	**385,095,655**	**383,801,981**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	115,819,590	116,132,716	73,760,082	32,269,354	10,103,280	-	-	-
Deposits from customers	34	1,233,591,063	1,239,687,822	438,490,074	156,906,354	28,927,054	50,420,429	46,813,736	518,130,175
Borrowings	37	102,719,571	116,336,137	3,071,895	538,685	2,108,674	7,753,824	51,926,065	50,936,993
Other liabilities		40,248,711	40,248,711	40,248,711	-	-	-	-	-
Long term debt	38	38,577,527	56,609,976	-	658,126	448,705	1,725,898	43,474,474	10,302,773
Total non derivative liabilities		**1,530,956,462**	**1,569,015,362**	**555,570,762**	**190,372,519**	**41,587,713**	**59,900,151**	**142,214,275**	**579,369,941**
Derivative liabilities	35	1,349,595	1,349,595	-	1,349,595	-	-	-	-
Total financial liabilities		**1,532,306,057**	**1,570,364,957**	**555,570,762**	**191,722,114**	**41,587,713**	**59,900,151**	**142,214,275**	**579,369,941**
Liquidity gap		**129,057,421**	**245,278,597**	**(125,118,226)**	**40,692,424**	**133,376,863**	**149,014,117**	**242,881,380**	**(195,567,960)**
Cumulative liquidity gap				**(125,118,226)**	**(84,425,802)**	**48,951,061**	**197,965,178**	**440,846,558**	**245,278,598**

Bank

In thousands of naira **31 December 2016**		Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	289,663,505	289,667,204	127,565,527	30,098,949	6,870,224	1,080,487	1,619,466	122,432,551
Financial assets held for trading	20	6,870,235	7,748,401	625,905	680,868	1,495,630	4,668,298	277,700	-
Assets pledged as collateral	22	170,623,817	225,810,371	16,326,439	23,974,338	63,383,415	21,602,815	38,485,888	62,037,476
Loans to banks	23	88,553,151	88,634,460	88,634,460	-	-	-	-	-
Loans and advances to customers	24	804,635,641	1,095,569,888	100,514,558	149,269,506	59,258,005	53,146,773	291,647,416	441,733,630
Investments securities	25	160,310,857	184,603,087	23,040,853	25,739,000	35,236,123	50,541,402	25,991,804	24,053,905
Other assets	32	40,850,848	40,850,848	13,468,884	27,381,964				
Total financial assets		**1,561,508,054**	**1,932,884,259**	**370,176,626**	**257,144,625**	**166,243,397**	**131,039,775**	**358,022,274**	**650,257,562**
Derivative assets	21	1,925,777	1,925,777	31,159	365,889	1,217,743	310,986	-	-
Total financial assets		**1,563,433,831**	**1,934,810,036**	**370,207,785**	**257,510,514**	**167,461,140**	**131,350,761**	**358,022,274**	**650,257,562**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	13,365,314	13,369,259	13,369,259	-	-	-	-	-
Deposits from customers	34	1,134,861,466	1,141,843,919	409,829,681	137,768,299	32,915,152	56,658,760	7,811,979	496,860,048
Borrowings	37	197,644,942	210,233,898	111,476,265	25,373,629	11,314,011	57,798,831	3,959,695	311,467
Other liabilities		36,220,137	36,220,137	36,220,137	-	-	-	-	-
Long term debt	38	61,307,852	82,401,708	-	1,005,466	687,541	2,649,708	58,942,843	19,116,150
Total non derivative liabilities		1,443,399,711	1,484,068,921	570,895,342	164,147,394	44,916,704	117,107,299	70,714,517	516,287,665
Derivative liability	35	2,126,386	2,126,386	31,159	365,889	1,217,743	310,986	200,609	-
Total financial liabilities		**1,445,526,097**	**1,486,195,307**	**570,926,501**	**164,513,283**	**46,134,447**	**117,418,285**	**70,915,126**	**516,287,665**
Liquidity gap		**117,907,734**	**448,614,729**	**(200,718,716)**	**92,997,231**	**121,326,693**	**13,932,476**	**287,107,148**	**133,969,897**
Cumulative liquidity gap				**(200,718,716)**	**(107,721,485)**	**13,605,208**	**27,537,684**	**314,644,832**	**448,614,729**

Bank

In thousands of naira 31 December 2015		Carrying value	Gross nominal	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5	Over 5 years
Financial assets by type									
Non derivative assets									
Cash and balances with central banks	19	319,168,003	319,171,291	185,845,174	30,840,308	5,859,918	1,128,494	1,080,762	94,416,635
Financial assets held for trading	20	13,116,843	13,764,385	48,135	1,066,413	3,311,199	9,338,638	-	-
Assets pledged as collateral	22	159,390,905	197,953,932	18,817,687	15,050,364	52,764,729	14,188,606	65,200,180	31,932,366
Loans to banks	23	66,820,934	67,504,390	67,504,390	-	-	-	-	-
Loans and advances to customers	24	648,971,379	747,189,150	75,644,164	139,596,964	75,110,354	92,504,002	190,868,749	173,464,917
Investments securities	25	233,155,563	270,263,648	26,518,950	31,906,402	29,530,926	92,035,511	54,181,109	36,090,750
Other assets	32	17,067,758	17,067,758	17,067,758	-	-	-	-	-
Total financial assets		**1,457,691,385**	**1,632,914,554**	**391,446,258**	**218,460,451**	**166,577,126**	**209,195,251**	**311,330,800**	**335,904,668**
Derivative assets	21	**157,493**	157,493	-	157,493	-	-	-	-
Total financial assets		**1,457,848,878**	**1,633,072,047**	**391,446,258**	**218,617,944**	**166,577,126**	**209,195,251**	**311,330,800**	**335,904,668**
Financial liabilities by type									
Non derivative liabilities									
Deposits from banks	33	57,175,088	57,488,476	17,138,056	30,247,140	10,103,280	-	-	-
Deposits from customers	34	1,075,622,532	1,078,814,311	411,822,992	142,040,606	23,948,925	39,883,506	5,140,454	455,977,827
Borrowings	37	141,398,056	145,697,352	6,967,041	10,714,811	8,277,481	25,566,856	51,926,065	42,245,098
Other liabilities		28,991,347	28,991,347	28,991,347	-	-	-	-	-
Long term debt	38	38,577,527	56,609,976	-	658,126	448,705	1,725,898	43,474,474	10,302,773
Total non derivative liabilities		**1,341,764,550**	**1,367,601,462**	**464,919,436**	**183,660,683**	**42,778,391**	**67,176,260**	**100,540,993**	**508,525,698**
Derivative liability	35	1,251,675	1,251,675	-	1,251,675	-	-	-	-
Total financial liabilities		**1,343,016,225**	**1,368,853,137**	**464,919,436**	**184,912,358**	**42,778,391**	**67,176,260**	**100,540,993**	**508,525,698**
Liquidity gap		**114,832,653**	**264,061,417**	**(73,473,178)**	**33,548,093**	**123,798,735**	**142,018,991**	**210,789,807**	**(172,621,030)**
Cumulative liquidity gap				**(73,473,178)**	**(38,673,410)**	**85,125,325**	**227,144,316**	**437,934,123**	**265,313,093**

The table below shows the behavioural expiry by maturity of the Bank's contingent liabilities and commitments. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Group
In thousands of naira

31 December 2016	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	46,606,013	46,606,013	7,707,481	10,026,787	13,763,337	24,729	-	15,083,679
		46,606,013	**46,606,013**	**7,707,481**	**10,026,787**	**13,763,337**	**24,729**	**-**	**15,083,679**

Group
In thousands of naira

31 December 2015	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	61,895,364	61,895,364	17,819,671	25,580,029	10,776,106	5,717,062	2,002,496	-
		61,895,364	**61,895,364**	**17,819,671**	**25,580,029**	**10,776,106**	**5,717,062**	**2,002,496**	**-**

Bank
In thousands of naira

31 December 2016	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	32,854,354	32,854,354	631,960	6,255,673	10,883,042	-	-	15,083,679
		32,854,354	**32,854,354**	**631,960**	**6,255,673**	**10,883,042**	**-**	**-**	**15,083,679**

Bank
In thousands of naira

31 December 2015	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Contingent letters of credit	**46.2**	85,090,667	85,090,667	24,107,662	28,589,473	18,825,809	10,036,850	3,530,873	-
		85,090,667	**85,090,667**	**24,107,662**	**28,589,473**	**18,825,809**	**10,036,850**	**3,530,873**	**-**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Financial assets and financial liabilities	Undiscounted cash flows, which include estimated interest payments
Issued financial guarantee contracts, and unrecognized loan commitments	Earliest possible contract maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called
Derivative financial liabilities (Currency swap)	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Derivative financial liabilities (Options)	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquiditiy risk exposure arising from these positions.

The Group's expected cash flows on some financial assets and liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by Federal Government, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with central banks

3.4 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

3.4.1 Management of market risk

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Bank's income or the value of its portfolios. Diamond Bank classifies its market risk into asset & liability management (ALM) risk, investment risk and trading risk.

The objectives of the Bank's market risk management are to protect the Bank's capital and earnings from fluctuations caused by currency rates and interest rate movements, manage and control market risk exposures in order to optimize return while complying with existing regulatory guidelines.

Market risk management process

The Bank has robust methodology and procedures for the identification, assessment, measurement, control, monitoring and reporting of market risks within the Bank's trading portfolio and the rest of the Bank's balance sheet. The Market Risk Management Group is responsible for measuring market risk exposures in accordance with the policies defined by the Board, monitoring and reporting the exposures against the prescribed limits.

Diamond Bank uses a range of tools which include:

Sensitivity analysis

Sensitivity analysis is used to determine the impact of changes in risk factors such as interest rates, foreign exchange rates, equity prices on the earnings or portfolio values. Market risk management compares the potential impact of changes in the risk factors on the Bank's net income and equity against the levels it deems necessary to maintain profitability, remain solvent and comply with banking regulations.

Value at risk (VaR)

VaR measures the worst expected loss the Bank can suffer on risk positions at a given confidence level over a given time interval under normal market condition. Diamond Bank calculates its VaR using market rates and prices with associated volatilities at a 99 percent confidence level and for a one-day holding period time band gives an indication of the Bank's interest rate risk exposure.

Interest rate gap analysis

The Bank manages the impact of interest rate changes within self-imposed parameters set after careful consideration of a range of possible rate environments and business scenarios. These parameters in combination define the Bank's market risk tolerance.

Limits are used to control the Bank's interest rate risk exposure within its risk tolerance. Risk limits are set by product and risk types. They are usually approved by ALCO and endorsed by the Board. Limits are sets for position taken, value at risk, stop loss and profit take as well as counter party risks. The overall risk appetite of the Bank, size, complexity and capital adequacy of the Bank, profitability of business/product areas, complexity of products, liquidity of specific markets and volatility of markets are considered while setting the limits.

The market risk is managed by the market risk management function under the Risk management directorate. The monitoring includes establishment and monitoring of treasury limit, rendering market intelligent reports and mark to market valuation of the Bank's trading position.

Duration Gap analysis

Duration Gap Analysis compares the price sensitivity of the Bank's total assets with the price sensitivity of its total liabilities to assess whether the market value of assets or liabilities changes more when rates change. Diamond Bank uses duration gap (DGAP) for managing its value of equity, recognizing the timing of all cash flows for every security on the statement of financial position.

Economic Value of Equity (EVE) sensitivity analysis

Economic Value of Equity sensitivity analysis indicates how much the Bank's economic value of equity will change in different rates environments. The Bank's exposure to changes in net economic value of equity is evaluated for six alternative interest rate shock scenarios and monitored.

Monitoring exposure limits and triggers

The Bank manages the impact of changes in market factors – equity prices, interest rates and currency rates within self-imposed limits and triggers set after careful consideration of a range of possible rate environments and business scenarios. These limits are used to control the Bank's market risk exposures within its risk tolerance.

Risk Reporting

Market Risk Management Group ensures that the Bank maintains an accurate risk reporting framework that effectively and consistently communicate market risk information across the Bank. Market Risk Management use independently sourced data to generate reports, which provides the Board and Senior management with clear, concise and timely recommendations and supporting information needed to make decisions.

3.4.2 Exposure to market risk between trading and non-trading portfolios

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

		Group			Bank		
31 December 2016		Market risk measure			Market risk measure		
In thousands of Naira	**Note**	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**
Assets subject to market risk							
Cash and balances with central banks	19	329,906,916	-	329,906,916	289,663,505	-	289,663,505
Financial assets held for trading	20	6,870,235	6,870,235	-	6,870,235	6,870,235	-
Derivative assets	21	2,088,208	-	2,088,208	-	-	-
Assets pledged as collateral	22	221,898,226	-	221,898,226	170,623,817	-	170,623,817
Loans to banks	23	100,342,964	-	100,342,964	88,553,151	-	88,553,151
Loans and advances to customers	24	995,334,118	-	995,334,118	804,635,641	-	804,635,641
Investment securities	25	235,564,889	-	235,564,889	160,310,857	-	160,310,857
Other assets	32	58,215,378	-	58,215,378	40,850,848	-	40,850,848
		1,950,220,934	**6,870,235**	**1,943,350,699**	**1,561,508,054**	**6,870,235**	**1,554,637,819**
Liabilities subject to market risk							
Deposits from banks	33	103,409,297	-	103,409,297	13,365,314	-	13,365,314
Deposits from customers	34	1,424,689,527	-	1,424,689,527	1,134,861,466	-	1,134,861,466
Derivative liability	35	2,187,779	-	2,187,779	2,126,386	-	2,126,386
Other liabilities		53,356,255	-	53,356,255	36,220,137	-	36,220,137
Borrowings	37	169,182,279	-	169,182,279	197,644,942	-	197,644,942
Long term debt	38	61,323,847	-	61,323,847	61,307,852	-	61,307,852
		1,814,148,984	**-**	**1,814,148,984**	**1,445,526,097**	**-**	**1,445,526,097**
31 December 2015							
Assets subject to market risk							
Cash and balances with central banks	19	361,166,936	-	361,166,936	319,168,003	-	319,168,003
Financial assets held for trading	20	13,116,843	13,116,843	-	13,116,843	13,116,843	-
Derivative assets	21	161,622	-	161,622	157,493	-	157,493
Assets pledged as collateral	22	172,100,785	-	172,100,785	159,390,905	-	159,390,905
Loans to banks	23	60,103,340	-	60,103,340	66,820,934	-	66,820,934
Loans and advances to customers	24	763,634,827	-	763,634,827	648,971,379	-	648,971,379
Investment securities	25	267,337,206	-	267,337,206	233,155,563	-	233,155,563
Other assets	32	23,741,919	-	23,741,919	17,067,758	-	17,067,758
		1,661,363,478	**13,116,843**	**1,648,246,635**	**1,457,848,878**	**13,116,843**	**1,444,732,035**
Liabilities subject to market risk							
Deposits from banks	33	115,819,590	-	115,819,590	57,175,088	-	57,175,088
Deposits from customers	34	1,233,591,063	-	1,233,591,063	1,075,622,532	-	1,075,622,532
Derivative liability	35	1,349,595	-	1,349,595	1,251,675	-	1,251,675
Borrowings		40,248,711	-	40,248,711	28,991,347	-	28,991,347
Other liabilities	37	102,719,571	-	102,719,571	141,398,056	-	141,398,056
Long term debt	38	38,577,527	-	38,577,527	38,577,527	-	38,577,527
		1,532,306,057	**-**	**1,532,306,057**	**1,343,016,225**	**-**	**1,343,016,225**

3.4.3 Measurement of market risk

The Group's major measurement technique used to measure and control market risk is outlined below.

Value at risk (VaR)

One of the major tools used by the Group to monitor and limit market risk exposure is Value at risk. Value at risk estimates the potential maximum decline in the value of a position or portfolio, under normal market conditions, over a one-day holding period, at 99% confidence level. The Diamond Bank value-at-risk method incorporates the factor sensitivities of the trading portfolio, the volatilities and correlations of the market risk factors. The group uses the variance covariance method which derives likely future changes in market value from historical market volatility. Value at risk is estimated on the basis of exposures outstanding at the close of business and therefore might not factor in the intra-day exposures. However, the Bank does not only base its risk estimates on Value at Risk, it uses sensitivity and what-if analysis to further complement it.

The Value at Risk of the trading book is as stated:

Trading

The Group trades on bonds, treasury bills and foreign exchange while subsidiaries trade on foreign currencies only. Market risk in trading portfolios is monitored and controlled using tools such as position limits, value at risk and present value of an assumed basis points change in yields or exchange rates coupled with concentration limits.

1 Day VAR summary

Group	**December 2016**			
	Average	**High**	**Low**	**At reporting date**
In thousands of naira				
Foreign exchange risk	22,634	146,282	943	62,425
Interest rate risk	71,737	165,702	26,117	71,057
Total VaR exposure	94,081	219,638	26,243	133,482

Bank	**December 2016**			
	Average	**High**	**Low**	**At reporting date**
In thousands of naira				
Foreign exchange risk	22,000	152,653	727	55,796
Interest rate risk	71,737	165,702	26,117	71,057
Total VaR exposure	**93,447**	**225,100**	**27,406**	**126,853**

Group	**December 2015**			
	Average	**High**	**Low**	**At reporting date**
In thousands of naira				
Foreign exchange risk	8,087	36,672	798	6,308
Interest rate risk	27,183	100,699	3,598	46,255
Total VaR exposure	**35,270**	**115,833**	**4,396**	**52,564**

Bank	**December 2015**			
	Average	**High**	**Low**	**At reporting date**
In thousands of naira				
Foreign exchange risk	9,055	40,701	333	5,737
Interest rate risk	26,790	100,699	3,598	46,255
Total VaR exposure	**35,845**	**115,022**	**3,931**	**51,993**

Highest and Lowest VaR for each risk factor are independent and usually occur on different days.

Non-trading book: Other sensitivity analysis

Market risk in the non-trading book emanates mainly from adverse movement in future net interest income, resulting from changes in interest rates. Analysis of this risk involves the breaking down of demand and saving deposits as well as overdraft into different maturity time bands based on past observed trends with the use of a constructive model. Interest rate risk in non-trading portfolios is measured with maturity/repricing gap analysis, interest rate sensitivity and ratios analysis. The sensitivity of earnings to specified upward and downward instantaneous parallel 100 basis point shift in the yield curve, over one-year horizons under business-as-usual conditions assuming static portfolio indicates the potential risk.

3.4.4 Foreign exchange (FX) risk

Structural FX exposures arise because of balance sheet mismatches between foreign currency assets and foreign currency liabilities. These are mainly foreign currency loans and deposits, balances with foreign banks, customers' FX transactions, and borrowings in foreign currencies. FX trading exposures are discretionary (intentional) and typically short term FX exposures resulting from treasury trades to profit from currency movements. They contribute to the Bank's overall trading risk and are managed under the trading risk management framework.

The group structural foreign currency exposure is managed by the group ALCO. The primary objectives of the Bank's foreign exchange risk management are to protect the Bank's capital base and earnings from fluctuations caused by currency rates movements in excess of approved limits, and to ensure that our open position limit is managed within existing regulatory guidelines. The Central Bank of Nigeria assign NOP limits to banks as a percentage of their shareholders' funds. These limits change from time to time based on how the regulator wants to affect the market. However, the Bank has an internal policy to further constraint the CBN assigned NOP limit by allowing traders an aggregate open position of 90% of the CBN limit.

The Group trades and closes each day with either long or short positions within the approved internal limit. If for any reason the Group anticipates that the net open limit might be breached, an anticipatory approval must be sought and obtained from the Deputy Managing Director/Chief Risk Officer and Executive Director/Chief Financial Officer with appropriate justification. Under no circumstance, however, shall the CBN limit be breached.

The following shows the Group and the Bank's structural foreign currency exposures for the year.

Group

	31 December 2016					
In thousands of Naira	**Naira**	**USD**	**GBP**	**Euro**	**Others**	**Total**
Financial assets						
Cash and balances with central banks	285,248,021	26,227,473	5,901,879	4,297,992	8,231,551	329,906,916
Financial assets held for trading	6,870,235	-	-	-	-	6,870,235
Assets pledged as collateral	149,203,809	-	`	-	72,694,417	221,898,226
Derivative assets	-	2,088,208	-	-	-	2,088,208
Loans to banks	26,461,535	52,817,341	1,890,893	1,093,003	18,080,192	100,342,964
Loans and advances to customers	380,338,188	442,564,821	51,612	1,946,447	170,433,049	995,334,118
Investment securities	160,310,857	-	-	-	75,254,032	235,564,889
Other assets	10,703,632	29,019,953	1,834,305	956,076	15,701,412	58,215,378
Total	**1,019,136,277**	**552,717,796**	**9,678,689**	**8,293,518**	**360,394,653**	**1,950,220,934**
Financial liabilities						
Deposits from banks	13,292,753	7,096,250	1,292,114	8,717,347	73,010,834	103,409,297
Deposits from customers	860,523,145	271,235,158	3,817,354	1,893,360	287,220,510	1,424,689,527
Derivative liability	-	2,187,779	-	-	-	2,187,779
Borrowings	29,958,197	137,226,022	51,612	1,946,447	-	169,182,279
Other liabilities	12,718,564	23,168,636	348,755	372,417	16,747,883	53,356,255
Long term debt	-	61,323,847	-	-	-	61,323,847
Total	**916,492,659**	**502,237,692**	**5,509,835**	**12,929,571**	**376,979,227**	**1,814,148,984**
Net Open Position	**102,643,618**	**50,480,104**	**4,168,854**	**(4,636,053)**	**(16,584,574)**	**136,071,950**

Group	31 December 2015					
In thousands of Naira	**Naira**	**USD**	**GBP**	**Euro**	**Others**	**Total**
Financial assets						
Cash and balances with central banks	317,664,954	18,899,243	4,509,573	3,169,353	16,923,813	361,166,936
Financial assets held for trading	13,116,843	-	-	-	-	13,116,843
Assets pledged as collateral	96,583,399	19,945,363	-	-	55,572,023	172,100,785
Derivative assets	-	161,622	-	-	-	161,622
Loans to banks	22,686,141	9,926,151	2,951,429	11,912,659	12,626,960	60,103,340
Loans and advances to customers	385,809,727	274,029,579	7,291	-	103,788,230	763,634,827
Investment securities	233,155,562	7,605,407	-	-	26,576,237	267,337,206
Other assets	16,919,628	1,253,396	253,813	2,033	5,313,049	23,741,919
Total	**1,085,936,254**	**331,820,761**	**7,722,106**	**15,084,045**	**220,800,312**	**1,661,363,478**
Financial liabilities						
Deposits from banks	5,779,330	52,549,004	1,000,513	4,457,432	52,033,311	115,819,590
Deposit from customers	844,088,503	221,558,099	4,175,549	5,403,275	158,365,637	1,233,591,063
Derivative liability	-	1,349,595	-	-	-	1,349,595
Borrowings	30,173,812	72,545,759	-	-	-	102,719,571
Other liabilities	18,849,537	9,165,100	271,927	1,037,778	10,924,369	40,248,711
Long term debt	-	38,577,527	-	-	-	38,577,527
Total	**898,891,182**	**395,745,084**	**5,447,989**	**10,898,485**	**221,323,317**	**1,532,306,057**
Net Open Position	**187,045,072**	**(63,924,323)**	**2,274,117**	**4,185,560**	**(523,005)**	**129,057,421**

Bank
In thousands of Naira

	31 December 2016					
	Naira	**USD**	**GBP**	**Euro**	**Others**	**Total**
Financial assets						
Cash and balances with central banks	285,248,005	3,653,842	238,980	522,170	508	289,663,505
Financial assets held for trading	6,870,235	-	-	-	-	6,870,235
Assets pledged as collateral	149,203,809	21,420,008	-	-	-	170,623,817
Derivative assets	-	1,925,777	-	-	-	1,925,777
Loans to banks	26,282,193	59,077,174	1,890,893	1,093,003	209,888	88,553,151
Loans and advances to customers	380,318,603	419,187,332	51,612	5,078,093	-	804,635,641
Investment securities	160,310,857	-	-	-	-	160,310,857
Other assets	10,703,632	27,659,385	1,515,680	955,099	17,052	40,850,848
Total	**1,018,937,334**	**532,923,518**	**3,697,166**	**7,648,365**	**227,448**	**1,563,433,831**
Financial liabilities						
Deposits from banks	13,292,753	69,595	2,966	-	-	13,365,314
Deposits from customers	860,523,145	270,520,929	3,817,354	-	38	1,134,861,466
Derivative liability	-	200,609	-	-	-	2,126,386
Borrowings	29,958,197	165,688,685	51,612	1,946,447	-	197,644,942
Other liabilities	12,718,564	23,098,189	25,403	372,398	5,583	36,220,137
Long term debt	-	61,307,852	-	-	-	61,307,852
Total	**916,492,659**	**520,885,859**	**3,897,335**	**2,318,845**	**5,621**	**1,445,526,097**
Net Open Position	**102,444,675**	**12,037,659**	**(200,169)**	**5,329,520**	**221,827**	**117,907,734**

Bank	**31 December 2015**					
In thousands of Naira	**Naira**	**USD**	**GBP**	**Euro**	**Others**	**Total**
Financial assets						
Cash and balances with central banks	317,664,913	1,246,686	80,604	175,483	317	319,168,003
Financial assets held for trading	13,116,843	-	-	-	-	13,116,843
Assets pledged as collateral	96,582,474	62,808,431	-	-	-	159,390,905
Loans to banks	22,686,141	38,137,177	2,927,521	2,901,380	168,715	66,820,934
Loans and advances to customers	385,788,821	261,048,795	61	2,133,702	-	648,971,379
Investment securities	233,155,563	-	-	-	-	233,155,563
Other assets	16,873,423	188,610	4,456	1,269	-	17,067,758
Total	**1,085,868,178**	**363,429,699**	**3,012,642**	**5,211,834**	**169,032**	**1,457,691,385**
Financial liabilities						
Deposits from banks	5,779,331	49,222,039	3,381	2,170,337	-	57,175,088
Deposits from customers	846,621,091	221,492,595	4,175,549	3,333,274	23	1,075,622,532
Derivative liability	-	1,251,675	-	-	-	1,251,675
Borrowings	30,173,812	111,224,244	-	-	-	141,398,056
Other liabilities	18,818,587	9,109,970	18,870	1,037,764	6,156	28,991,347
Long term debt	-	38,577,527	-	-	-	38,577,527
Total	**901,392,821**	**430,878,050**	**4,197,800**	**6,541,375**	**6,179**	**1,343,016,225**
Net Open Position	**184,475,357**	**(67,448,351)**	**(1,185,158)**	**(1,329,541)**	**162,853**	**114,675,160**

3.4.5 Foreign exchange risk sensitivity analysis

Due to the the Group and the Bank's structural foreign currency exposures, the Group and the Bank may be exposed to further losses in the event of a significant decline in the value of the Group's local currency (Nigerian Naira). This may occur in the event of a devaluation of the exchange rate of the Naira to the USDollars in the official exchange market by the Central Bank of Nigeria (CBN). This will have a direct impact on the Nigerian Inter-bank Foreign exchange market (NIFEX), the market where the Bank obtains its translation rates for the USDollar (see Note 2.5(a))

The losses which are likely to occur in the event of devaluation of the Naira will affect the reported equity in the following ways:

- Retained earnings - increase or decrease in the carrying amount of assets or liabilities held by Bank from changes in the value of the Naira (excluding available for sale instruments) reported in the profit or loss
- Fair value reserves - increase or decrease in the carrying amount of available for sale financial instruments from changes in the value of the Naira reported directly in equity.
- Foreign currency translation reserves - increase or decrease in the carrying amount of assets and liabilities of foreign subsidiaries from changes in the value of the Naira reported directly in equity.

The table below sets out the impact on the Bank's net open position in USDollars, Pounds Sterling, Euros and other currencies in the event of a 20% and 50% devaluation of the Naira in relation to other currencies.

Group

Foreign exchange risk sensitive analysis - 31 December 2016
Impact of percentage changes in foreign currency rates

	Net Open Position		**Net Gain/(Loss) on decline of the value of Naira**	
Currency	**In Naira**	**In USD**	**20% decrease in the value of Naira**	**50% decrease in the value of Naira**
In thousands		**$1= ₦305**	**$1= ₦366**	**$1= ₦458**
US Dollars	50,480,104	165,509	10,096,021	25,322,806
Pounds Sterling	4,168,854	13,668	833,771	2,091,261
Euros	(4,636,053)	(15,200)	(927,211)	(2,325,627)
Other Currencies	(16,584,574)	(54,376)	(3,316,915)	(8,319,475)
	33,428,332	**109,601**	**6,685,666**	**16,768,967**

Bank

Foreign exchange risk sensitive analysis - 31 December 2016
Impact of percentage changes in foreign currency rates

	Net Open Position		**Net Gain/(Loss) on decline of the value of Naira**	
Currency	**In Naira**	**In USD**	**20% decrease in the value of Naira**	**50% decrease in the value of Naira**
In thousands		**$1= ₦305**	**$1= ₦366**	**$1= ₦458**
US Dollars	12,037,659	39,468	2,407,532	6,038,563
Pounds Sterling	(200,169)	(656)	(40,034)	(100,413)
Euros	5,329,520	17,474	1,065,904	2,673,497
Other Currencies	221,827	727	44,365	111,277
	17,388,836	**57,013**	**3,477,767**	**8,722,924**

3.4.6 Interest rate risk

The following is a summary of the Group's interest rate gap position on non-trading portfolio.

Group	**Interest Bearing**						
31 December 2016	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non- Interest bearing**	**Total**
In thousands of Naira							
Financial assets							
Non derivative assets							
Cash and balances with central banks	7,503,688	-	-	-	-	322,403,228	329,906,916
Financial assets held for trading	640,903	650,507	5,380,837	197,988	-	-	6,870,235
Assets pledged as collateral	2,062,658	24,995,074	83,873,063	56,573,470	54,393,961		221,898,226
Loans to banks	65,796,228	-	-	-	-	34,546,736	100,342,964
Loans and advances to customers	122,629,430	146,081,198	145,359,883	256,941,981	324,321,626	-	995,334,118
Investment securities	23,506,365	24,930,820	88,141,801	39,154,641	44,619,663	15,211,599	235,564,889
Other assets	-	-	-	-	-	58,215,378	58,215,378
Total non derivative assets	**222,139,272**	**196,657,599**	**322,755,584**	**352,868,080**	**423,335,250**	**430,376,941**	**1,948,132,726**
Derivative assets	-	-	-	-	-	2,088,208	2,088,208
Total financial assets	**222,139,272**	**196,657,599**	**322,755,584**	**352,868,080**	**423,335,250**	**432,465,149**	**1,950,220,934**
Financial liabilities							
Non derivative liabilities							
Deposits from banks	79,026,127	768,216	15,884,377	-	-	7,730,577	103,409,297
Deposits from customers	174,217,154	109,461,089	59,230,351	54,853,703	300,786,295	726,140,935	1,424,689,527
Borrowings	26,741,877	311,467	53,711,955	62,365,625	26,051,355	-	169,182,279
Other liabilities	-	-	-	-	-	53,356,255	53,356,255
Long term debt	-	30,784,667	15,273,186	-	15,265,994	-	61,323,847
Total non derivative liabilities	**279,985,158**	**141,325,439**	**144,099,869**	**117,219,328**	**342,103,644**	**787,227,767**	**1,811,961,205**
Derivative liabilities						2,187,779	**2,187,779**
Total financial liabilities	**279,985,158**	**141,325,439**	**144,099,869**	**117,219,328**	**342,103,644**	**789,415,546**	**1,814,148,984**
Total interest rate gap	**(57,845,886)**	**55,332,160**	**178,655,715**	**235,648,752**	**81,231,606**	**(356,950,397)**	**136,071,950**

Group	Interest Bearing						
31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
In thousands of naira							
Financial assets							
Non derivative assets							
Cash and balances with central banks	7,500,822	-	-	-	-	353,666,114	361,166,936
Financial assets held for trading	48,387	1,059,686	12,008,770	-	-	-	13,116,843
Assets pledged as collateral	4,932,000	13,141,540	60,936,868	74,182,385	18,907,992	-	172,100,785
Loans to banks	41,535,415	3,318,797	1,326,741	794,772	-	13,127,615	60,103,340
Loans and advances to customers	79,879,185	114,469,777	101,906,799	164,998,298	302,380,768	-	763,634,827
Investment securities	27,635,017	32,491,330	109,764,049	50,308,885	35,801,667	11,336,258	267,337,206
Other assets	-	-	-	-	-	23,741,919	23,741,919
Total non derivative assets	**161,530,826**	**164,481,130**	**285,943,227**	**290,284,340**	**357,090,427**	**401,871,906**	**1,661,201,856**
Derivative assets	-	-	-	-	-	161,622	161,622
Total financial assets	**161,530,826**	**164,481,130**	**285,943,227**	**290,284,340**	**357,090,427**	**402,033,528**	**1,661,363,478**
Financial liabilities							
Non derivative liabilities							
Deposits from banks	67,139,283	32,036,466	10,023,701	-	-	6,620,140	115,819,590
Deposits from customers	221,229,570	100,995,727	44,091,698	46,454,771	206,100,708	614,718,589	1,233,591,063
Borrowings	16,155,909	406,400	612,083	43,387,622	42,157,557	-	102,719,571
Other liabilities	-	-	-	-	-	40,248,711	40,248,711
Long term debt	-	20,147,683	8,477,343	-	9,952,501	-	38,577,527
Total non derivative liabilities	**304,524,762**	**153,586,276**	**63,204,825**	**89,842,393**	**258,210,766**	**661,587,440**	**1,530,956,462**
Derivative liabilities		-	-	-	-	1,349,595	1,349,595
Total financial liabilities	**304,524,762**	**153,586,276**	**63,204,825**	**89,842,393**	**258,210,766**	**662,937,035**	**1,532,306,057**
Total interest rate gap	**(142,993,936)**	**10,894,854**	**222,738,402**	**200,441,947**	**98,879,661**	**(260,903,507)**	**129,057,421**

Bank

31 December 2016	Interest Bearing						
	Up to 1 month	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non- interest bearing**	**Total**
In thousands of Naira							
Financial assets							
Non derivative assets							
Cash and balances with central banks	7,503,689	-	-	-	-	282,159,816	289,663,505
Financial assets held for trading	640,903	650,507	5,380,837	197,988	-	-	6,870,235
Assets pledged as collateral	15,409,377	22,287,708	75,643,716	25,446,802	31,836,214	-	170,623,817
Loans to banks	58,036,276	-	-	-	-	30,516,875	88,553,151
Loans and advances to customers	108,421,561	124,321,665	72,309,785	214,742,093	284,840,537	-	804,635,641
Investment securities	22,523,557	24,930,820	81,285,312	15,123,202	10,737,266	5,710,700	160,310,857
Other assets	-	-	-	-	-	40,850,848	40,850,848
Total	**212,535,363**	**172,190,700**	**234,619,650**	**255,510,085**	**327,414,017**	**359,238,239**	**1,561,508,054**
Derivative Assets						1,925,777	**1,925,777**
Total financial assets	**212,535,363**	**172,190,700**	**234,619,650**	**255,510,085**	**327,414,017**	**361,164,016**	**1,563,433,831**
Financial liabilities							
Non derivative liabilities							
Deposits from banks	7,002,624	-	-	-	-	6,362,690	13,365,314
Deposits from customers	173,351,031	90,784,517	34,064,772	6,910,104	242,633,175	587,117,867	1,134,861,466
Borrowings	39,635,942	2,846,688	66,745,332	62,365,625	26,051,355	-	197,644,942
Other liabilities	-	-	-	-	-	36,220,137	36,220,137
Long term debt	-	30,784,666	15,273,186	-	15,250,000	-	61,307,852
Total	**219,989,597**	**124,415,871**	**116,083,290**	**69,275,729**	**283,934,530**	**629,700,694**	**1,443,399,711**
Derivative liabilities						2,126,386	2,126,386
Total financial liabilities	**219,989,597**	**124,415,871**	**116,083,290**	**69,275,729**	**283,934,530**	**631,827,080**	**1,445,526,097**
Total interest rate gap	**(7,454,234)**	**47,774,829**	**118,536,360**	**186,234,356**	**43,479,487**	**(270,663,064)**	**117,907,734**

Bank	**Interest Bearing**						
31 December 2015	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non- interest bearing**	**Total**
In thousands of naira							
Financial assets							
Non derivative assets							
Cash and balances with central banks	7,500,822	-	-	-	-	311,667,181	319,168,003
Financial assets held for trading	48,387	1,059,686	12,008,770	-	-	-	13,116,843
Assets pledged as collateral	14,708,547	11,025,836	61,040,747	61,867,795	10,747,980	-	159,390,905
Loans to banks	57,943,468	-	-	-	-	8,877,466	66,820,934
Loans and advances to customers	74,172,359	109,943,169	97,796,294	130,929,557	236,130,000	-	648,971,379
Investment securities	25,347,128	30,307,322	110,028,848	31,036,746	29,364,686	7,070,833	233,155,563
Other assets	-	-	-	-	-	17,067,758	17,067,758
Total	**179,720,711**	**152,336,013**	**280,874,659**	**223,834,098**	**276,242,666**	**344,683,238**	**1,457,691,385**
Derivative Assets	**-**	**-**	**-**	**-**	**-**	**157,493**	**157,493**
Total financial assets	**179,720,711**	**152,336,013**	**280,874,659**	**223,834,098**	**276,242,666**	**344,840,731**	**1,457,848,878**
Financial liabilities							
Non derivative liabilities							
Deposits from banks	11,331,325	30,014,252	10,023,702	-	-	5,805,809	57,175,088
Deposits from customers	212,594,996	95,497,833	28,576,647	4,781,488	189,439,784	544,731,784	1,075,622,532
Borrowings	20,676,429	10,582,526	24,593,922	43,387,622	42,157,557	-	141,398,056
Other liabilities	-	-	-	-	-	28,991,347	28,991,347
Long term debt	-	20,147,683	8,477,343	-	9,952,501	-	38,577,527
Total non derivative liabilities	**244,602,750**	**156,242,294**	**71,671,614**	**48,169,110**	**241,549,842**	**579,528,940**	**1,341,764,550**
Derivative liabilities	-	-	-	-	-	1,251,675	1,251,675
Total financial liabilities	**244,602,750**	**156,242,294**	**71,671,614**	**48,169,110**	**241,549,842**	**580,780,615**	**1,343,016,225**
Total interest rate gap	**(64,882,039)**	**(3,906,281)**	**209,203,045**	**175,664,988**	**34,692,824**	**(235,939,884)**	**114,832,653**

3.4.7 Interest rate sensitivity analysis

The table below sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel falls in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Group

Interest sensitivity analysis - 31 December 2016
Impact of 100 basis points changes in rates over a one year period (N'000) on profit or loss and equity

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
<1 month	(57,845,886)	554,356	(554,356)
1-3 months	55,332,160	(461,101)	461,101
3-12 months	178,655,715	(669,959)	669,959
	176,141,989	**(576,704)**	**576,704**

Interest sensitivity analysis - 31 December 2015
Impact of 100 basis points changes in rates over a one year period (N'000) on profit or loss and equity

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
< 1 month	(142,993,936)	1,370,359	(1,370,359)
1-3 months	10,894,854	(90,790)	90,790
3-12 months	222,738,402	(835,269)	835,269
	90,639,320	**444,300**	**(444,300)**

Bank

Interest sensitivity analysis - 31 December 2016
Impact of 100 basis points changes in rates over a one year period (N'000) on profit or loss and equity

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
<1 month	(7,454,234)	71,437	(71,437)
1-3 months	47,774,829	(398,124)	398,124
3-12 months	118,536,360	(444,511)	444,511
	158,856,955	**(771,198)**	**771,198**

Interest sensitivity analysis - 31 December 2015
Impact of 100 basis points changes in rates over a one year period (N'000) on profit or loss and equity

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
< 1 month	(64,882,039)	621,786	(621,786)
1-3 months	(3,906,281)	32,552	(32,552)
3-12 months	209,203,045	(784,511)	784,511
	140,414,725	**(130,173)**	**130,173**

Interest rate movements affect reported equity in the following ways:

- Retained earnings - increases or decreases in net interest income and fair values of derivatives reported in profit or loss
- Fair value reserves - incease or decreases in fair values of available for sale financial instruments reported directly in equity.

The table below sets out information on the exposure to fixed and variable interest instruments.

Group

Exposure to fixed and variable interest rate risk

31 December 2016

Assets	**Fixed**	**Floating**	**Total**
In thousands of naira			
Cash and balances with central banks	7,503,688	-	7,503,688
Financial assets held for trading	6,870,235	-	6,870,235
Assets pledged as collateral	221,898,226	-	221,898,226
Loans to bank	65,796,228	-	65,796,228
Loans and advances to customers	881,923,516	113,410,602	995,334,118
Investment securities	220,353,290	-	220,353,290
	1,404,345,183	**113,410,602**	**1,517,755,785**

Liabilities	**Fixed**	**Floating**	**Total**
Deposits from banks	95,678,720	-	95,678,720
Deposits from customers	698,548,592	-	698,548,592
Borrowing	83,155,938	86,026,341	169,182,279
Long term debt	15,550,662	45,773,185	61,323,847
	892,933,912	**131,799,526**	**1,024,733,438**

31 December 2015

Assets	**Fixed**	**Floating**	**Total**
In thousands of naira			
Cash and balances with central banks	7,500,822	-	7,500,822
Financial assets held for trading	13,116,843	-	13,116,843
Assets pledged as collateral	172,100,785	-	172,100,785
Loans to bank	39,028,130	7,947,595	46,975,725
Loans and advances to customers	693,802,047	69,832,780	763,634,827
Investment securities	256,000,948	-	256,000,948
	1,181,549,575	**77,780,375**	**1,259,329,950**

Liabilities	**Fixed**	**Floating**	**Total**
Deposits from banks	109,199,450	-	109,199,450
Deposits from customers	618,872,474	-	618,872,474
Borrowing	97,743,321	4,976,250	102,719,571
Long term debt	10,136,346	28,441,181	38,577,527
	835,951,591	**33,417,431**	**869,369,022**

Bank

Exposure to fixed and variable interest rate risk

31 December 2016

Assets	**Fixed**	**Floating**	**Total**
In thousands of naira			
Cash and balances with central banks	7,503,689	-	7,503,689
Financial assets held for trading	6,870,235	-	6,870,235
Assets pledged as collateral	170,623,817	-	170,623,817
Loans to bank	58,036,276	-	58,036,276
Loans and advances to customers	692,871,723	111,763,918	804,635,641
Investment securities	154,600,157	-	154,600,157
	1,090,505,897	**111,763,918**	**1,202,269,815**

Liabilities	**Fixed**	**Floating**	**Total**
Deposits from banks	7,002,624	-	7,002,624
Deposits from customers	547,743,599	-	547,743,599
Borrowing	83,155,934	114,489,008	197,644,942
Long term debt	15,534,667	45,773,185	61,307,852
	653,436,824	**160,262,193**	**813,699,017**

31 December 2015

Assets	Fixed	Floating	Total
In thousands of naira			
Cash and balances with central banks	7,500,822	-	7,500,822
Loans to bank	13,116,843	-	13,116,843
Loans and advances to customers	159,390,905	-	159,390,905
Financial assets held for trading	57,943,468	-	57,943,468
Investment securities	586,589,589	62,381,790	648,971,379
Assets pledged as collateral	226,084,730	-	226,084,730
	1,050,626,357	**62,381,790**	**1,113,008,147**

Liabilities	Fixed	Floating	Total
Deposits from banks	51,369,279	-	51,369,279
Deposits from customers	530,890,748	-	530,890,748
Borrowing	136,421,806	4,976,250	141,398,056
Long term debt	10,136,346	28,441,181	38,577,527
	728,818,179	**33,417,431**	**762,235,610**

3.4.8 Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 100 basis points increase/(decrease) in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

GROUP

31 December 2016	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
Held for trading	6,870,235	36,960	(37,946)
Available for sale investments	17,379,826	258,607	(251,887)
Total	**24,250,061**	**295,567**	**(289,833)**

31 December 2015	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
In thousands of naira			
Held for trading	13,116,843	84,848	(79,899)
Available for sale investments	19,698,996	166,045	(165,513)
Total	**32,815,839**	**250,893**	**(245,412)**

BANK

31 December 2016	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
In thousands of naira			
Held for trading	6,870,235	36,960	(37,946)
Available for sale investments	3,458,348	55,020	(52,921)
Total	**10,328,583**	**91,980**	**(90,867)**

31 December 2015	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
In thousands of naira			
Held for trading	13,116,843	84,848	(79,899)
Available for sale investments	12,093,589	94,150	(94,150)
Total	**25,210,432**	**178,998**	**(174,049)**

3.5 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

● Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

● Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

● Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs), This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

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

Group
In thousands of Naira

31 December 2016	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	21	-	2,088,208	-	2,088,208
Financial assets held for trading	20				
- Debt securities		6,870,235	-	-	6,870,235
Available for sale financial assets	25				
- Investment securities - debt		17,379,826	-	-	17,379,826
- Investment securities - unlisted equities		-		5,659,342	5,659,342
Total assets		**24,250,061**	**2,088,208**	**5,659,342**	**31,997,611**
Financial liabilities					
Derivative liability	35		2,187,779		2,187,779
Total liabilities		-	**2,187,779**	-	**2,187,779**

31 December 2015
In thousands of Naira

	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	21	-	161,622	-	161,622
Financial assets held for trading					
- Debt securities	20	13,116,843	-	-	13,116,843
- Investment securities - debt	25	15,466,818	-	-	15,466,818
- Investment securities - unlisted equitie	25	-	-	9,738,849	9,738,849
Total assets		**28,583,661**	**9,900,471**	**-**	**38,484,132**
Financial liabilities					
Derivative liability	35	-	1,349,595	-	1,349,595
Total liabilities		**-**	**1,349,595**	**-**	**1,349,595**

Bank

In thousands of Naira

31 December 2016	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	21	-	1,925,777	-	1,925,777
Financial assets held for trading	20				
- Debt securities		6,870,235	-	-	6,870,235
Available for sale financial assets	25				
- Investment securities - debt		3,458,348			3,458,348
- Investment securities - unlisted equities		-	-	5,659,342	5,659,342
Total assets		**10,328,583**	**1,925,777**	**5,659,342**	**17,913,702**
Financial liabilities					
Derivative liability	35	-	2,126,386		2,126,386
Total liabilities		**-**	**2,126,386**	**-**	**2,126,386**

In thousands of Naira

31 December 2015	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	21	-	157,493	-	157,493
Financial assets held for trading					
- Debt securities	20	13,116,843	-	-	13,116,843
Available for sale financial assets					-
- Investment securities - debt	25	12,093,590			12,093,590
- Investment securities - unlisted equitie	25	-	-	5,473,423	5,473,423
Total assets		**25,210,433**	**157,493**	**5,473,423**	**30,841,349**
Financial liabilities					
Derivative liability	35	-	1,251,675		1,251,675
Total liabilities		**-**	**1,251,675**	**-**	**1,251,675**

(b) Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value:

Group

In thousands of Naira			**31 December 2016**					**31 December 2015**		
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets										
Cash and balances with central banks	329,906,916	-	329,906,916	-	329,906,916	361,166,936	-	361,166,936	-	361,166,936
- Cash in hand	41,577,206	-	41,577,206	-	41,577,206	51,452,061	-	51,452,061	-	51,452,061
- Balances with central banks other than	43,979,305	-	43,979,305	-	43,979,305	103,605,950	-	103,605,950	-	103,605,950
mandatory reserve deposits					-					
- Mandatory reserve deposits with central banks	244,350,405	-	244,350,405	-	244,350,405	206,108,925	-	206,108,925	-	206,108,925
Loans to banks	100,342,964	-	100,342,964	-	100,342,964	60,103,340	-	60,103,340	-	60,103,340
- Current balances with banks within Nigeria	-		-			-	-	-	-	-
- Currrent balances with banks outside Nigeria	34,546,737	-	34,546,737	-	34,546,737	13,127,615	-	13,127,615	-	13,127,615
- Placements with banks and discount houses	65,796,227	-	65,796,227	-	65,796,227	46,975,725	-	46,975,725	-	46,975,725
Loans and advances to customers	995,334,118	-	995,334,118	-	995,334,118	760,711,885	-	779,263,569	-	779,263,569
- Overdrafts	68,832,455	-	68,832,455	-	68,832,455	104,344,172	-	75,496,196	-	75,496,196
- Term loans	913,616,189	-	913,616,189	-	913,616,189	640,947,815	-	688,795,123	-	688,795,123
- Staff loans	4,870,426	-	4,870,426	-	4,870,426	5,751,510	-	5,008,971	-	5,008,971
- Commercial papers	4,814,516	-	4,814,516	-	4,814,516	2,853,224	-	2,853,224	-	2,853,224
- Advances under finance lease	3,200,532	-	3,200,532	-	3,200,532	6,815,164	-	7,110,055	-	7,110,055
Asset pledged as collateral	221,898,226	139,706,281	72,694,417	-	212,400,698	172,100,785	-	-	-	-
Other assets	58,215,378	-	58,215,378	-	58,215,378	23,741,919	-	23,741,919	-	23,741,919
Investment securities	212,496,343	150,444,473	61,303,176	51,358	211,799,007	242,131,539	307,525,706	-	1,597,409	309,123,115
- Held to maturity	212,444,985	150,444,473	61,303,176	-	211,747,649	240,534,130	307,525,706	-	-	307,525,706
- Available for sale financial assets - unlisted equities	51,358	-	-	51,358	51,358	1,597,409	-	-	1,597,409	1,597,409
Total financial assets	**1,918,193,946**	**290,150,754**	**1,617,796,970**	**51,358**	**1,907,999,082**	**1,619,956,404**	**307,525,706**	**1,224,275,764**	**1,597,409**	**1,533,398,879**
Financial liabilities										
Deposits from banks	103,409,297	-	103,409,297	-	103,409,297	115,819,590	-	115,819,590	-	115,819,590
- Items in the course of collection	7,730,577		7,730,577		7,730,577	6,620,140	-	6,620,140	-	6,620,140
- Interbank takings	95,678,720		95,678,720		95,678,720	109,199,450	-	109,199,450	-	109,199,450
Deposits from customers	1,424,689,527	-	1,424,689,527	-	1,424,689,527	1,233,591,063	-	1,230,185,765	-	1,230,185,765
- Current	726,140,935	-	726,140,935	-	726,140,935	614,275,144	-	614,275,144	-	614,275,144
- Savings	499,763,987	-	499,763,987	-	499,763,987	342,932,876	-	342,932,876	-	342,932,876
- Term	198,784,605	-	198,784,605	-	198,784,605	276,383,043	-	272,977,745	-	272,977,745
Other liabilities	53,356,255	-	53,356,255	-	53,356,255	40,248,711	-	40,248,711	-	40,248,711
Long term debt	61,323,847	-	61,323,847	-	61,323,847	38,577,527	-	45,118,509	-	
Borrowings	169,182,279	-	169,182,279	-	169,182,279	102,719,571	-	131,335,751	-	
Total financial liabilities	**1,811,961,205**	**-**	**1,811,961,205**	**-**	**1,811,961,205**	**1,530,956,462**	**-**	**1,562,708,326**	**-**	**1,386,254,066**
Off-balance sheet financial instruments	**46,606,013**	-	**46,606,013**	**-**	**46,606,013**	**61,895,364**	**-**	**61,895,364**	**-**	**61,895,364**
Unconfirmed and unfunded Letters of Credit	46,606,013	-	46,606,013	-	46,606,013	61,895,364	-	61,895,364	-	61,895,364

Bank

In thousands of Naira	31 December 2016					31 December 2015				
	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets										
Cash and balances with Central banks	289,663,505	-	289,663,505	-	289,663,505	319,168,003	-	319,168,003	-	319,168,003
- Cash	31,408,946		31,408,946		31,408,946	23,275,663	-	23,275,663	-	23,275,663
- Balances with central banks other than mandatory reserve deposits	24,844,938		24,844,938		24,844,938	96,152,547	-	96,152,547	-	96,152,547
- Mandatory reserve deposits with central bank	233,409,621		233,409,621		233,409,621	199,739,793	-	199,739,793	-	199,739,793
Loans to banks	88,553,151		88,553,151		88,553,151	66,820,934	-	66,820,934	-	66,820,934
- Current balances with banks within Nigeria	-					-	-		-	-
- Currrent balances with banks outside Nigeria	30,516,876		30,516,876		30,516,876	8,877,466	-	8,877,466	-	8,877,466
- Placements with banks and discount houses	58,036,275		58,036,275		58,036,275	57,943,468	-	57,943,468	-	57,943,468
Loans and advances to customers	804,635,641	-	804,635,641	-	804,635,641	757,858,661	-	701,154,364	-	701,154,364
- Overdrafts	56,394,853		56,394,853		56,394,853	104,344,172	-	104,344,172	-	104,344,172
- Term loans	740,867,726		740,867,726		740,867,726	640,947,815	-	585,797,067	-	585,797,067
- Staff loans	4,172,530		4,172,530		4,172,530	5,751,510	-	3,881,957	-	3,881,957
- Advances under finance lease	3,200,532		3,200,532		3,200,532	6,815,164	-	7,131,168	-	7,131,168
Asset pledged as collateral	170,623,817	139,706,281	21,420,008		161,126,289	159,390,905	100,357,551	62,808,430	-	163,165,981
Other assets	40,850,848		40,850,848		40,850,848	19,580,985	-	19,580,985	-	19,580,985
Investment securities	151,193,167	150,444,473	51,358	-	150,495,831	242,131,539	307,525,706	1,597,409	-	309,123,115
- Held to maturity	151,141,809	150,444,473	-	-	150,444,473	240,534,130	307,525,706	-	-	307,525,706
- Available for sale financial assets - unlisted equities	51,358	-	51,358	-	51,358	1,597,409	-	1,597,409	-	1,597,409
Total financial assets	**1,545,520,129**	**290,150,754**	**1,245,174,511**	**-**	**1,535,325,265**	**1,564,951,027**	**407,883,257**	**1,171,130,125**	**-**	**1,579,013,382**
Financial liabilities										
Deposits from banks	13,365,314	-	13,365,314	-	13,365,314	57,175,088	-	57,175,088	-	57,175,088
- Items in the course of collection	6,362,690		6,362,690		6,362,690	5,805,809	-	5,805,809		5,805,809
- Interbank takings	7,002,624		7,002,624		7,002,624	51,369,279	-	51,369,279	-	51,369,279
Deposits from customers	1,134,861,466	-	1,134,861,466	-	1,134,861,466	1,075,622,532	-	1,072,407,611	-	1,072,407,611
- Current	587,117,867		587,117,867		587,117,867	544,731,783	-	544,731,783	-	544,731,783
- Savings	404,284,897		404,284,897		404,284,897	315,649,973	-	315,649,973	-	315,649,973
- Term	143,458,702		143,458,702		143,458,702	215,240,776	-	212,025,855	-	212,025,855
Other liabilities	36,220,137		36,220,137		36,220,137	29,119,208	-	29,119,208	-	29,119,208
Long term debt	61,307,852		61,307,852		61,307,852	38,577,527	-	45,118,509	-	45,118,509
Borrowings	197,644,942		197,644,942		197,644,942	132,706,162	-	131,335,751	-	131,335,751
Total financial liabilities	**1,443,399,711**	**-**	**1,443,399,711**	**-**	**1,443,399,711**	**1,333,200,517**	**-**	**1,335,156,167**	**-**	**1,335,156,167**
Off-balance sheet financial instruments	**32,854,354**	**-**	**32,854,354**	**-**	**32,854,354**	**85,090,667**	**-**	**85,090,667**	**-**	**85,090,667**
Unconfirmed and unfunded Letters of Credit	32,854,354	-	32,854,354	-	32,854,354	85,090,667	-	85,090,667	-	85,090,667

3.5 Fair value of financial assets and liabilities (cont'd)

(i) Cash and balances with central banks include cash and restricted and non - restricted deposits with Central Bank of Nigeria.The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand.

(ii) Loans to banks includes balances with other banks within and outside Nigeria and short term placements.
- The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand.
- The estimated fair value of fixed interest bearing placement is based on discounted cash flows using prevailing money-market interest rates for the debts. The carrying amount represents the fair value which is receivable on maturity.

(iii) Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the market vaue of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate for the various loan types

(iv) Deposits from banks and customers
- The estimated fair value of deposits, with no stated maturity, is the amount repayable on demand.
- The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(v) Carrying amounts of all other financial assets and liabilities are reasonable approximation of their fair values which are payable on demand.

(vi) Off-balance sheet financial instruments
The estimated fair values of the off-balance sheet financial instruments are based on markets prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

(c) Fair valuation methods and assumptions

	Methodology	Key assumptions
Trading securities		
Treasury bills and Government Bonds	For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. This includes quoted debt instruments on major exchanges (for example NSE) and broker quotes from the Nigerian Financial Markets Dealer Association. These are classified as Level 1 of the fair value hierachy.	The prices quoted on the major exchanges are representative of an active market and represent actual and regularly occurring market transactions on an arm's length basis.
Investment securities	Investment securities classified as available for sale are measured at fair value using the following methods:	The prices quoted on the major exchanges are representative of an active market and represent actual and regularly occurring market transactions on an arm's length basis.
Treasury bills and Government Bonds	For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. This includes quoted debt instruments on major exchanges (for example NSE) and broker quotes from the Nigerian Financial Markets Dealer Association. These are classified as Level 1 of the fair value hierachy.	
AFS Unquoted Equities	For equity investments in funds, the fair value is based on the Bank's share of the Fund's fair value, as advised by the Fund manager.	The fair value of the Bank's holdings are representative of the value of Bank's portion of the net asset of the Fund, based on the relevant valuation of the Fund as at the reporting date. It is assumed to be the price at which market participants will be willing to exchange holdings in the Fund.
Derivative liability		
OTC futures contracts	For the CBN OTC futures contracts, the fair value is estimated from the strike price and the estimated foreign exchange rate as at maturity date.	The strike price were obtained from the contract. The Group performed linear interpolation of the NIFEX rate to obtain the estimated foreign exchange rate at maturity
Option (Equity)	The Group estimated forward interest rate curves from a zero rate curve obtained by linear interpolation of zero rates. The Group estimated all coupons using forecasted forward interest rates and discounted all cash flows using credit-adjusted discount factors curve to obtain the value of the loan	The stock price is assumed to follow a random walk i.e. in each step it is assumed there is a constant probability of moving up by a fixed percentage and a constant probability of moving down by a fixed percentage

	Methodology	Key assumptions
Derivative liability (contd.)		
Option (Equity) (contd.)	The convertible value was estimated using an adapted methodology from Bardhan, Bergier, Derman, Dosembet and Kani (1994) in which the discounting rate is a function of variable conversion probability The Group modeled the evolution of the stock price using a binomial stock price tree The Group estimated stock price volatility by analyzing historical stock price volatility with one year rolling volatility and six month rolling volatility and applied expert judgement to determine an appropriate forward looking volatility estimate to adopt for the valuation date. Expert judgement was required because of the lack of options market (ETO or OTC) and therefore the inability to back-solve implied volatilities for the respective maturities and money-ness. The Group derived a USD/NGN forward exchange rate curve using interest rate differentials between USD and NGN interest rates and spot exchange rate. The forward exchange rates were capped after at N220 to simulate a realistic scenario.	Interest rates are modelled using deterministic models from observable market data The option value is found by working through the binomial tree. At nodes with conversion option, the option value is the maximum of the conversion value and probability-weighted discounted option value

Other unlisted equity investments relate to Tinapa Resorts Limited and ATM consortium which have nil carrying amounts. These investments have been measured at cost less impairment because there is no available financial and operational information hence their fair values cannot be reliably measured. The instruments were fully impaired based on the evidence that there is no estimated future cash flow from these instruments and also because the cost of the investment in the equity instrument may not be recovered.

3.6 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:
a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
b. To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and;
c. To maintain a strong capital base to support the development of its business.

Diamond Bank maintains capital as a cushion towards the risk of loss in value of exposure, businesses, etc., to protect the interest of stake holders, more particularly, depositors. The Bank has a comprehensive system in place for assessing capital requirements based on current and future business activities and monitoring same on an ongoing basis. Beyond supervisory concern and disclosure issues, the Bank considers that capital availability is the central theme in the whole process, thus its computation is applied to policy, strategy and business level composition.

In line with Central Bank of Nigeria guidelines, the bank has adopted the following approaches for implementation of Basel II Capital Adequacy Framework:

1. The Bank has adopted Standardized Approach for credit risk. Under this approach, the Bank applies the risk weights issued by the CBN for the various categories of exposures.

2. The market risk capital charge arises from interest rate risk in the trading book and foreign exchange risk. The Bank has adopted the standardized approach for the computation of Market Risk capital charge.

3. The Bank adopted the Basic Indicator Approach for determining capital charge for operational risk. This was estimated as 15% of average gross annual income for the previous three financial years.

The Bank undertakes the Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis in line with the extant guidelines of CBN. The ICAAP details the capital planning process and carries out an assessment covering risk measurement, monitoring, controls, reporting and stress testing of balance sheet for all risks.

The CBN requires each bank to: (a) hold the minimum level of the regulatory capital of N50 billion and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 15%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.
The Group's regulatory capital as managed by its Financial Control and Treasury units is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and deferred tax is deducted in arriving at Tier 1 capital; and

- Tier 2 capital: preference shares, qualifying debt stock, fair value reserves, fixed assets revaluation reserves, foreign currency revaluation reserves and hybrid instruments – convertible bonds.

Investments in unconsolidated subsidiaries are split equally and deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2015 and 31 December 2016. During those years, the Bank complied with the externally imposed capital requirements.

Basel II Basis

In thousands of naira	**Note**	**Bank 31 December 2016**
Tier 1 capital		
Share capital	39	11,580,195
Share premium	40	134,532,974
Statutory reserves	40	23,292,842
SMEIS reserve	40	3,966,628
Retained earnings	40	6,364,510
Less: Deferred tax, intangible assets and goodwill	31,30	(9,505,577)
Less: Investment in subsidiaries		(7,920,941)
Less: Unsecured Lending to Subsidiary		(1,520,706)
Total qualifying Tier 1 capital		**160,789,925**
Tier 2 capital		
Fair value reserve	40	2,501,189
Foreign currency translation reserve	40	
Long term debt		34,245,123
Less: Investment in subsidiaries		(7,920,941)
Less: Unsecured Lending to Subsidiary		(1,520,706)
Total qualifying Tier 2 capital		**27,304,665**
Total regulatory capital		**188,094,590**
Risk-weighted assets:		
Credit Risk		
On-balance sheet		976,217,885
Off-balance sheet		34,456,228
Regulatory risk reserves		(29,098,571)
Total on balance sheet assets and off balance sheet exposures		**981,575,541**
Operational risk exposures		269,272,637
Market risk exposures		1,873,361
Total risk-weighted assets		**1,252,721,539**
Risk-weighted Capital Adequacy Ratio (CAR)		15.01%

Basel II Basis

In thousands of naira		**Bank 31 December 2015**
Tier 1 capital		
Share capital	39	11,580,195
Share premium	40	134,532,974
Statutory reserves	40	22,997,335
SMEIS reserve	40	3,966,628
Retained earnings	40	12,208,773
Less: Deferred tax, intangible assets and goodwill	31,30	(9,156,355)
Less: Investment in subsidiaries		(7,920,941)
Less: Unsecured Lending to Subsidiary		(1,025,571)
Total qualifying Tier 1 capital		**167,183,038**

Tier 2 capital		
Fair value reserve	40	1,210,708
Foreign currency translation reserve	40	-
Long term debt	38	31,390,909
Less: Investment in subsidiaries		(7,920,941)
Less: Unsecured Lending to Subsidiary		(1,025,571)
Total qualifying Tier 2 capital		**23,655,105**
Total regulatory capital		**190,838,143**
Risk-weighted assets:		
Credit Risk		
On-balance sheet		867,146,984
Off-balance sheet		58,156,322
Regulatory risk reserves		(21,579,771)
Total on balance sheet assets and off balance sheet exposures		**903,723,535**
Operational risk exposures		261,189,579
Market risk exposures		1,627,787
Total risk-weighted assets		**1,166,540,901**
Risk-weighted Capital Adequacy Ratio (CAR)		16.36%

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk arise from the execution of an organization's business functions.

Operational risk is the risk that occurs as a result of doing business and includes: technology failures, breaches in internal controls, frauds, unforeseen catastrophes, or other operational problems which may result in unexpected losses.

Operational risks exist in all products and business activities.

Business units and support functions in the Bank have primary responsibility and accountability for the management of operational risks in their units. The various units and functions are supported by an Operational Risk Management Unit which reports to the Group Risk Management Committee through the Head of Risk Management and Control, while Corporate Audit Group performs an independent assessment of the implementation of the Bank's operational risk management framework.

Strategy risk
Strategic risk is the risk of current or prospective impact on the Group's earnings, capital, reputation or standing arising from the changes in the operating environment and from adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic or technological changes. It is a function of the compatibility of the Group's strategic goals, strategies developed to achieve these goals, the resources deployed to meet these goals, and the quality of the implementation of the strategic plan.

The Group strategic risk management focus is to proactively identify, understand, promptly analyse and appropriately manage strategic risks that could affect the achievement of the Group's strategic intent. In the process the Group:
a) Ensures that exposures reflect strategic goals that are not overly aggressive and are also compatible with developed business strategies.
b) Avoids products, markets and business for which it cannot objectively measure and manage their associated risk; and
c) Strives to maintain a balance between risk/opportunities and revenue consideration within the Group's risk appetite. Thus, risk-related issues are considered in all business decisions.

The Board of directors has the ultimate responsibility for establishing and approving the Group's strategy in an integrated manner that aligns strategies, goals, tactics and resources. The Board members participate in the Bank's Annual Strategy Session towards the review of the Strategic Plan. When approved, such plans are cascaded to the various business units/subsidiaries for creating business unit/subsidiary plans and budgets. It is the responsibilities of the Executive Management Committee to assist the Board in developing and formulating strategies to meet the Group's strategic goals and objectives, and ensuring adequate implementation of the Group's strategic plan as approved by the Board.

The Group Risk Management Committee is responsible for establishing a suitable reporting system which will ensure timely monitoring of strategic risk exposures, and undertaking measures for the elimination of any possible problems pertaining to internal and external factors. The strategic planning group has the primary responsibility for supporting the Board and Senior Management in managing the Group's strategic risk and facilitating change in corporate strategic plan that contribute to the Group's organizational development and continuous improvement.

4 Critical accounting judgements in applying the Bank's accounting policies

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively

(a) Impairment losses on loans and advances

Assets accounted for at amortised cost are evaluated for impairment on the basis described in Note 2.10

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether a specific impairment loss should be recorded in profit or loss, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger. The trigger may include observable data indicating that the borrower is unable to fulfil the repayment obligations as per contractual terms e.g significant financial difficulty being experienced by the borrower, occurrence of default/delays in interest or principal repayments, restructuring of the credit facilities by giving extraordinary concessions to borrower or national or local economic conditions that correlate with defaults on assets in the Bank. The Bank uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. In estimating these future cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. 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 function.

A collective component of the total allowances is established for:

- groups of homogenous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss not 'incurred but not reported' or IBNR)

The collective allowance for groups of homogenous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience. The roll rate methodology uses statisitical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and product mix at the reporting date. Roll rates and loss rates are regularly benchmarked against actual loss experience.

The IBNR allowance covers credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is an objective evidence to suggest that they contain impaired items but the individual impaired items cannot yet be identified.

In assessing the need for collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical expeirence and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

(b) Impairment of available-for-sale equity investments

Investment in equity securities are evaluated for impairment on the basis described in Note 2.10. The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement relating to the period over which the losses occur. Significant loses occuring in three or more consecutive years is considered significant. In making this judgement, the Bank 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, decline in quoted market price that has lasted for 3 years, industry and sector performance, changes in technology, and operational and financing cash flows.

In making an assessment of whether an investment in debt securities issued by the Federal and State Governments is impaired, the Group considers the following factors;

- The market's assessment of creditworthiness as relected in the bond yields
- The rating agencies' assessment of creditworthiness
- The country's ability to access the capital markets for new debt issuance
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanism in place to provide the necessary support as 'lenders of last resort' to that country as well as the intention, reflected in public statements, about governments' and agencies' willingness to use those mechanisms. This includes an

(c) Fair value of financial instruments

Fair values are subject to a control framework that aims to ensure that they are either determined, or validated, by a function independent of the risk taker.To this end, ultimate responsibility for the determination of fair values lies within the Market Risk function, which reports functionally to the Chief Risk Officer. Financial Control establishes the accounting policies and procedures governing valuation, and is responsible for ensuring that these comply with all relevant accounting standards. Fair value activities/processes are carried out by Market Risk Management. The revaluation process are carried out independent of Treasury or other risk-takers in the front office. The pricing factors used for revaluation are also obtained from a source which is independently verifiable. Market Risk Management revalue all exposures categorized under the trading and available for sale portfolio. The revaluation gain or loss are communicated to management at every ALCO meeting.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(d) Held-to-maturity investments

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

(e) Depreciation and carrying value of property & 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.

(f) Determination of impairment of property and equipment, and intangible assets excluding goodwill

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.

(g) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the group wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(h) Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 2.4 (a) indicate that the Group controls a special purpose entity.

Certain special purpose entities sponsored by the Group for the purpose of facilitating foreign borrowing arrangements are run according to predetermined criteria that are part of the initial design of the vehicles. In addition, the Group is exposed to variability of returns from the vehicles through its holding of debt securities in the vehicles and by issuing financial guarantees. Outside the day-to-day servicing of the receivables, key decisions are usually required only when receivables in the vehicles go into default. Therefore, in considering whether it has control, the Group considers whether it manages the key decisions that most significantly affect these vehicles' returns. As a result, the Group has concluded that it controls some of these vehicles. (for more information on consolidated vehicles, see Note 26)

For further disclosure in respect of unconsolidated strucutured entities in which the Group has an interest or for which it is a sponsor, see Note 42.

(i) Determination of significant influence over investees

Management applies its judgement to determine whether the Group has significant influence over an investee company as set out in Note 2.4 (g).

The Group has determined that it exercises significant influence over certain investee companies due to its representation on the Board of such companies and its significant participation in the Companies' operating and financial policies.

(j) Recognition of deferred tax assets

The Group recognizes deferred tax assets based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be utilized.

(k) Recognition and measurement of provisions and contingencies

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 the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

5. Operating segments

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Group's Executive Committee (the chief operating decision maker), who is responsible for allocating resources to the operating segments and assesses its performance.

The Group has four main reportable segments on a worldwide basis. The Group’s business is organized along the following business segments:

1 **Treasury -** The treasury department of the Group is responsible for the profitable management of the group's liquidity ensuring a balance between liquidty and profitability. In addition, Financial Institutions are also reported under Treasury for the purpose of performance measurement.

2 **Business Banking -** These are all banking activities relating to medium scale enterprises with monthly business turnover of more than N40 million and up to N1 billion. It covers banking activities relating to the following entities: Tertiary Institutions, government accounts and large local companies. It includes companies that are not multinationals, and are not audited by any of the top six international audit firms.

3 **Retail banking** - This covers all banking activities relating to individuals (consumer banking) and MSME banking. Small businesses with monthly turnover of not more than N40 million (or N480 million per annum) are also reported as Retail Banking.

4 **Corporate banking** - incorporating all banking activities relating to Multinationals; other large/well-structured companies in Oil & Gas, Power & Infrastructures, Maritime & Transportation, Telecommunications/General Services, Manufacturing/Trade and Construction, having monthly business turnover of greater than N1.2 billion; and subsidiary activities.

Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessement. Segment performance is assessed based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed at individual company basis and are not allocated to operating segments.

- Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group’s cost of capital. There are no other material items of income or expense between the business segments.

- Internal charges and transfer pricing adjustments have been reflected in the performance of each business segment. Revenue sharing agreements are used to allocate external customer revenues to business segments on a reasonable basis.

- No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue during the year ended 31 December 2016.

The Bank's management reporting is based on an internal reporting framework which differs from IFRS in treatment and in presentation. In addition, the balance sheet of the operating segments is usually limited to only segments' interest earning assets and interest bearing liabilities. Therefore, these differences between the Group's IFRS financial statements and the results of operating segments are as a result of the Bank's conversion to IFRS from NGAAP and unallocated income and expenses held in head office.

Basis of Preparation

Operating segments report included in these financial statements are prepared under the historical cost convention and in line with the Group's internal reporting framework. The key accounting policies applied are discussed below.

(a) **Recognition of income**

Interest income is recognized on an accrual basis, except for interest overdue by more than 90 days, which is suspended and recognized only to the extent of cash received. Fees and commission, where material are amortized over the life of the related service. Lease finance income is recognized on a basis that provides a constant yield on the outstanding principal over the lease term.

Income from bonds or guarantee and letters of credit (clean line) are recognized as earned on issuance of the bond or guarantee, or at the time the service or transaction is effected.

(b) **Loan Loss provision/Impairment Charges**

Provision is made in accordance with prudential guidelines for licensed banks issued by the Central Bank of Nigeria (CBN) for each account that is not performing in line with the agreed terms of the related facility as follows:

Substandard	10%
Doubtful	50%
Lost	100%

The Group also makes provision of at least 2% for performing risk assets to recognize risk inherent in any credit portfolio.

(c) **Transfer pricing**

The Group operates an inter-segment transfer pricing practice that is used to remunerate segments that lend to, or borrow from each other. The Group uses a centralized pool system to recognize the side of the balance sheet where each segment plays. Segments assets and liabilities included in the operating segment report (except those belonging to the subsidiaries) are restricted to interest earning assets and interest bearing liabilities. Other components on the group balance sheet have been reported as unallocated assets or liabilities.

Segments that have net contribution to the pool are remunerated at a pool rate benchmarked on the highest deposit rate in operation while segments that have net borrowing from the pool are charged at the pool rate plus 2%. The result of this compensation practice are reported as interest revenue derived from other segments, and interest expense paid to other segments in the operating segment reports above.

5 Operating segments (Continued)

Information about operating segments

PROFIT OR LOSS

Group
31 December 2016
In thousands of Naira

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total N'000
Interest income derived from external customers	39,133,899	22,234,797	11,814,953	73,273,176	146,456,825
Interest income derived from other segments	1,226,198	7,320,968	44,848,963	3,166,190	56,562,319
Total interest income	**40,360,097**	**29,555,765**	**56,663,916**	**76,439,366**	**203,019,144**
Interest paid to external customers	(9,233,708)	(2,928,142)	(15,050,321)	(13,072,203)	(40,284,374)
Interest paid to other segments	(28,671,258)	(6,688,651)	(389,344)	(30,801,510)	(66,550,763)
Total interest expenses	**(37,904,966)**	**(9,616,793)**	**(15,439,665)**	**(43,873,713)**	**(106,835,137)**
Other Income	9,882,460	6,813,062	25,835,710	14,206,349	56,737,581
Operating income	12,337,591	26,752,034	67,059,962	46,772,002	152,921,590
Impairment charges for credit losses	92,933	(15,919,153)	(7,315,033)	(11,423,796)	(34,565,049)
Operating expenses	(4,077,132)	(9,553,858)	(57,682,597)	(18,156,668)	(89,470,255)
Operating profit before tax	**8,353,392**	**1,279,023**	**2,062,332**	**17,191,538**	**28,886,285**

31 December 2015	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total
Interest income derived from external customers	48,258,431	32,744,931	11,651,734	66,230,962	158,886,058
Interest income derived from other segments	1,287,215	20,639,754	44,026,051	2,152,753	68,105,773
Total interest income	**49,545,646**	**53,384,685**	**55,677,785**	**68,383,715**	**226,991,831**
Interest paid to external customers	(6,387,435)	(14,597,994)	(19,792,726)	(11,822,941)	(52,601,096)
Interest paid to other segments	(31,840,447)	(12,407,141)	(3,653,165)	(30,997,023)	(78,897,776)
Total interest expenses	**(38,227,882)**	**(27,005,135)**	**(23,445,891)**	**(42,819,964)**	**(131,498,872)**
Other Income	6,598,883	9,512,886	20,589,527	16,104,992	52,806,288
Operating income	17,916,647	35,892,437	52,821,421	41,668,743	148,299,248
Impairment charges for credit losses	77	(13,655,528)	(3,755,844)	(1,934,041)	(19,345,336)
Operating expenses	(2,705,068)	(36,112,037)	(33,537,761)	(13,469,596)	(85,824,463)
Operating profit before tax	**15,211,656**	**(13,875,128)**	**15,527,816**	**26,265,106**	**43,129,449**

Reconciliation of segment results of operations to consolidated results of operations

Group	**31 December 2016 management reporting**	**31 December 2015 management reporting**
In thousands of naira		
Interest income earned by the reporting segments (See note below)	203,019,144	226,991,831
Interest expense (See (b) below)	(106,835,137)	(131,498,872)
Impairment charge for credit losses (See (c) below)	(34,565,049)	(19,345,337)
Other operating income (See (d) below)	56,737,581	52,806,288
Operating expenses (See (e) below)	(89,470,255)	(85,824,463)
Operating profit	**28,886,284**	**43,129,447**

Reconciliation of segment results of operations to consolidated results of operations

	Total management reporting	Differences	Total consolidated
31 December 2016			
In thousands of naira			
Interest income from external customers	203,019,144	(53,447,710)	149,571,434
Interest expense	(106,835,137)	64,488,875	(42,346,262)
Impairment charge for credit losses	(34,565,049)	(24,459,687)	(59,024,736)
Other operating income	56,737,581	(17,386,244)	39,351,337
Net trading income	-	13,484,169	13,484,169
Net gain from other financial instruments through profit or loss	-	1,051,066	1,051,066
Operating expenses	(89,470,255)	(7,582,616)	(97,052,871)
Operating profit	**28,886,284**	**(23,852,147)**	**5,034,137**
Taxation	-	**(1,535,172)**	**(1,535,172)**

	Total management reporting	Differences	Total consolidated
31 December 2015			
In thousands of naira			
Interest income from external customers	226,991,831	(69,131,404)	157,860,427
Interest expense	(131,498,872)	83,044,700	(48,454,172)
Impairment charge for credit losses	(19,345,337)	(35,826,772)	(55,172,109)
Other operating income	52,806,288	(20,479,892)	32,326,396
Net trading income	-	6,563,695	6,563,695
Net gain/(loss) from other financial instruments through profit or loss	-	11,514,050	11,514,050
Operating expenses	(85,824,463)	(11,721,094)	(97,545,557)
Share of loss from profit	-		
Operating profit	**43,129,447**	**(36,036,717)**	**7,092,730**
Taxation	-	**(1,401,272)**	**(1,401,272)**

(a) Interest income

Under operating segment reporting, interest on loans is recognized using the contractual rate on the outstanding balance of the loan. When a loan is classified as impaired, interest is usually accrued, but suspended. Under IFRS, interest is calculated on the amortized cost of the loans using effective interest method. Effective interest rate is the rate that exactly discounts the expected future cash flows of a loan to its carrying amount. When a loan is impaired, the carrying amount is reduced to the recoverable amount which is the future cash flow discounted at the original effective interest rate of the instrument. Interest is recognized on the loan by unwinding the discount. Interest on impaired loans is recognized using the original effective interest rate.

Reconciliation of interest income

In thousands of naira	Note	31 December 2016	31 December 2015
Total interest income earned by reportable segment		203,019,144	226,991,832
Consolidation and adjustments			
- Due to differences in accounting policies		3,114,609	(1,025,632)
- Due to elimination of inter-segment revenue		(56,562,319)	(68,105,773)
Total consolidated interest income	8	149,571,434	157,860,427

(b) Interest expense

Under operating segment reporting, on lending fees relating to borrowings from foreign financial institutions are usually paid in advance, warehoused in a receivable account and amortized to operating expenses on a straightline bases over the tenor of the borrowing. Under IFRS, the amortized position of the upfront fees have been reclassified to interest expense since the liabiliaties are amortized cost financial liabilities and measured and to apply the effective interest rate method.

Reconciliation of interest expense	**Note**	**31 December 2016**	**31 December 2015**
In thousand of naira			
Total interest expense incurred by reportable segments		106,835,137	131,498,871
Consolidation and adjustments			
- Due to differences in accounting policies		2,061,887	(4,146,924)
- Due to elimination of inter-segment costs		(66,550,762)	(78,897,775)
Total consolidated interest expense	**9**	42,346,262	48,454,172

(c) Impairment charge for credit losses

Under operating segment reporting, impairment on loans and advances is determined using the Central Bank of Nigeria's Prudential Guidelines based on each customer's account and the number of days' interest/principal outstanding. International Financial Rreporting Standard requires the use of an incurred loss model where the loss event must have an effect on the estimated future cash flows of the financial asset.

Reconciliation of impairment charges

In thousands of naira	**Note**	**31 December 2016**	**31 December 2015**
Total impairment charges reported by reportable segments		34,565,049	19,345,336
Consolidation and adjustments			
- Due to differences in accounting policies		35,679,262	32,630,923
- Due to unallocated impairment charges		(11,219,575)	3,195,850
Total consolidated impairment charges	**10**	59,024,736	55,172,109

(d) Other operating income

i Fees and commision income

Under operating segment reporting, credit related fee income should be deferred and amortized over the life of the related credit in proportion to the outstanding credit risk. IFRS requires that credit related fees form part of the effective interest rate calculation of the related credit facility.

ii Net gains/(losses) from financial assets held for trading

Financial assets held for trading is not a financial instrument category under the operating segments report and there is no authoritative guidance available. Under IFRS, a financial asset is held for trading if acquired principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A portion of the income reported as trading income or profit on sale of investments relate to held for trading financial instruments, which have been reclassified under IFRS as net gains/(losses) from financial assets held for trading.

(e) Operating expenses

Under operating segment reporting, staff loans are usually granted at a concessionary rate, without recognizing the embeded staff benefit and amortizing it over the tenor of the loan. Under IFRS, such benefits are determined and amortized to staff expense over the life of the loan. In some cases where impairment charges for unrecoverable portion of "other assets" have been included in provision for losses, these were reclassified to operating expenses in IFRS.

Reconciliation of operating expenses

In thousands of naira

	Note	**31 December 2016**	**31 December 2015**
Total operating expenses incurred by reportable segments		89,470,255	85,824,462
Consolidation and adjustments			
- Due to differences in accounting policies		(1,123,786)	(8,854,803)
- Due to unallocated expenses		8,706,402	20,575,895
Total consolidated operating expenses		97,052,871	97,545,554
		-	

BALANCE SHEET

Group
31 December 2016
In thousands of Naira

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total
Segment assets					
Loans to customers	-	116,448,364	34,330,807	745,243,231	896,022,401
Loans to banks/Investments in treasury bills and bonds	426,358,060	-	-	500,930,847	927,288,907
Total assets	**426,358,060**	**116,448,364**	**34,330,807**	**1,246,174,078**	**1,823,311,308**
Segment liabilities					
Deposit from customers	82	150,979,004	726,555,125	350,567,040	1,228,101,250
Takings and treasury bills sold - others	13,365,314	-	-	404,335,816	417,701,130
Total liabilities	**13,365,396**	**150,979,004**	**726,555,125**	**754,902,856**	**1,645,802,380**

31 December 2015
In thousands of Naira

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total
Segment assets					
Loans to customers	1,659,296	186,855,493	72,678,545	447,666,884	708,860,218
Loans to banks/Investments in treasury bills and bonds	472,484,243	-	-	326,455,206	798,939,449
Total assets	**474,143,539**	**186,855,493**	**72,678,545**	**774,122,090**	**1,507,799,667**
Segment liabilities					
Deposits from customers	10,668,570	336,910,002	597,782,635	280,328,848	1,225,690,056
Takings and treasury bills sold - others	57,175,088	-	-	286,445,330	343,620,418
Total liabilities	**67,843,658**	**336,910,002**	**597,782,635**	**566,774,178**	**1,569,310,474**

Reconciliation of segment assets and liabilities to consolidated statement of financial position

Group	31 December 2016	31 December 2015
In thousands of naira		
Segment assets	1,823,311,308	1,507,799,667
Total consolidated assets	2,049,798,756	1,753,232,280
Difference	**226,487,448**	**245,432,613**
Segment liabilities	1,645,802,380	1,569,310,474
Total consolidated liabilities	1,823,090,793	1,538,622,825
Difference	**177,288,413**	**(30,687,649)**

Assets

Short-term investments are measured at lower of cost and market value and long-term at cost or at a revalued amount under Segment report. Under IFRS, all financial instruments are measured initially at fair value. Subsequently, all financial instruments remain measured at fair value except for loans and receivables, held-to-maturity assets and unquoted equity instruments whose fair values cannot be measured reliably. The application of fair value measurement and changes in accounting policy relating to impairment of loans account for the difference between segment assets and the consolidated statement of financial position.

Liabilities

Under IFRS, financial liabilities at amortized cost (deposits from customers, deposit from banks and borrowings) have been restated to meet the definition of amortized cost, by adjusting the carrying amounts to include unamortized upfront fees and transaction costs. In addition, accrued interest payable has been reclassified to the underlying financial liability. The deferred income tax liability is calculated using the Nigerian GAAP carrying amounts of assets and liabilities. The deferred tax liability in these IFRS financial statements is calculated using the IFRS carrying amounts of assets and liabilities. The segment liabilities does not include borrowings, long term debts and other liabilities.

Major customer

No single customer of the Group represented 10% of the Group's total revenue.

Segment result of operations by geography

The Group's business segments operate in three main geographical areas namely Nigeria, Rest of West Africa and Europe. Nigeria is the home country of the parent bank, which is also the main operating company. The areas of operation include all the primary business segments. Revenue from external customers is based on the country in which the customer is located. Assets are also shown by the geographical location of the assets.

31 December 2016	**Nigeria**	**Rest of West Africa**	**Europe**	**Total**
Interest revenue derived from external customers	124,702,104	17,723,638	4,031,082	146,456,824
Interest revenue derived from other segments	56,562,319	-	-	56,562,319
Total interest revenue	**181,264,423**	**17,723,638**	**4,031,082**	**203,019,143**
Interest paid to external customers	(29,209,851)	(9,253,014)	(1,821,510)	(40,284,375)
Interest paid to other segments	(66,550,762)	-	-	(66,550,762)
Total interest expenses	**(95,760,613)**	**(9,253,014)**	**(1,821,510)**	**(106,835,137)**
Other Income	50,255,667	5,838,569	643,347	56,737,583
Other operating income	135,759,478	14,309,193	2,852,919	152,921,590
Impairment charges for credit losses	(31,644,791)	(2,920,259)	-	(34,565,050)
Operating expenses	(76,224,780)	(11,090,882)	(2,154,594)	(89,470,256)
Operating profit before tax	**27,889,907**	**298,052**	**698,325**	**28,886,284**

	Nigeria	**Rest of West Africa**	**Europe**	**Total**
Segment assets	1,131,629,062	597,115,395	94,566,851	1,823,311,308
Other unallocated assets	-	-	-	-
Total assets	**1,131,629,062**	**597,115,395**	**94,566,851**	**1,823,311,308**
Segment liabilities	954,120,134	597,115,395	94,566,851	1,645,802,380
Other unallocated liabilities	-	-	-	-
Total liabilities	**954,120,134**	**597,115,395**	**94,566,851**	**1,645,802,380**

31 December 2015	**Nigeria**	**Rest of West Africa**	**Europe**	**Total**
Interest revenue derived from external customers	142,932,912	12,849,449	3,103,698	158,886,059
Interest revenue derived from other segments	68,105,773	-	-	68,105,773
Total interest revenue	**211,038,685**	**12,849,449**	**3,103,698**	**226,991,832**
Interest paid to external customers	(44,954,563)	(6,612,802)	(1,033,732)	(52,601,097)
Interest paid to other segments	(78,897,775)	-	-	(78,897,775)
Total interest expenses	**(123,852,338)**	**(6,612,802)**	**(1,033,732)**	**(131,498,872)**
Other Income	48,177,267	4,156,395	472,627	52,806,289
Other operating income	135,363,614	10,393,042	2,542,593	148,299,249
Impairment charges for credit losses	(18,147,320)	(1,198,017)	-	(19,345,337)
Operating expenses	(76,564,191)	(7,420,092)	(1,840,179)	(85,824,462)
Operating profit before tax	**40,652,103**	**1,774,933**	**702,414**	**43,129,450**

	Nigeria	**Rest of West Africa**	**Europe**	**Total**
Segment assets	1,063,508,102	340,840,369	103,451,196	1,507,799,667
Other unallocated assets	-	-	-	-
Total assets	**1,063,508,102**	**340,840,369**	**103,451,196**	**1,507,799,667**
Segment liabilities	1,125,018,909	340,840,369	103,451,196	1,569,310,474
Other unallocated liabilities	-	-	-	-
Total liabilities	**1,125,018,909**	**340,840,369**	**103,451,196**	**1,569,310,474**

6 Seasonality of operations

The Group's main business segments are not subject to seasonal fluctuations. The results of the Group are relatively stable and accrue fairly evenly throughout the period except for unusual items which may adversely or positively impact on the earnings of the Group. During the period under review, there was no unusual transaction that impacted the earning capacity of the Group.

7 Classification of financial assets and financial liabilities

See accounting policies in Note 2.6

The table below provides a reconciliation between line items in the statement of financial position and categories of financial instruments

Group

In thousands of Naira

		Financial assets				Financial liabilities		
31 December 2016	**Note**	**Fair value through profit or loss**	**Available-for-sale**	**Held to maturity**	**Loans and receivables**	**Fair value through profit or loss**	**Other financial liabilities**	**Total Carrying amount**
Financial assets								
Cash and balances with central banks	19	-	-	-	329,906,916	-	-	329,906,916
Financial assets held for trading	20	6,870,235	-	-	-	-	-	6,870,235
Derivative assets	21	2,088,208	-	-	-	-	-	2,088,208
Assets pledged as collateral	22	-	-	220,855,113	1,043,113	-	-	221,898,226
Loans to banks	23	-	-	-	100,342,964	-	-	100,342,964
Loans and advances to customers	24	-	-	-	995,334,118	-	-	995,334,118
Investment securities	25	-	23,119,904	212,444,985	-	-	-	235,564,889
Other assets	32	-	-	-	58,215,378	-	-	58,215,378
Total financial assets		**8,958,443**	**23,119,904**	**433,300,098**	**1,484,842,489**	**-**	**-**	**1,950,220,934**
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	103,409,297	103,409,297
Deposit from customers	34	-	-	-	-	-	1,424,689,527	1,424,689,527
Derivative liability	35	-	-	-	-	2,187,779	-	2,187,779
Other liabilities		-	-	-	-	-	53,356,255	53,356,255
Borrowings	37	-	-	-	-	-	169,182,279	169,182,279
Long term debt	38	-	-	-	-	-	61,323,847	61,323,847
Total financial liabilities		**-**	**-**	**-**	**-**	**2,187,779**	**1,811,961,205**	**1,814,148,984**

Group
In thousands of Naira

		Financial assets				Financial liabilities		
31 December 2015	**Note**	**through profit or loss**	**Available-for-sale**	**Held to maturity**	**Loans and receivables**	**through profit or loss**	**Other financial liabilities**	**Total Carrying amount**
Financial assets								
Cash and balances with central banks	19	-	-	-	361,166,936	-	-	361,166,936
Financial assets held for trading	20	13,116,843	-	-	-	-	-	13,116,843
Derivative assets	21	161,622	-	-	-	-	-	161,622
Assets pledged as collateral	22	-	-	152,154,869	19,945,916	-	-	172,100,785
Loans to banks	23	-	-	-	60,103,340	-	-	60,103,340
Loans and advances to customers	24	-	-	-	763,634,827	-	-	763,634,827
Investment securities	25	-	26,803,076	240,534,130	-	-	-	267,337,206
Other assets	32	-	-	-	23,741,919	-	-	23,741,919
Total financial assets		**13,278,465**	**26,803,076**	**392,688,999**	**1,228,592,938**	**-**	**-**	**1,661,363,478**
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	115,819,590	115,819,590
Deposit from customers	34	-	-	-	-	-	1,233,591,063	1,233,591,063
Derivative liability	35	-	-	-	-	1,349,595	-	1,349,595
Other liabilities		-	-	-	-	-	40,248,711	40,248,711
Borrowings	37	-	-	-	-	-	102,719,571	102,719,571
Long term debt	38	-	-	-	-	-	38,577,527	38,577,527
Total financial liabilities		**-**	**-**	**-**	**-**	**1,349,595**	**1,530,956,462**	**1,532,306,057**

Bank
In thousands of Naira

		Financial assets				Financial liabilities		
31 December 2016	**Note**	**Fair value through profit or loss**	**Available for sale**	**Held to maturity**	**Loans and receivables**	**Fair value through profit or loss**	**Other financial liabilities**	**Total Carrying amount**
Financial assets								
Cash and balances with central banks	19	-	-	-	289,663,505	-	-	289,663,505
Financial assets held for trading	20	6,870,235	-	-	-	-	-	6,870,235
Derivative assets	21	1,925,777	-	-	-	-	-	1,925,777.00
Assets pledged as collateral	22	-	-	149,348,032	21,275,785	-	-	170,623,817
Loans to banks	23	-	-	-	88,553,151	-	-	88,553,151
Loans and advances to customers	24	-	-	-	804,635,641	-	-	804,635,641
Investment securities	25	-	9,169,048	151,141,809	-	-	-	160,310,857
Other assets	32	-	-	-	40,850,848	-	-	40,850,848
Total financial assets		**8,796,012**	**9,169,048**	**300,489,841**	**1,244,978,930**	**-**	**-**	**1,563,433,831**
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	13,365,314	13,365,314
Deposits from customers	34	-	-	-	-	-	1,134,861,466	1,134,861,466
Derivative liability	35	-	-	-	-	2,126,386	-	2,126,386
Other liabilities		-	-	-	-	-	36,220,137	36,220,137
Borrowings	37	-	-	-	-	-	197,644,942	197,644,942
Long term debt	38	-	-	-	-	-	61,307,852	61,307,852
Total financial liabilities		**-**	**-**	**-**	**-**	**2,126,386**	**1,443,399,711**	**1,445,526,097**

Bank
In thousands of Naira

		Financial assets				Financial liabilities		
31 December 2015		**Fair value through profit or loss**	**Available for sale**	**Held to maturity**	**Loans and receivables**	**Fair value through profit or loss**	**Amortised cost**	**Total Carrying amount**
Financial assets								
Cash and balances with central banks	19	-	-	-	319,168,003	-	-	319,168,003
Financial assets held for trading	20	13,116,843	-	-	-	-	-	13,116,843
Derivative assets	22	157,493	-	-	-	-	-	157,493
Assets pledged as collateral	23	-	-	96,582,474	62,808,431	-	-	159,390,905
Loans to banks	24	-	-	-	66,820,934	-	-	66,820,934
Loans and advances to customers	25	-	-	-	648,971,379	-	-	648,971,379
Investment securities		-	19,164,422	213,991,141	-	-	-	233,155,563
Other assets	32	-	-	-	17,067,758	-	-	17,067,758
Total financial assets		**13,274,336**	**19,164,422**	**310,573,615**	**1,114,836,505**	**-**	**-**	**1,457,848,878**
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	57,175,088	57,175,088
Deposits from customers	34	-	-	-	-	-	1,075,622,532	1,075,622,532
Derivative liability	35	-	-	-	-	1,251,675	-	1,251,675
Other liabilities		-	-	-	-	-	28,991,347	28,991,347
Borrowings	37	-	-	-	-	-	141,398,056	141,398,056
Long term debt	38	-	-	-	-	-	38,577,527	38,577,527
Total financial liabilities		**-**	**-**	**-**	**-**	**1,251,675**	**1,341,764,550**	**1,343,016,225**

8 Interest and similar income

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Loans and advances to customers	104,355,331	110,068,722	90,944,875	102,184,389
Loans to banks	1,374,095	5,341,692	3,103,713	3,054,695
Investment securities				
- Asset pledged as collateral	17,696,965	11,741,391	17,696,965	7,973,489
- Held to maturity	17,909,517	17,536,395	17,909,517	16,316,875
- Available for sale	7,421,439	1,625,381	409,796	1,625,381
- Held for trading	814,087	11,546,846	814,087	11,546,846
Total interest income	**149,571,434**	**157,860,427**	**130,878,953**	**142,701,675**

Interest income for the year ended 31 December 2016 includes N2.43 billion (December 2015: N1.97billion) accrued on impaired loans and advances to customers.

9 Interest expense

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Deposits from customers	28,265,166	40,238,355	21,142,175	35,153,980
Deposits from banks	5,807,922	1,821,754	2,062,653	359,062
Borrowings	2,676,519	3,728,112	5,757,809	3,728,112
Long term debt	5,596,655	2,665,951	5,579,695	2,665,951
Total interest expense	**42,346,262**	**48,454,172**	**34,542,332**	**41,907,105**

Total interest expense reported above relate to financial liabilities not carried at fair value through profit or loss and are calculated using effective interest method.

10 Net impairment loss on financial assets

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Loans and advances to customers:				
Collective impairment (credit)/charge on loans and advances to customers (see Note 24.1)	2,780,673	11,347,212	2,780,673	11,376,258
Specific impairment charge on loans and advances to customers (see Note 24.1)	53,805,898	38,420,760	51,790,196	36,171,059
Recoveries on loans previously written off	(4,700,769)	(2,939,949)	(3,867,993)	(2,351,581)
Loans written off as uncollectible	663,205	1,289,425	663,205	1,289,425
	52,549,006	48,117,448	51,366,081	46,485,161
Other loans and receivables:				
Specific impairment charge on other loans and receivables (see Note 24(b)(i))	2,922,942	2,480,000	2,922,942	2,480,000
Investment securities:				
Impairment charge on available for sale equities (See Note 25.1)	2,692,124	599,999	2,692,124	599,999
Investment in associates:				
Impairment charge on investments in associates (See Note 27)	-	2,918,000	-	2,918,000
Other assets:				
Impairment charge on other assets (See Note 32)	860,664	1,056,661	34,327	763,615
	59,024,736	**55,172,109**	**57,015,474**	**53,246,775**

11 Net fee and commission income

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Service fees and charges	6,113,536	5,404,769	5,721,913	2,875,972
Card fees and charges	5,703,993	4,962,312	5,703,993	4,962,312
DBA product fees	7,061,380	5,628,329	7,061,380	5,628,329
Account maintenance fee	3,900,243	3,042,000	3,619,010	2,998,507
Letters of credit commission	3,932,863	2,853,302	3,549,213	2,711,879
Advisory fees	495,411	1,394,403	408,425	1,394,403
Funds transfer commissions	7,357,720	5,046,686	5,485,445	3,568,264
Short term loan processing fee	8,689,502	9,242,171	8,653,724	9,242,171
Other fees and commissions	3,316,106	2,064,861	1,269,415	1,940,042
Total fee and commission income	46,570,754	39,638,833	41,472,518	35,321,879
Fee and commission expense	(8,954,205)	(8,827,235)	(9,226,084)	(8,673,087)
Net fee and commission income	**37,616,549**	**30,811,598**	**32,246,434**	**26,648,792**

The net fee and commission income above does not include any amounts included in determining the effective interest rate on financial assets and financial liabilities that are not at fair value through profit or loss

The net fee and commission income include N337,278,000 (2015: N262,848,640) arising from trust and fiduciary activities that result in the holding of assets on behalf of individuals, retirement benefits plans and other institutions.

12 Net trading income/(Loss)

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Foreign exchange income	14,184,844	6,013,318	13,188,637	5,916,152
Financial assets held for trading	(700,675)	550,377	(761,643)	550,377
Net trading income	**13,484,169**	**6,563,695**	**12,426,994**	**6,466,529**

Net trading income on foreign exchange and financial assets held for trading includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

13 Other operating income

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Net gain on sale of available-for-sale equity securities	947,675	-	947,675	-
Dividends on available-for-sale equity securities	71,761	280,325	186,827	280,325
Gain/(loss) on disposal of property and equipment	212,934	141,842	212,934	141,744
Fair value gain/(loss) on investment properties	(792,012)		(792,012)	62,695
Other income	1,294,430	1,092,631	894,060	378,119
	1,734,788	**1,514,798**	**1,449,484**	**862,883**

14 Net gain from other financial instruments through profit or loss

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Fair value gain on currency swap (see Note 21)	-	157,493	-	157,493
Fair value gain on convertible option (see Note 35)	1,051,066	11,356,557	1,051,066	11,356,557
	1,051,066	**11,514,050**	**1,051,066**	**11,514,050**

15 Personnel expenses

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Wages and salaries	30,094,733	30,682,551	24,307,842	26,609,956
Contributions to defined contribution plans (See (a) below)	728,929	880,975	725,453	816,139
Other personnel benefits *(See (b) below)*	1,711,419	340,876	1,711,419	340,876
	32,535,081	**31,904,402**	**26,744,714**	**27,766,971**

(a) Contributions to defined contribution plans include the Group's contribution of 12% of each employee's basic salary, rent and transport allowances to the employee's defined contribution plans during the year in line with the Pension Reforms Act 2014. As at the reporting date, the Group had settled all liabilities from employees' defined contribution scheme.

(b) Other personnel expenses relate to one-off discretionary payments and other benefits paid to staff of the Group.

16 Other operating expenses

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
General administrative expenses	6,403,654	9,474,465	4,432,858	5,127,036
Advertising and promotion expenses	3,207,389	7,385,128	2,972,009	7,385,128
Cash - in- transit expense	1,018,509	1,005,747	899,702	1,005,747
Channels Service Expenses	930,309	703,525	930,309	703,525
Contributions and Donations	398,851	386,740	353,666	386,740
I.T.F Levy	420,558	347,434	236,764	347,434
Medical Expenses	647,450	602,795	647,450	602,795
Office Stationery and Supplies	965,063	1,173,886	712,121	1,173,886
Customer Address Verification Exercise	420,754	384,436	420,754	384,436
Insurance Expense	856,742	655,092	632,546	655,092
Leased Circuits And Hosting Fees	2,076,824	1,713,816	1,411,594	1,713,816
Motor Vehicle Running Expenses	844,752	794,468	668,886	794,468
NDIC premium	5,011,810	5,707,040	5,011,810	5,707,040
Service staff salaries	5,755,681	5,463,756	5,574,401	5,450,074
Security and power	4,941,358	4,152,386	4,677,659	4,141,442
AMCON resolution fund	7,775,915	8,751,352	7,775,915	8,751,352
Repairs and maintenance	6,443,940	4,269,170	5,716,578	4,260,524
Professional fees	4,711,112	2,930,583	3,597,163	2,798,538
Business travels	857,727	750,728	797,816	688,293
Directors and emoluments	301,235	299,706	226,820	272,912
Auditors remuneration	230,771	183,832	175,000	160,000
	54,220,404	**57,136,085**	**47,871,821**	**52,510,279**

17 Taxation

For the year ended 31 December *In thousands of Naira*	Group 2016	Group 2015	Bank 2016	Bank 2015
Minimum tax	1,287,864	1,286,639	1,287,864	1,286,639
Income tax expense				
Corporate income tax	214,729	95,423	-	-
Tertiary education tax	-	-	-	-
NITDA levy	32,579	51,204	32,579	51,204
	247,308	146,627	32,579	51,204
Deferred tax expense				
Deferred tax charge	-	2,842	-	-
Total income tax expense	247,308	149,469	32,579	51,204
Total tax expense	**1,535,172**	**1,436,108**	**1,320,443**	**1,337,843**

The movement in the current income tax liability is as follows:

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Balance, beginning of year	1,697,816	2,448,756	1,599,970	2,189,956
Tax paid	(1,205,040)	(2,183,786)	(1,321,552)	(1,927,829)
Tax expense	1,535,172	1,433,266	1,320,443	1,337,843
Exchange difference	-	(420)	-	-
Balance, end of year	2,027,948	1,697,816	1,598,861	1,599,970

Reconciliation of effective tax rate

For the year ended 31 December		**Group 2016**		**Group 2015**
In thousands of Naira				
Profit before income tax		5,034,137		7,092,731
Income tax using the domestic corporation tax rate	30%	1,510,241	30%	2,127,819
Effect of tax rates in foreign	-6%	(308,367)	-7%	(480,919)
Non-deductible expenses	24%	1,231,671	79%	5,597,684
NITDA levy	0%	22,805	1%	51,204
Minimum tax	25%	1,276,262	18%	1,286,639
Tax exempt income	-232%	(11,660,474)	-222%	(15,737,476)
Unrecognized deferred taxation	188%	9,463,034	121%	8,591,157
Total income tax expense in income statement	29%	1,535,172	20%	1,436,108

Reconciliation of effective tax rate

For the year ended 31 December		**Bank**		**Bank**
In thousands of Naira		**2016**		**2015**
Profit before income tax		3,290,487		5,171,592
Income tax using the domestic corporation tax rate	30%	987,146	30%	1,551,478
NITDA levy	1%	22,805	1%	51,204
Non-deductible expenses	37%	1,231,671	108%	5,597,684
Tax exempt income	-354%	(11,660,474)	-304%	(15,737,476)
Minimum tax	39%	1,276,262	25%	1,286,639
Unrecognized deferred taxation	288%	9,463,033	166%	8,588,314
Total income tax expense in income statement	41%	1,320,443	26%	1,337,843

18 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares. The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

For the year ended 31 December	**Group 2016**	**Group 2015**	**Bank 2016**	**Bank 2015**
Profit attributable to equity holders of the Bank (Basic)	3,471,139	5,615,590	1,970,044	3,833,749
Weighted average number of ordinary shares in issue (in million)	23,160,389	23,160,389	23,160,389	23,160,389
Basic earnings per share (expressed in Kobo per share)	15	24	9	17

(b) Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

For the year ended 31 December	Group 2016	Group 2015	Bank 2016	Bank 2015
Profit attributable to equity holders of the Bank (Basic)	3,471,139	5,615,590	1,970,044	3,833,749
Effect of conversion of potential ordinary shares	2,090,639	552,061	2,090,639	552,061
Profit attributable to equity holders of the Bank (diluted)	5,561,778	6,167,651	4,060,683	4,385,810
Weighted average number of ordinary shares in issue (in million)	23,160,389	23,160,389	23,160,389	23,160,389
Additional number of ordinary shares assuming conversion of dilutive potential ordinary shares (in thousands)	5,600,579	3,655,066	5,600,579	3,655,066
Weighted average number of ordinary shares in issue (in million)	28,760,968	26,815,455	28,760,968	26,815,455
Diluted earnings per share (expressed in Kobo per share)	15	23	9	16

The basic earnings per share and diluted earnings per share are equal. This is because the potential ordinary shares have anti dilutive effect.

19 Cash and balances with central banks

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Cash on hand	41,577,206	51,452,061	31,408,946	23,275,663
Balances with central banks other than mandatory deposits	43,979,305	103,605,950	24,844,938	96,152,547
Included in cash and cash equivalents (Note 44)	85,556,511	155,058,011	56,253,884	119,428,210
Mandatory reserve deposits with central banks	204,402,446	206,108,925	193,461,662	199,739,793
Special intervention reserve deposits with central bank	39,947,959	-	39,947,959	-
	329,906,916	361,166,936	289,663,505	319,168,003

Mandatory reserve deposits with central banks represents a percentage of customers' deposits (prescribed from time to time by the central bank) which are not available for daily use.
The Special Intervention Reserve deposit represents the Bank's contribution to the CBN's Real Sector Support Facility (RSSF) programme.
For the purposes of the statement of cashflow, these balances are excluded from cash and cash equivalents.

20 Financial assets held for trading

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Treasury bills	6,660,368	13,116,843	6,660,368	13,116,843
Government bonds	209,867	-	209,867	-
	6,870,235	13,116,843	6,870,235	13,116,843
Current	6,870,235	13,116,843	6,870,235	13,116,843
Non-current		-	-	-
	6,870,235	13,116,843	6,870,235	13,116,843

21 Derivative assets

Group	**2016**		**2015**	
In thousands of Naira	**Asset**	**Liabilities**	**Asset**	**Liabilities**
Foreign exchange (See (a) below))	162,431	-	161,622	-
OTC Futures contracts (See (b) below))	1,925,777	-	-	-
	2,088,208	-	161,622	-

Bank	**2016**		**2015**	
In thousands of Naira	**Asset**	**Liabilities**	**Asset**	**Liabilities**
Foreign exchange (See (a) below))	-	-	157,493	-
OTC Futures contracts (See (b) below))	1,925,777	-	-	-
	1,925,777	-	157,493	-

Notional Contract Amount

In thousands of Naira	**Group 31 December 2016**	**Group 31 December 2015**	**Bank 31 December 2016**	**Bank 31 December 2015**
Foreign exchange	-	53,809,326	-	49,762,500
OTC Futures contracts	9,143,363	-	9,143,363	-
	9,143,363	53,809,326	9,143,363	49,762,500

(a) The Group uses cross-currency swaps to hedge the foreign currency risk.

(b) The derivatives arose from futures contracts entered into on behalf of customers, which were still open at the reporting date. The Bank entered into futures contracts to buy fixed amounts of foreign currencies at fixed exchange rates at future dates. These futures contracts are customized contracts that were transacted in the over-the-counter market. The futures contracts resulted in both derivative assets and liabilities positions at the reporting date.

The notional amount recorded gross is the amount that is used to calculate the fair value of the derivative assets or liabilities in response to the movement in the underlying derivative contracts which is the NIFEX foreign exchange rates.
At their inception, these derivatives involve only a mutual exchange of promises with no transfer of consideration.

All the derivatives are current.

22 Assets pledged as collateral

Treasury bills and bonds are pledged to the Bank of Industry (BOI), ValuCard, Interswitch, Central Bank of Nigeria (CBN), African Export-Import Bank (AFREXIM), Nigerian Inter Bank Settlement System Company (NIBSS) and Federal Inland Revenue Service (FIRS) in respect of the Bank's ongoing participation in the Nigerian settlement system and as an agent in respect of tax collection for FIRS respectively. Treasury bills and bonds are also pledged as collateral to other financial institutions on amounts borrowed .

The nature and carrying amounts of the assets pledged as collaterals are as follows:

In thousands of Naira	**Group 31 December 2016**	**Group 31 December 2015**	**Bank 31 December 2016**	**Bank 31 December 2015**
Government bonds	129,780,178	81,762,703	58,273,097	26,190,308
Treasury Bills	91,074,935	70,392,166	91,074,935	70,392,166
Placements with other banks	1,043,113	19,945,916	21,275,785	62,808,431
	221,898,226	172,100,785	170,623,817	159,390,905

Assets pledged as collateral include N145.65 billion pledged as collateral for borrowings from financial institutions (December 2015: N140.9billion).

As at 31 December 2016, the Bank held no collateral which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2015: nil).

Current	92,118,048	90,338,082	112,350,720	133,200,597
Non-current	129,780,178	81,762,703	58,273,097	26,190,308
	221,898,226	172,100,785	170,623,817	159,390,905

23 Loans to banks

In thousands of Naira	**Group 31 December 2016**	**Group 31 December 2015**	**Bank 31 December 2016**	**Bank 31 December 2015**
Current balances with other banks	-	-	-	-
Currrent balances with banks outside Nigeria	34,546,737	13,127,615	30,516,876	8,877,466
Placements with banks and discount houses	65,796,227	46,975,725	58,036,275	57,943,468
	100,342,964	60,103,340	88,553,151	66,820,934
Current	100,342,964	59,308,568	88,553,151	66,820,934
Non-current	-	794,772	-	-
	100,342,964	60,103,340	88,553,151	66,820,934

24 Loans and advances to customers

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Loans and advances to customers (see note (a) below)	995,334,118	760,711,885	804,635,641	646,048,437
Other loans and receivables (see note (b) below)	-	2,922,942	-	2,922,942
	995,334,118	763,634,827	804,635,641	648,971,379

(a) Loans and advances to customers

Group

In thousands of Naira	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2016					
Overdrafts	85,878,539	(14,859,453)	(2,186,631)	(17,046,084)	68,832,455
Term loans	952,825,208	(26,514,519)	(12,694,500)	(39,209,019)	913,616,189
Staff loans	5,224,975	(345,117)	(9,432)	(354,549)	4,870,426
Commercial papers ('CP')	4,814,516	-	-	-	4,814,516
	1,048,743,238	(41,719,089)	(14,890,563)	(56,609,652)	992,133,586
Advances under finance lease (Note 24.2)	4,055,831	-	(855,299)	(855,299)	3,200,532
	1,052,799,069	**(41,719,089)**	**(15,745,862)**	**(57,464,951)**	**995,334,118**

Group

In thousands of Naira	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2015					
Overdrafts	121,701,133	(16,980,891)	(376,070)	(17,356,961)	104,344,172
Term loans	675,746,110	(17,506,700)	(17,291,595)	(34,798,295)	640,947,815
Staff loans	5,774,013	-	(22,503)	(22,503)	5,751,510
Commercial papers ('CP')	2,853,224	-	-	-	2,853,224
	806,074,480	(34,487,591)	(17,690,168)	(52,177,759)	753,896,721
Advances under finance lease (Note 24.2)	6,920,463	-	(105,299)	(105,299)	6,815,164
	812,994,943	**(34,487,591)**	**(17,795,467)**	**(52,283,058)**	**760,711,885**

Bank

In thousands of Naira	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2016					
Overdrafts	67,670,780	(9,426,849)	(1,849,078)	(11,275,927)	56,394,853
Term loans	780,076,745	(26,514,519)	(12,694,500)	(39,209,019)	740,867,726
Staff loans	4,527,079	(345,117)	(9,432)	(354,549)	4,172,530
	852,274,604	(36,286,485)	(14,553,010)	(50,839,495)	801,435,109
Advances under finance lease (Note 24.2)	4,055,831	-	(855,299)	(855,299)	3,200,532
	856,330,435	**(36,286,485)**	**(15,408,309)**	**(51,694,794)**	**804,635,641**

Bank

In thousands of Naira	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2015					
Overdrafts	106,874,370	(16,980,891)	(376,070)	(17,356,961)	89,517,409
Term loans	575,587,665	(14,629,257)	(16,684,257)	(31,313,514)	544,274,151
Staff loans	5,465,266	-	(22,503)	(22,503)	5,442,763
	687,927,301	(31,610,148)	(17,082,830)	(48,692,978)	639,234,323
Advances under finance lease (Note 24.2)	6,919,413	-	(105,299)	(105,299)	6,814,114
	694,846,714	**(31,610,148)**	**(17,188,129)**	**(48,798,277)**	**646,048,437**

	Group 2016	Group 2015	Bank 2016	Bank 2015
Current	559,905,087	491,153,145	414,789,474	417,218,777
Non-current	435,429,031	269,558,740	389,846,167	228,829,660
	995,334,118	760,711,885	804,635,641	646,048,437

24.1 Reconciliation of impairment allowance on loans and advances to customers:

Specific allowances for impairment on loans and advances to customers

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Balance, beginning of year	34,487,591	30,837,590	31,610,148	27,131,530
Impairment loss for the year (see Note 10):				
- Charge for the year	53,805,898	38,420,760	51,790,196	36,171,059
- Write back of impairment charge	-	-	-	-
Net impairment for the year	53,805,898	38,420,760	51,790,196	36,171,059
Write-offs	(47,113,860)	(34,984,195)	(47,113,859)	(31,692,441)
Exchange difference	539,460	213,436	-	-
Balance end of year	41,719,089	34,487,591	36,286,485	31,610,148

Total specific allowances for impaired loans and advances are analysed as follows:

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
In thousands of Naira				
Individually significant impaired loans	35,019,148	24,471,177	31,664,058	22,147,181
Individually insignificant impaired loans	6,120,328	10,016,414	4,622,427	9,462,967
	41,139,476	34,487,591	36,286,485	31,610,148

Collective allowances for impairment on loans and advances to customers

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
In thousands of Naira				
Balance beginning of year	17,795,467	6,650,792	17,188,129	5,811,871
Impairment loss for the year (see Note 10):				
- Charge for the year	2,780,673	11,624,822	2,780,673	11,376,258
- Write back of impairment charge	-	(277,610)	-	-
Net impairment for the year	2,780,673	11,347,212	2,780,673	11,376,258
Write-offs	(4,560,492)	-	(4,560,492)	-
Exchange difference	(269,786)	(202,537)	-	-
Balance end of year	15,745,862	17,795,467	15,408,310	17,188,129

24.2 Advances under finance lease may be analysed as follows:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Gross investment				
- No later than 1 year	-	2,847,846	-	2,846,796
- Later than 1 year and no later than 5 years	-	5,473,314	-	5,473,314
- More than 5 years	4,055,831	-	4,055,831	-
	4,055,831	8,321,160	4,055,831	8,320,110
Unearned future income on finance leases	-	(1,400,697)	-	(1,400,697)
Net investment	4,055,831	6,920,463	4,055,831	6,919,413
Allowance for advances under finance lease	(855,299)	(105,299)	(855,299)	(105,299)
	3,200,532	6,815,164	3,200,532	6,814,114

24.3 The net investment may be analysed as follows:

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
- No later than 1 year	-	1,756,441	-	1,755,391
- Later than 1 year and no later than 5 years	4,055,831	5,164,022	4,055,831	5,164,022
	4,055,831	6,920,463	4,055,831	6,919,413

(b) Other loans and receivables

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Other loans and receivables	7,535,232	7,535,232	7,535,232	7,535,232
Less specific allowance for impairment (see Note b(i) below)	(7,535,232)	(4,612,290)	(7,535,232)	(4,612,290)
	-	2,922,942	-	2,922,942

b(i) The reconciliation of specific impairment allowance for other loans and receivables is as follows:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Balance, beginning of year	4,612,290	2,132,290	4,612,290	2,132,290
Impairment charge for the year (see Note 10):	2,922,942	2,480,000	2,922,942	2,480,000
Balance, end of year	7,535,232	4,612,290	7,535,232	4,612,290

25 Investment securities

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Available-for-sale investments				
Treasury bills	12,078,752	15,466,818	2,607,231	12,093,590
Government bonds	851,117	-	851,117	-
Other bonds	4,449,957	-	-	-
Debt securities	17,379,826	15,466,818	3,458,348	12,093,590
Equity securities – at fair value:				
- Listed	29,378	-	-	-
- Unlisted	5,659,342	9,738,849	5,659,342	4,264,416
Equity securities – at cost:				
- Unlisted	4,933,957	3,787,884	4,933,957	4,996,891
Specific impairment for unlisted equity securities at cost	(4,882,599)	(2,190,475)	(4,882,599)	(2,190,475)
Equity securities	5,740,078	11,336,258	5,710,700	7,070,832
Total available for sale investments	23,119,904	26,803,076	9,169,048	19,164,422
Held to maturity investments				
Treasury bills (see Note 25.2)	139,033,488	140,688,752	118,126,576	129,916,707
Government bonds	70,809,033	97,254,141	30,412,769	81,483,197
Corporate bonds	515,361	517,646	515,361	517,646
Other bonds	2,087,103	2,073,591	2,087,103	2,073,591
Total held to maturity investments	212,444,985	240,534,130	151,141,809	213,991,141
Total investment securities	235,564,889	267,337,206	160,310,857	233,155,563
Current	151,112,241	156,155,570	120,733,807	142,010,297
Non-current	84,452,648	111,181,636	39,577,050	91,145,266
	235,564,889	267,337,206	160,310,857	233,155,563

25.1 The reconciliation of the allowance account for losses on securities classified as available for sale is as follows:

Available for sale- unlisted equity securities	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Balance, beginning of year	2,190,475	1,590,476	2,190,475	1,590,476
Write back of impairment charge	-	-	-	-
Charge for the year	2,692,124	599,999	2,692,124	599,999
Net impairment for the year	2,692,124	599,999	2,692,124	599,999
Allowance written off	-	-	-	-
Balance, end of year	4,882,599	2,190,475	4,882,599	2,190,475

25.2 For the purposes of the statement of cash flow, the following investment securities have been included as cash and cash equivalents (see Note 44):

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Held to Maturity investments				
Treasury Bills (with original maturity of 3 months or less)	9,102,939	1,983,980	9,102,939	1,983,980

26 Investment in subsidiaries

In thousands of Naira	31 December 2016	31 December 2015
Diamond Bank du Benin (S.A)	5,865,622	5,865,622
Diamond Pension Fund Custodian Ltd (DPFC)	2,000,000	2,000,000
Diamond Bank UK	7,976,260	7,976,260
Diamond Bank B.V.	-	-
	15,841,882	15,841,882

The subsidiary companies comprise the following:

	Nature of business	**Country of Incorporation**	**Year End**	**Ownership interest (%) 31 December 2016**	**31 December 2015**
Diamond Bank du Benin (S.A) (see (a) below)	Banking	Benin	31 December	97.07	97.07
Diamond Pension Fund Custodian Ltd (DPFC)	Pension Fund Custody	Nigeria	31 December	100.00	100.00
Diamond Bank UK	Banking	United Kingdom	31 December	100.00	100.00
Diamond Finance B.V. (see (b) below)	Structured Entity	Netherlands	30 March	-	-

(a) Diamond Bank du Benin (S.A) has 100% holding in Diamond Bank Togo, Diamond Bank Senegal, and Diamond Bank Cote d'iviore. The transactions and financial performance of these subsidiaries are consolidated with the results of Diamond Bank du Benin, and then consolidated with the Bank.

(b) Diamond Finance B.V. is a structured entity, incorporated on Diamond Bank's behalf by Intertrust (a Netherlands Corporate Finance company), for the sole purpose of issuing loan participatory notes to interested parties for the purpose of funding a subordinated facility to Diamond Bank. The Bank has determined that it has control over the entity, due to the power it has to direct relevant activities of the entity. The Bank has no direct holdings in the entity.

(c) Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to maintain certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios. The carrying amounts of banking subsidiaries' assets and liabilities are N496,167,743 and N468,968,515 respectively (2015:N343,713,404,000 and N325,230,958,000 respectively).

(a) Condensed results of consolidated entities

The condensed financial data of the consolidated entities as at 31 December 2016, are as follows:

Condensed profit or loss **31 December 2016**

In thousands of Naira	**Group balances**	**Elimination entries**	**Diamond Bank Plc**	**Diamond Bank du Benin**	**Diamond Pension Fund Custodian**	**Diamond Bank UK**	**Diamond Finance B.V.**
Operating income	161,111,744	(132,026)	143,510,599	14,319,288	560,887	2,839,132	13,864
Operating expenses	(97,052,871)	18,405	(83,204,638)	(11,329,005)	(370,589)	(2,154,594)	(12,449)
Net impairment on financial assets	(59,024,736)	-	(57,015,474)	(2,009,262)	-	-	-
Profit before tax	5,034,137	(113,621)	3,290,487	981,021	190,298	684,538	1,415
Minimum tax	(1,287,864)	-	(1,287,864)	-	-	-	-
Taxation	(247,308)	-	(32,579)	(69,954)	(47,574)	(96,918)	(283)
Profit for the period	3,498,965	(113,621)	1,970,044	911,067	142,724	587,620	1,132

Condensed financial position **31 December 2016**

In thousands of Naira	**Group balances**	**Elimination entries**	**Diamond Bank Plc**	**Diamond Bank du Benin**	**Diamond Pension Fund Custodian**	**Diamond Bank UK**	**Diamond Finance B.V.**
Assets							
Cash and balances with central l	329,906,916		289,663,505	36,769,721	16	3,473,674	-
Financial assets held for trading	6,870,235	-	6,870,235	-	-	-	-
Derivative assets	2,088,208	-	1,925,777	-	-	162,431	-
Assets pledged as collateral	221,898,226	(20,232,672)	170,623,817	71,507,081	-	-	-
Loans to banks	100,342,964	(89,319,848)	88,553,151	29,517,443	2,918,160	53,119,213	15,554,845
Loans and advances to custome	995,334,118	(3,154,239)	804,635,641	170,433,049	19,585	23,400,082	-
Investment securities							
-Available-for-sale	23,119,904	-	9,169,048	29,378	-	13,921,478	-
-Held to maturity	212,444,985	-	151,141,809	61,303,176		-	-
Investment in subsidiaries	-	(15,841,882)	15,841,882	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Investment properties held for s	3,870,200	-	3,701,500	-	168,700	-	-
Property and equipment	67,146,137	-	60,948,266	6,028,827	37,510	131,535	-
Intangible assets	5,646,005	870,973	4,521,189	171,197	27,523	55,122	-
Deferred taxation	4,984,388	-	4,984,388	-	-	-	-
Other assets	76,146,470	-	49,928,617	25,779,627	73,517	364,709	
	2,049,798,756	(127,677,668)	1,662,508,825	401,539,499	3,245,011	94,628,244	15,554,845
Financed by:							
Deposits from banks	103,409,297	(64,492,416)	13,365,314	73,431,000	-	81,105,399	-
Deposits from customers	1,424,689,527	(1,045,809)	1,134,861,466	290,680,341	-	193,529	-
Derivative liability	2,187,779	-	2,126,386	-	-	61,393	-
Current income tax liability	2,027,948	-	1,598,861	327,871	47,574	52,998	643
Deferred taxation	6,958	0	-	-	6,958	-	-
Other liabilities	60,263,158	(4)	40,267,095	19,676,615	34,321	285,131	-
Borrowings	169,182,279	(28,462,663)	197,644,942	-	-	-	-
Long term debt	61,323,847	(18,688,906)	61,307,852	3,154,239	-	-	15,550,662
Equity and reserves	226,707,963	(14,987,871)	211,336,909	14,269,433	3,156,157	12,929,795	3,540
	2,049,798,756	(127,677,669)	1,662,508,825	401,539,499	3,245,010	94,628,245	15,554,845

(b) Condensed results of consolidated entities

The condensed financial data of the consolidated entities as at 31 December 2015 are as follows:

Condensed profit and loss — **31 December 2015**

In thousands of Naira	Group balances	Elimination entries	Diamond Bank Plc	Diamond Bank du Benin	Diamond Pension Fund Custodian	Diamond Bank UK	Diamond Finance B.V.
Operating income	159,810,396	-	146,286,824	10,386,326	574,503	2,542,510	20,233
Operating expenses	(97,545,557)	-	(87,868,457)	(7,445,465)	(381,311)	(1,841,775)	(8,549)
Net impairment on financial assets	(55,172,108)	-	(53,246,775)	(1,925,333)	-	-	-
Profit before tax	7,092,731	-	5,171,592	1,015,528	193,192	700,735	11,684
Minimum tax	(1,286,639)	-	(1,286,639)	-	-	-	-
Taxation	(149,469)	-	(51,204)	(1,646)	(47,452)	(48,809)	(358)
Profit for the period	5,656,623	-	3,833,749	1,013,882	145,740	651,926	11,326

Condensed financial position — **31 December 2015**

In thousands of Naira	Group balances	Elimination entries	Diamond Bank Plc	Diamond Bank du Benin	Diamond Pension Fund Custodian	Diamond Bank UK	Diamond Finance B.V.
Assets							
Cash and balances with central ban	361,166,936	-	319,168,003	17,003,045	18	24,995,870	-
Financial assets held for trading	13,116,843	-	13,116,843	-	-	-	-
Derivative assets	161,622	-	157,493	-	-	4,129	-
Assets pledged as collateral	172,100,785	(42,862,516)	159,390,905	55,572,396	-	-	-
Loans to banks	60,103,340	(98,952,094)	66,820,934	24,985,425	2,834,234	54,273,384	10,141,457
Loans and advances to customers	763,634,827	(2,132,902)	648,971,379	101,561,848	20,906	15,213,596	-
Investment securities		-					
-Available-for-sale	26,803,076	-	19,164,422	33,036	-	7,605,618	-
-Held to maturity	240,534,130	-	213,991,141	26,542,989	-	-	-
Investment in subsidiaries	-	(15,841,882)	15,841,882	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Investment properties held for sale	4,409,085	-	4,240,385	-	168,700	-	-
Property and equipment	62,396,081	-	58,433,678	3,801,835	36,103	124,465	-
Intangible assets	5,122,300	870,974	4,171,967	63,566	6,060	9,733	-
Deferred taxation	4,984,544	-	4,984,388	-	156	-	-
Other assets	38,698,711	-	26,729,647	10,607,627	46,199	1,314,842	396
	1,753,232,280	(158,918,420)	1,555,183,067	240,171,767	3,112,376	103,541,637	10,141,853
Financed by:							
Deposits from banks	115,819,590	(90,086,866)	57,175,088	55,432,998	-	93,298,370	-
Deposits from customers	1,233,591,063	(2,994,671)	1,075,622,532	160,674,456	-	288,746	-
Derivative liability	1,349,595	-	1,251,675	-	-	97,920	-
Current income tax liability	1,697,816	-	1,599,970	1,654	47,452	48,370	370
Deferred taxation	194,660	-	-	187,962	6,698	-	-
Other liabilities	44,673,003	7,223	31,481,835	12,841,125	30,946	308,213	3,661
Borrowings	102,719,571	(38,678,485)	141,398,056	-	-	-	-
Long term debt	38,577,527	(12,187,488)	38,577,527	2,051,143	-	-	10,136,345
Equity and reserves	214,609,455	(14,978,133)	208,076,384	8,982,429	3,027,280	9,500,018	1,477
	1,753,232,280	(158,918,420)	1,555,183,067	240,171,767	3,112,376	103,541,637	10,141,853

27 Investments in associates

In thousands of Naira

The gross investment in associates is shown below.

	% Holding	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Flavours Foods Limited	40.0%	50,000	50,000	50,000	50,000
PCI Resins Limited	7.6%	52,500	52,500	52,500	52,500
PCI Paints Limited	33.0%	35,000	35,000	35,000	35,000
Savannah Chum Chum & Fries Limited	41.3%	45,000	45,000	45,000	45,000
Pek Industries Limited	34.0%	34,000	34,000	34,000	34,000
Credit Ref. Company Nigeria Limited	7.6%	96,661	96,661	96,661	96,661
APL Electric Limited	25.0%	426,587	426,587	426,587	426,587
Geometrics - Power Aba Limited	25.0%	2,491,413	2,491,413	2,491,413	2,491,413
		3,231,161	3,231,161	3,231,161	3,231,161
Cumulative impairment		(3,231,161)	(3,231,161)	(3,231,161)	(3,231,161)
		-	-	-	-

There were no published price quotations for the associate companies. There are no significant restrictions on the ability of the associates to transfer funds to the group in the form of cash dividends, or repayments of loans or advances.

The Bank exercises significant influence in PCI Resins Limited and Credit Reference Company Nigeria Limited even though its shareholding is less than 20%. This is based on representation of at least one director on the board of the companies and significant participation in the companies' operating and financial policies.

The Group has recognized all losses in relation to its interests in associates, to the extent of its obligation in respect to these losses.

28 Investment Properties held for sale

a Reconciliation of carrying amount

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Balance, beginning of year	4,409,085	4,333,658	4,240,385	4,164,958
Additional expenditure	253,127	12,732	253,127	12,732
Fair value gain/(loss)	(792,012)	62,695	(792,012)	62,695
Balance, end of year	3,870,200	4,409,085	3,701,500	4,240,385

Property held for sale of N3.70 billion (December 2015 : N4.24billion) represents the value of landed property and a real estate which are carried and measured as investment properties. Management has assessed that the cost incurred to date is a reflection of the value of the property. The property being constructed is to be disposed off on completion. There was no rental income from such properties during the period and no restrictions on the realisability of the property.

29 Property and equipment

GROUP

(a) Reconciliation of carrying amount

In thousands of Naira	*Note*	Work in progress	Land	Leasehold improvement	Building	Motor vehicles	Office equipment	Computer equipment	Furniture and fittings	Total
Cost										
Balance at 1 January 2016		12,420,919	17,109,520	7,520,837	22,514,457	6,812,329	19,531,576	6,446,745	1,969,115	94,325,498
Additions		7,811,447	94,995	788,645	214,070	1,461,170	1,446,226	1,028,900	220,107	13,065,561
Reclassified from Intangible Assets		(881,768)	(168,063)	(17,335)	-	(229,617)	(53,032)	(71,541)	(8,890)	(1,430,246)
Reclassifications		(5,785,167)	733,627	(7,278)	2,131,892	30,906	1,165,178	165,674	118,908	(1,446,261)
Disposals		-	(10,996)	-	(227,660)	(695,460)	(705,222)	(124,197)	(98,977)	(1,862,512)
Write - offs		-	-	-	-	-	-	-	-	-
Exchange difference		325,008	160,939	1,600,707	-	481,184	137,362	721,577	249,628	3,676,405
Balance at 31 December 2016		13,890,439	17,920,022	9,885,576	24,632,759	7,860,512	21,522,088	8,167,158	2,449,891	106,328,445
Accumulated depreciation										
Balance at 1 January 2016		-	740,478	4,543,214	4,732,672	4,525,199	11,200,264	4,788,576	1,399,014	31,929,417
Charge for the year		-	-	943,381	945,108	1,385,517	2,800,661	1,108,675	267,647	7,450,990
Reclassification		-	-	(32,772)	-	(205,828)	(48,047)	(64,858)	(8,495)	(360,000)
Disposals		-	(861)	(2,298)	(103,973)	(598,776)	(676,883)	(132,229)	(82,515)	(1,597,536)
Exchange differences		-	17,997	468,551	(41,052)	267,636	94,786	508,167	443,352	1,759,437
Balance at 31 December 2016		-	757,614	5,920,076	5,532,755	5,373,748	13,370,782	6,208,331	2,019,003	39,182,308
Cost										
Balance at 1 January 2015		11,209,502	14,515,605	6,823,700	19,964,928	6,964,725	16,806,791	5,302,513	1,862,997	83,450,761
Additions		8,586,282	22,483	354,443	186,828	846,071	3,330,256	1,049,674	247,210	14,623,247
Reclassified from Intangible Assets		-	-	-	-	-	195,332	474,808	2,457	672,597
Reclassifications		(7,216,899)	2,947,822	194,561	2,350,117	(21,836)	697,003	(36,380)	10,384	(1,075,228)
Disposals	-		(376,390)	(3,884)	-	(1,016,033)	(1,510,240)	(429,135)	(180,284)	(3,515,966)
Write - offs		(190,044)	-	-	-	-	-	-	-	(190,044)
Exchange difference		32,078	-	152,017	12,584	39,402	12,434	85,265	26,351	360,131
At 31 December 2015		12,420,919	17,109,520	7,520,837	22,514,457	6,812,329	19,531,576	6,446,745	1,969,115	94,325,498
Accumulated depreciation										
Balance at 1 January 2015		-	599,244	3,989,235	3,920,862	3,876,925	10,454,754	4,242,605	1,304,996	28,388,621
Charge for the year		-	141,234	542,205	811,552	1,466,674	2,183,591	821,323	251,003	6,217,582
Reclassification		-	-	(46,008)	(137)	(16,813)	(21,151)	(27,314)	(7,896)	(119,319)
Disposals		-	-	(2,142)	-	(826,032)	(1,426,198)	(427,244)	(164,624)	(2,846,240)
Exchange differences		-	-	59,924	395	24,445	9,268	179,206	15,535	288,773
Balance at 31 December 2015		-	740,478	4,543,214	4,732,672	4,525,199	11,200,264	4,788,576	1,399,014	31,929,417
Carrying amounts :										
Balance at 31 December 2016		**13,890,439**	**17,162,408**	**3,965,500**	**19,100,004**	**2,486,764**	**8,151,307**	**1,958,827**	**430,888**	**67,146,137**
Balance at 31 December 2015		**12,420,919**	**16,369,042**	**2,977,623**	**17,781,785**	**2,287,130**	**8,331,312**	**1,658,169**	**570,101**	**62,396,081**

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2015 : nil).
The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2016 is N5.11 billion (December 2015: N8.33 billion)

29 Property and equipment
BANK
(a) Reconciliation of carrying amount

In thousands of Naira	Work in progress	Land	Leasehold improvement	Building	Motor vehicles	Office equipment	Computer equipment	Furniture and fittings	Total
Cost									
Balance at 1 January 2016	11,734,264	17,109,521	4,199,772	22,159,865	5,849,877	19,223,871	4,706,220	1,410,102	86,393,494
Additions	6,147,037	4,590	52,890	201,470	967,354	1,393,019	459,960	116,507	9,342,826
Reclassified to other assets	(542,931)	-	28,001	-	-	(4,135)	-	-	(519,065)
Reclassifications	(4,406,504)	733,627	-	2,131,892	30,905	1,172,626	188,992	120,461	(28,001)
Disposals	-	(10,996)	-	(227,660)	(695,460)	(705,222)	(124,197)	(99,690)	(1,863,226)
Write - offs	-	-	-	-	-	-	-	-	-
Balance at 31 December 2016	12,931,866	17,836,742	4,280,663	24,265,567	6,152,676	21,080,159	5,230,975	1,547,380	93,326,028
Accumulated depreciation									
Balance at 1 January 2016	-	740,478	3,021,833	4,718,588	3,964,466	10,985,379	3,499,801	1,029,270	27,959,815
Charge for the year	-	-	216,985	935,013	1,118,335	2,759,613	780,073	187,257	5,997,276
Reclassification	-	-	-	-	-	(627)	-	-	(627)
Disposals	-	(861)		(103,974)	(598,763)	(676,744)	(116,906)	(81,455)	(1,578,703)
Balance at 31 December 2016	-	739,617	3,238,818	5,549,628	4,484,038	13,067,622	4,162,967	1,135,072	32,377,761
Cost									
Balance at 1 January 2015	10,574,081	14,515,606	3,928,248	19,724,792	6,150,483	16,537,842	3,898,401	1,409,437	76,738,891
Additions	7,586,043	22,483	63,883	87,846	523,533	3,289,799	742,005	125,059	12,440,651
Reclassified from Intangible Assets	-	-	-	-	-	195,332	474,808	2,457	672,597
Reclassifications	(6,235,816)	2,947,822	210,917	2,347,227	9,011	638,780	17,840	40,948	(23,271)
Disposals	-	(376,390)	(3,276)	-	(833,150)	(1,437,882)	(426,834)	(167,799)	(3,245,331)
Write - offs	(190,044)	-	-	-	-	-	-	-	(190,044)
Balance at 31 December 2015	11,734,264	17,109,521	4,199,772	22,159,865	5,849,877	19,223,871	4,706,220	1,410,102	86,393,493
Accumulated depreciation									
Balance at 1 January 2015	-	599,244	2,840,686	3,913,637	3,379,655	10,268,844	3,171,397	1,014,347	25,187,810
Charge for the year	-	141,234	183,120	805,088	1,270,810	2,143,609	752,608	173,693	5,470,162
Reclassifications	-	-	-	(137)	2,355	(3,861)	(216)	(899)	(2,758)
Disposals	-	-	(1,973)	-	(688,354)	(1,423,213)	(423,988)	(157,871)	(2,695,399)
Balance at 31 December 2015	-	740,478	3,021,833	4,718,588	3,964,466	10,985,379	3,499,801	1,029,270	27,959,815
Net book value at 31 December 2016	**12,931,866**	**17,097,125**	**1,041,845**	**18,715,939**	**1,668,638**	**8,012,537**	**1,068,007**	**412,308**	**60,948,266**
Net book value at 31 December 2015	**11,734,264**	**16,369,043**	**1,177,939**	**17,441,277**	**1,885,411**	**8,238,492**	**1,206,419**	**380,832**	**58,433,678**

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2015 : nil).
The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2016 is N5.11 billion (December 2015: N8.33 billion)

30 (a) Intangible assets

In thousands of Naira	Group				Bank		
	Goodwill	Purchased Software		Total	Purchased Software		Total
		Assets under Construction	Completed		Assets under Construction	Completed	
Cost							
31 December 2016							
Balance at 1 January 2016	870,974	928,044	8,386,473	10,185,491	993,982	7,558,518	8,552,500
Additions	-	1,204,064	1,014,074	2,218,138	1,138,126	843,629	1,981,755
Reclassification	-	(69,586)	22,686	(46,900)	(69,586)	29,647	(39,939)
Reclassified to Property and Equipment	-	(22,560)	-	(22,560)	(22,560)		(22,560)
Write-offs	-	-		-	-	-	-
Translation differences	-	-	337,807	337,807	-	-	-
	-	-	-		-	-	-
Balance at 31 December 2016	870,974	2,039,962	9,761,040	12,671,976	2,039,962	8,431,794	10,471,756
31 December 2015							
Balance at 1 January 2015	870,974	1,861,829	4,532,808	7,265,611	1,861,829	3,854,263	5,716,092
Additions	-	1,036,686	3,041,099	4,077,785	1,036,686	2,984,046	4,020,732
Reclassification	-	(786,147)	772,499	(13,648)	(720,209)	720,209	-
Reclassified to Property and Equipment		(672,597)	-	(672,597)	(672,597)	-	(672,597)
Write-offs	-	(511,727)	-	(511,727)	(511,727)	-	(511,727)
Translation differences	-	-	40,067	40,067	-	-	-
Balance at 31 December 2015	870,974	928,044	8,386,473	10,185,491	993,982	7,558,518	8,552,500
Amortisation and impairment losses							
31 December 2016							
Balance at 1 January 2016	-	-	5,063,191	5,063,191	-	4,380,533	4,380,533
Charge for the year	-	-	1,691,320	1,691,320	-	1,570,034	1,570,034
Reclassification	-	-	(2,210)	(2,210)	-	-	-
Translation differences	-	-	207,731	207,731	-	-	-
				-			-
Balance at 31 December 2016	-	-	6,960,032	6,960,032	-	5,950,567	5,950,567
31 December 2015							
Balance at 1 January 2015	-	-	3,727,055	3,727,055	-	3,136,342	3,136,342
Charge for the year	-	-	1,305,044	1,305,044	-	1,244,191	1,244,191
Translation differences	-	-	31,092	31,092	-	-	-
Balance at 31 December 2015			5,063,191	5,063,191	-	4,380,533	4,380,533
Carrying amounts:							
Balance at 31 December 2016	**870,974**	**2,039,962**	**2,801,008**	**5,646,005**	**2,039,962**	**2,481,227**	**4,521,189**
Balance at 31 December 2015	**870,974**	**928,044**	**3,323,282**	**5,122,300**	**993,982**	**3,177,985**	**4,171,967**

There were no capitalised borrowing costs related to the internal development of software during the year. (December 2015: nil)
Assets under construction are not amortised until the intangible asset is completed and available for use.

(b) Impairment testing for CGUs containing goodwill

Goodwill is attributable to the acquisition of Diamond Bank UK. Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment losses on goodwill were recognized during the year (December 2015: nil).

31 Deferred taxation

(a) Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2015: 30%). Deferred income tax assets and liabilities are attributable to the following items:

In thousands of Naira	Group			Bank		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax Assets	Deferred tax liabilities	Net
31 December 2016						
Allowance for loan losses	1,743,561	-	1,743,561	1,743,561	-	1,743,561
Tax losses carried forward	3,458,881	-	3,458,881	3,458,881	-	3,458,881
Property and equipment	1,280,573	(6,958)	1,273,615	1,280,573	-	1,280,573
Investment property held for sale	72,932	-	72,932	72,932	-	72,932
Other temporary difference	(1,577,287)	-	(1,577,287)	(1,577,287)	-	(1,577,287)
Derivative liability	5,728	-	5,728	5,728	-	5,728
			-	-	-	-
Deferred tax assets/(liabilities) before set off	4,984,388	(6,958)	4,977,430	4,984,388	-	4,984,388
Set off of deferred tax	-	-	-	-	-	-
Deferred tax assets/(liabilities)	4,984,388	(6,958)	4,977,430	4,984,388	-	4,984,388

In thousands of Naira	Group			Bank		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax Assets	Deferred tax liabilities	Net
31 December 2015						
Allowance for loan losses	1,743,561	-	1,743,561	1,743,561	-	1,743,561
Tax losses carried forward	2,306,703	-	2,306,703	2,306,703	-	2,306,703
Property and equipment	1,280,574	(187,962)	1,092,612	1,280,573	-	890,510
Investment property held for sale	-	(6,270)	(6,270)	-	(6,270)	-
Derivative liability	5,728	-	5,728	5,728	-	1,504,728
Unrealized exchange gain	-	(345,907)	(345,907)	-	(345,907)	(1,461,114)
Others	155	(6,698)	(6,543)	-	-	-
Deferred tax assets/(liabilitites) before set off	5,336,721	(546,837)	4,789,884	5,336,565	(352,177)	4,984,388
Set off of deferred tax	(352,177)	352,177	-	(352,177)	352,177	-
Deferred tax assets/(liabilities)	4,984,544	(194,660)	4,789,884	4,984,388	-	4,984,388

31 Deferred taxation

(b) Movement in deferred tax balances

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Net balance at 1 January	4,789,884	4,792,726	4,984,388	4,984,388
Recognized in profit or loss	-	(2,842)	-	-
Net balance at 31 December	4,789,884	4,789,884	4,984,388	4,984,388

(c) Recognition of deferred tax assets of N4.98 billion (2015: N4.98billion) was based on the Bank's profit forecasts, which indicates that it is probable that the Bank will have future taxable profits against which these assets can be utilised. The directors are of the opinion that the assumptions underlying the preparation of the forecast, are reasonable and achievable.

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Bank can utilise the benefits. The items attributable to the unrecognized deferred tax assets are as follows:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Allowance for loan losses	2,878,931	3,412,877	2,878,931	3,412,877
Tax losses carried forward	21,175,238	12,196,835	21,175,238	12,196,835
Property and equipment, and software	3,616,267	1,701,796	3,616,267	1,701,796
Derivative liabilities	7,109		7,109	-
Net balance at 31 December	27,677,545	17,311,508	27,677,545	17,311,508

32 Other assets

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Non-financial asset				
Prepayments	17,931,092	14,956,792	9,077,769	9,661,889
Financial assets:				
Accounts receivable (See (a) below)	59,202,335	26,269,121	42,172,273	19,580,985
Other receivables	1,825,152	794,362	1,456,768	794,362
	61,027,488	27,063,483	43,629,041	20,375,347
Specific allowances for impairment on other assets	(2,812,110)	(3,321,564)	(2,778,193)	(3,307,589)
	58,215,378	23,741,919	40,850,848	17,067,758
	76,146,470	**38,698,711**	**49,928,617**	**26,729,647**

Account receivable balance include N30.02 billion for the Group and Bank, which represents the naira value of the foreign currency forwards receivable from the Central Bank of Nigeria. The Bank applied for foreign currency on behalf of its customers to settle trade finance obligations that had become due.

Specific allowance for impairment on other assets				
Balance, beginning of year	3,321,564	2,631,630	3,307,589	2,618,327
Impairment charge during the year	1,322,507	1,056,661	496,170	763,615
Impairment write back during the year	(461,844)	-	(461,844)	-
Net impairment charge during the year (see Note 10)	860,663	1,056,661	34,326	763,615
Allowance written off	(563,724)	(486,676)	(563,722)	(74,353)
Exchange difference	(806,393)	119,949	-	-
Balance, end of year	2,812,110	3,321,564	2,778,193	3,307,589
Current	45,313,057	29,078,843	36,459,734	21,433,757
Non-current	30,833,414	9,619,868	13,468,883	5,295,890
	76,146,471	38,698,711	49,928,617	26,729,647

33 Deposits from banks

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Items in the course of collection	7,730,577	6,620,140	6,362,690	5,805,809
Interbank Takings	95,678,720	109,199,450	7,002,624	51,369,279
	103,409,297	115,819,590	13,365,314	57,175,088

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

Current	103,409,297	115,819,590	13,365,314	57,175,088
Non-current	-	-	-	-
	103,409,297	115,819,590	13,365,314	57,175,088

34 Deposits from customers

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Demand deposits	726,140,935	614,275,144	587,117,867	544,731,783
Term deposits	198,784,605	276,383,043	143,458,702	215,240,776
Savings deposits	499,763,987	342,932,876	404,284,897	315,649,973
	1,424,689,527	1,233,591,063	1,134,861,466	1,075,622,532
Current	1,225,904,922	1,186,374,665	991,402,764	1,070,370,591
Non-current	198,784,605	47,216,398	143,458,702	5,251,941
	1,424,689,527	1,233,591,063	1,134,861,466	1,075,622,532

35 Derivative liabilities

The table below analyses derivative liabilities by type of instrument

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Cross Currency Swap (See (a) below)	61,393	97,920	-	-
Option in Convertible Debt - IFC (See (b) below)	157,818	1,075,088	157,818	1,075,088
Option in Convertible Debt-Kunnoch Holdings (See (c) below)	42,791	176,587	42,791	176,587
OTC futures contracts (See (d) below)	1,925,777	-	1,925,777	-
	2,187,779	1,349,595	2,126,386	1,251,675
Current	1,987,170	97,920	1,925,777	-
Non-current	200,609	1,251,675	200,609	1,251,675
	2,187,779	1,349,595	2,126,386	1,251,675

(a) Cross Currency Swap

In thousands of Naira	Group 31 December 2016	Group 31 December 2015
Cross Currency Swap	61,393	97,920
	61,393	97,920

In thousands of Naira	Group 31 December 2016	Group 31 December 2015
Notional Contract Amount	6,180,803	2,111,596
	6,180,803	2,111,596

The time periods in which the cash flows are expected to occur and affect profit or loss are as follows:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015
Within 1 year	61,393	97,920
	61,393	97,920

(b) Option in Convertible Debt - IFC

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by the International Finance Corporation (IFC), into shares (see further details in Note 38(a)). The fair value of the derivative liability was N157,818,000 (2015: N1,075,088,000) as at reporting date.

Movement in Option in Convertible Debt - IFC

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening Balance	1,075,088	11,378,780	1,075,088	11,378,780
Fair value gain/(loss)	(917,270)	(10,303,692)	(917,270)	(10,303,692)
	157,818	1,075,088	157,818	1,075,088

(c) Option in Convertible Debt - Kunnoch Holdings

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by Kunnoch Holding Limited, into shares (see further details in Note 38(b)). The fair value of the derivative liabilities were N42,791,000 (2015: N176,587,000) as at reporting date.

Movement in Option in Convertible Debt - Kunnoch Holdings

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance	176,587	1,229,452	176,587	1,229,452
Fair value gain	(133,796)	(1,052,865)	(133,796)	(1,052,865)
	42,791	176,587	42,791	176,587

(d) OTC futures contracts

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
OTC futures contracts	1,925,777	-	1,925,777	-
	1,925,777	-	1,925,777	-

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Notional Contract Amount	9,143,363	-	9,143,363	-
	9,143,363		9,143,363	-

The derivatives arose from futures contracts entered into with counterparites, which were still open at the reporting date. The Bank entered into futures contracts to sell fixed amounts of foreign currencies at fixed exchange rates at future dates.

The notional amount recorded gross is the amount that is used to calculate the fair value of the derivative assets or liabilities in response to the movement in the underlying derivative contracts which is the NIFEX foreign exchange rates.
At their inception, these derivatives involve only a mutual exchange of promises with no transfer of consideration.

36 Other liabilities

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Customers deposit for letters of credit (note 32)	28,369,272	15,960,527	19,016,113	9,128,405
Accounts payable	12,524,303	5,233,493	9,744,575	3,294,226
Accruals	6,906,903	4,424,292	4,046,958	2,490,488
Legal perfection charges	655,390	1,277,723	655,390	1,277,723
Unclaimed items	4,086,738	4,252,798	4,086,738	4,252,798
Deferred income	88,625	1,711,247	9,509	1,711,247
Settlement accounts	5,872,727	1,892,715	948,609	1,892,715
Sundry Funds transfer	48,316	5,935,260	48,316	5,935,260
Other current liabilities	1,710,883	3,984,948	1,710,887	1,498,973
	60,263,158	44,673,003	40,267,095	31,481,835

Current	60,263,158	44,673,003	40,267,095	31,481,835
Non-current	-	-	-	-
	60,263,158	44,673,003	40,267,095	31,481,835

37 Borrowings

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Borrowings comprise:				
Bank of Industry (CBN Intervention Fund) (see note (a))	27,662,802	30,722,999	27,662,802	30,722,999
CBN Commercial Agricultural Credit Scheme (see (b))	1,667,557	2,126,935	1,667,557	2,126,935
MSME Development Fund	627,838	556,470	627,838	556,470
Foreign financial institutions (see (c))	114,489,008	69,313,167	114,489,008	44,470,978
Refinanced letters of credit (see (d))	24,735,074	-	53,197,737	63,520,674
	169,182,279	102,719,571	197,644,942	141,398,057
Current	24,735,074	8,482,497	53,197,737	47,160,983
Non-current	144,447,205	94,237,074	144,447,205	94,237,073
	169,182,279	102,719,571	197,644,942	141,398,056

(a) The amount of N27.7 billion represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7%. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(b) The amount of N1.7 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the Federal Government for promoting commercial agricultural enterprises in Nigeria.The facility is for a maximum tenor of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan.

(c) The amount of N114.5 billion represents the outstanding balances on the Bank's Euro bond liability (N60.5 billion), and borrowings from Afrexim (N54 billion). The eurobond liability relates to a USD200 million, 5 year-tenored bond issued by the Bank in May 2014, at a yield of 8.75%, while the Afrexim borrowings represents a USD150 million short-term borrowing from Afrexim at a rate of 5.5% plus 3 months LIBOR. The borrowing will mature in October 2017.

(d) This represents letters of credit (LCs) issued by the Bank to its customers, but which have been refinanced by the correspondent banks. The letters of credit were refinanced because of the current FX liquidity squeeze which had posed a challenge in sourcing foreign currency to settle the matured LC transactions. The correspondent Banks involved are Diamond Bank UK, HSBC South Africa, ING Belgium, Bank of Beirut London, Standard Chartered Bank London, and Intessa Sanpalo (Italy)

38 Long term debt

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
African Export-Import Bank	30,511,434	19,963,839	30,511,434	19,963,839
International Finance Corporation (see I	13,349,310	7,283,523	13,349,310	7,283,523
Kunnoch Holdings (see (b) below)	1,912,441	1,193,820	1,912,441	1,193,820
Anambra State Government (see (c) below)	15,550,662	10,136,345	-	-
Diamond Finance B.V (see (c) below)	-	-	15,534,667	10,136,345
	61,323,847	38,577,527	61,307,852	38,577,527

Company	**Tenor (yrs)**	**Interest Rate**
African Export-Import Bank	7	5.75% + 3M LIBOR
International Finance Corporation (see (a) below)	7	5% + 6M LIBOR
Kunnoch Holdings (see (b) below)	7	5% + 6M LIBOR
Anambra State Government/Diamond Finance BV (see (c) below)	7	7%

(a) Convertible subordinated loan with IFC

The Bank obtained a loan of $69.79 million (N11.87 billion) from the International Finance Corporation. The loan was obtained on 19 July 2012 ("the agreement date") at an interest rate of 5% plus 6 month Libor for a duration of 7 years. The loan has an embedded derivative (a conversion option) whereby each of the IFC entities have the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Bank. This option may be exercised 3 years from the agreement date or in the event of a change in control or sale of a substantial part of the Bank's assets or business.

The loan which is a compound financial instrument was split into debt and derivative liability components based on subsequent measurement is as follows:

In thousands of Naira	31 December 2016	31 December 2015
Long term debt measured at amortized cost (see (a)(i) below)	13,349,310	7,283,523
Derivative liability measured at fair value (see 35(b))	157,818	1,075,088
Carrying value	13,507,128	8,358,611

(a)(i) Movement in Debt Portion of Convertible subordinated loan with IFC

In thousands of Naira	31 December 2016	31 December 2015
Opening balance	7,283,523	5,263,504
Interest expense	2,883,074	1,760,301
Interest paid	(1,050,980)	(761,261)
Exchange Difference	4,233,693	1,020,979
Closing balance	13,349,310	7,283,523

(b) Convertible subordinated loan with Kunnoch Holdings

The Bank obtained a loan of $7.15 million (N1.21 billion) from Kunnoch Holdings. The loan was obtained on 28 June 2013 ("the agreement date") at an interest rate of 5% plus 6 month Libor for a duration of 7 years. The loan has an embedded derivative (a conversion option) whereby Kunnoch Holdings has the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Bank. This option may be exercised 3 years from the agreement date or in the event of a change in control or sale of a substantial part of the Bank's assets or business.

The loan which is a compound financial instrument was split into debt and derivative liability components are as follows:

In thousands of Naira	31 December 2016	31 December 2015
Long term debt measured at amortized cost (see Note (b)(i) below)	1,912,441	1,193,820
Derivative liability measured at fair value (see Note 35(c))	42,791	176,587
Carrying value	1,955,232	1,370,407

(b)(i) Movement in Debt portion of Convertible subordinated loan with Kunnoch Holdings

In thousands of Naira	31 December 2016	31 December 2015
Opening balance	1,193,820	976,198
Proceeds from Issue	-	-
Interest expense	176,421	121,868
Interest paid	(107,392)	(77,807)
Exchange Difference	649,592	173,561
Closing balance	1,912,441	1,193,820

(c) Long term loan with Anambra State Government through Diamond Finance BV

The Group issued dollar denominated loan particpatory notes of $50million (N8.48billion) through a structured entity, Diamond Finance BV, Netherlands, on 27 March 2014, which is due on 27 March 2021. The principal amount is payable at the end of the tenor while interest on the notes is payable semi-annually at 7% per annum.

The net proceeds from the issue of the Loan Participatory Notes, was used by the Issuer (Diamond Finance BV) for the sole purpose of providing a loan to Diamond Bank, which was in turn used by the Bank to support its business expansion and development.

Diamond Bank, unconditionally and irrevocably guaranteed the due payment of all sums by the Issuer (Diamond Finance BV) in respect of the Notes.

The Group has not had any defaults of principal, interest or other breaches with respect to its subordinated liabilities during the year ended 31 December 2016 and 31 December 2015.

39 Share capital

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Authorised				
30 billion ordinary shares of 50k each (2015: 30 billion)	15,000,000	15,000,000	15,000,000	15,000,000
Issued and fully paid				
23.2 billion ordinary shares of 50k each (2015: 23.2 billion)	11,580,195	11,580,195	11,580,195	11,580,195

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All shares rank equally with regard to the Bank's residual assets.

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Movement in share capital during the year:				
Balance, beginning of year	11,580,195	11,580,195	11,580,195	11,580,195
New issues during the year	-	-	-	-
Balance, end of year	11,580,195	11,580,195	11,580,195	11,580,195

40 Share premium and reserves

The nature and purpose of the reserves in equity are as follows:

Share premium: Premiums from the issue of shares are reported in share premium.

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Movement in share premium during the year:				
Balance, beginning of year	134,532,974	134,532,974	134,532,974	134,532,974
Premium on shares issued	-	-	-	-
Issuing costs	-	-	-	-
Balance, end of year	134,532,974	134,532,974	134,532,974	134,532,974

Retained earnings: Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

Statutory reserve: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

Small Scale Industry (SSI) reserve: The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. As such, the Bank made no additional reserves during the year. The small and medium scale industries equity investment scheme reserves are non-distributable.

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.

Foreign currency translation reserve: Comprises exchange differences resulting from the translation to Naira of the results and financial position of entities within the group that have a functional currency other than Naira.

Regulatory risk reserve : This represents the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

41 Non-controlling interest

The entities accounting for the non-controlling interest balance is shown below:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015
Diamond Bank du Benin	421,568	263,185
Diamond Finance BV	3,540	1,477
	425,108	264,662

The following table summarises the information relating to the Group's subsidiary that has material NCI
Diamond Bank du Benin

In thousands of Naira	31 December 2016	31 December 2015
NCI percentage	**2.93%**	**2.93%**
Total Assets	401,539,499	240,171,767
Total Liabilities	(387,270,066)	(231,189,339)
Net assets	14,269,433	8,982,428
Carrying amount of NCI	421,568	263,185
Revenue	23,626,761	17,131,321
Profit	911,066	1,013,881
OCI		194,804
Total comprehensive income	911,066	1,208,685
Profit allocated to NCI	26,694	29,707
OCI allocated to NCI	143,676	5,708
Cash flows from operating activities	55,873,262	16,282,216
Cash flows from investing activities	(37,091,150)	(11,807,765)
Cash flows from financing activities, before dividends to NCI	984,564	98,299
Net increase in cash and cash equivalents	19,766,676	4,572,750

Diamond Bank du Benin has its principal place of business in Benin

42 Involvement with unconsolidated structured entities

One of the Group's subsidiaries, Stitching Diamond Finance, a foundation incorporated in Netherlands, was established for the purpose of incorporating Diamond Finance BV, Netherlands, holding the shares of the company and exercising the rights of shareholders of the entity.

The Group does not have any direct financial involvement with the entity as at year end.

The Group concluded that it does not control, and therefore should not consolidate, the entity. The entity was established for the purpose of legally establishing Diamond Finance BV a consolidated structured entity. The Group does not hold any financial instruments issued by the Stitching Diamond Finance and it did not offer any form of support to the entity during the year. Taken as a whole, the Group does not have any power over the relevant activities of the entity.

43 Reconciliation notes to consolidated and separate statement of cashflows

(i) *Net changes in financial assets held for trading*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	13,116,843	3,481,299	13,116,843	3,481,299
Fair value (gains)/losses recognised in profit or loss	700,675	550,377	761,643	550,377
Closing balance for the year	(6,870,235)	(13,116,843)	(6,870,235)	(13,116,843)
Total changes in financial assets held for trading	6,947,283	(9,085,167)	7,008,251	(9,085,167)

(ii) *Net changes in loans and advances to customers*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	763,634,827	791,094,667	648,971,379	712,064,692
Specific impairment on loans and advances to customers	(53,805,898)	(38,420,760)	(51,790,196)	(36,171,059)
Specific impairment on other loans and advances	(2,922,942)	(2,480,000)	(2,922,942)	(2,480,000)
Collective impairment on loans and advances to customers	(2,780,673)	(11,347,212)	(2,780,673)	(11,376,258)
Net matured letters of credit recognized during the year	8,040,329	16,982,520	8,040,329	26,068,509
Write offs	(663,205)	(1,289,425)	(663,205)	(1,289,425)
Exchange difference recognised in OCI	-	(10,899)	-	-
Closing balance for the year	(995,334,118)	(763,634,827)	(804,635,641)	(648,971,379)
Total changes in loans and advances to customers	(283,831,679)	(9,105,936)	(205,780,949)	37,845,080

(iii) *Net changes in other assets*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	38,698,711	23,933,731	26,729,647	15,800,611
Impairment charges recognised in profit or loss	(860,664)	(1,056,661)	(34,327)	(763,615)
Reclassifications/write off	563,723	969,558	563,723	20,513
Exchange difference	-	(119,949)	-	-
Closing balance for the year	(76,146,470)	(38,698,711)	(49,928,617)	(26,729,647)
Total changes in other assets	(37,744,700)	(14,972,032)	(22,669,574)	(11,672,138)

(iv) *Net changes in deposits from customers*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	1,233,591,063	1,493,081,203	1,075,622,532	1,354,814,914
Exchange difference	-	(6,628,549)	-	(5,916,152)
Interest expense	(28,265,166)	(23,580,185)	(21,142,175)	(24,443,499)
Closing balance for the year	(1,424,689,527)	(1,233,591,063)	(1,134,861,466)	(1,075,622,532)
Total changes in deposits from customers	(219,363,630)	229,281,406	(80,381,109)	248,832,731

(v) *Net changes in deposits from banks*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	115,819,590	68,760,427	57,175,088	9,686,315
Closing balance for the year	(103,409,297)	(115,819,590)	(13,365,314)	(57,175,088)
Total changes in deposits from banks	12,410,293	(47,059,163)	43,809,774	(47,488,773)

(vi) *Net changes in investments*

	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	26,803,076	10,312,395	19,164,422	6,965,670
Fair value changes on AFS recognised in OCI	1,357,790	889,276	1,290,481	897,907
Non-cash adjustments	-	-	-	-
Impairment allowance recognised in profit or loss	(2,692,124)	(599,999)	(2,692,124)	(599,999)
Closing balance for the year	(23,119,904)	(26,803,076)	(9,169,048)	(19,164,422)
Total changes in AFS instruments	2,348,838	(16,201,404)	8,593,731	(11,900,844)
Opening balance for the year	240,534,130	332,522,242	213,991,141	316,650,635
Treasury bills (with original maturity of 3 months or less)	9,102,939	1,983,980	9,102,939	1,983,980
Closing balance for the year	(212,444,985)	(240,534,130)	(151,141,809)	(213,991,141)
Total changes in HTM instruments	37,192,084	93,972,092	71,952,271	104,643,474
Net (purchase)/sale of investment securities recognised in statement of cashflows (a+b+c+d)	39,540,922	77,770,688	80,546,002	92,742,630

(vii) *Net changes in assets pledged as collateral*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	172,100,785	103,397,647	159,390,905	109,775,177
Closing balance for the year	(221,898,226)	(172,100,785)	(170,623,817)	(159,390,905)
Total changes in assets pledged as collateral	(49,797,441)	(68,703,138)	(11,232,912)	(49,615,728)

(viii) *Net changes in mandatory reserve deposits*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	206,108,925	254,493,697	199,739,793	248,609,021
Closing balance for the year	(204,402,446)	(206,108,925)	(193,461,662)	(199,739,793)
Total changes in mandatory reserve deposits	1,706,479	48,384,772	6,278,131	48,869,228

(ix) *Net changes in derivative assets*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	161,622	50,012	157,493	-
Fair value gain on currency swap (see Note 14)	-	157,493	-	157,493
Fair value gain on OTC futures contracts	1,925,777	-	1,925,777	
Closing balance for the year	(2,088,208)	(161,622)	(1,925,777)	(157,493)
Total changes in derivative assets	(809)	45,883	157,493	-

(x) *Net changes in derivative liabilities*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	1,349,595	12,608,232	1,251,675	12,608,232
Fair value gain on convertible debt (see Note 14)	(1,051,066)	(11,356,557)	(1,051,066)	(11,356,557)
Fair value loss on OTC futures contracts	1,925,777	-	1,925,777	-
Closing balance for the year	(2,187,779)	(1,349,595)	(2,126,386)	(1,251,675)
Total changes in derivative liabilities	36,527	(97,920)	-	-

(xi) *Net changes in other liabilities*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	44,673,003	40,509,537	31,481,835	30,085,267
Non-cash adjustments	-	-	-	-
Closing balance for the year	(60,263,158)	(44,673,003)	(40,267,095)	(31,481,835)
Total changes in other liabilities	(15,590,155)	(4,163,466)	(8,785,260)	(1,396,568)

(xii) *Proceeds from sale of property and equipment*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Gain on sale of property and equipment	212,934	141,842	212,934	141,744
Cost of property and equipment disposed	1,862,512	3,515,966	1,863,226	3,245,331
Accumulated depreciation of property and equipment dispo	(1,597,536)	(2,846,240)	(1,578,703)	(2,695,399)
Proceeds from sale of property and equipment	477,910	811,568	497,457	691,676

(xiii) *Proceeds from new borrowings*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Proceeds from CBN Agricultural Credit Scheme	262,297	750,000	262,297	750,000
Proceeds from CBN Micro Small and Medium Enterprises Development Fund	331,698	554,014	331,698	554,014
Proceeds from AFREXIM and other borrowings	45,750,000	-	45,750,000	-
Proceeds from BOI On Lending	312,320	-	312,320	-
Proceeds from borrowings	46,656,315	1,304,014	46,656,315	1,304,014

(xiv) *Repayment of borrowings*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Repayment of principal on borrowings	17,039,393	4,318,264	17,039,393	4,318,264
Repayment of interest on borrowings	5,757,809	314,994	5,757,809	314,994
Net repayment of borrowings	22,797,202	4,633,258	22,797,202	4,633,258

(xv) *Repayment of long term debts*

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Opening balance for the year	38,577,527	31,858,561	38,577,527	31,858,561
Interest expense during the year	5,596,655	2,665,951	5,579,695	2,665,951
Exchange difference	20,998,089	6,485,170	20,998,089	6,485,170
Closing balance for the year	(61,323,847)	(38,577,527)	(61,307,852)	(38,577,527)
Net repayment of long term debts	3,848,424	2,432,155	3,847,459	2,432,155

44 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include cash and non-restricted balances with central banks, amounts due from other banks and investment securities with a maturity date of 3 months or less upon acquisition

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Cash and balances with central banks (less mandatory reserves) (see Note 19)	85,556,511	155,058,011	56,253,884	119,428,210
Loans to banks (see Note 23)	100,342,964	60,103,340	88,553,151	66,820,934
Treasury bills (with original maturity of 3 months or less) (see Note 25.2)	9,102,939	1,983,980	9,102,939	1,983,980
	195,002,414	217,145,331	153,909,974	188,233,124

45 Operating lease commitments

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals and are reported in the statement of financial position as other assets - prepayments. Non-cancellable operating lease rentals are payable as follows:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Within one year	589,800	287,621	273,199	210,569
Between one and five years	1,637,160	716,054	760,353	608,850
More than five years	8,047,925	4,737,094	477,360	520,320
	10,274,885	5,740,769	1,510,912	1,339,739

46 Contingent liabilities and commitments

46.1 Claims and litigations

The Bank, in its ordinary course of business, is presently involved in 614 (December 2015: 537) cases as a defendant and 88 (December 2015: 87) cases as a plaintiff. The total amount claimed in the 88 cases instituted by the Bank is estimated at N155,721,929,731 (December 2015: N23,699,776,883) while the total amount claimed in the 614 cases instituted against the Bank is N211,944,409,760 (December 2015: N56,242,284,649) for which provisions amounting to N190,211,842 (December 2015: Nil) have been made. The actions are being vigorously contested and the Directors are of the opinion that no significant liability will arise therefrom in excess of the provision made in the financial statements.

46.2 Credit related commitments

In the normal course of business, the Bank is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

In thousands of Naira	Group 31 December 2016	Group 31 December 2015	Bank 31 December 2016	Bank 31 December 2015
Performance bonds and guarantees	51,936,277	59,812,099	31,434,768	45,168,272
Letters of credit	46,606,013	61,895,364	32,854,354	85,090,667
	98,542,290	121,707,463	64,289,122	130,258,939
Current	-	-	-	-
Non Current	98,542,290	121,707,463	64,289,122	130,258,939
	98,542,290	121,707,463	64,289,122	130,258,939

The transaction related performance bonds and guarantees are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

46.3 Fiduciary Activities

The Group carries out custodial activities through Diamond Pension Fund Custodian Limited. The amount of N219,885,777,380 (December 2015: N185,419,696,000) represents the full amount of the Group's guarantee for the assets held under custody as at year end.

46.4 Unclaimed dividend

The total unclaimed dividend as at 31 December 2016 is N1,379,499,659 (31 December 2015: N1,695,428,270)
In line with the Securities and Exchange Commission (SEC)'s rule, which requires a paying company to invest the pool of unclaimed dividend in a guaranteed income investment outside the company with all the benefits accruing to it, but retaining the obligation to pay upon shareholders' request, the Bank entrusted the sum transferred to it by its Registrars with Diamond Securities Limited who will ensure safekeeping of the unclaimed dividend pool and manage the funds.
As at 31 December 2016, the funds were invested by Diamond Securities Limited as follows:

In thousands of Naira	31 December 2016	31 December 2015
Unclaimed dividend managed by Diamond Securities Limited	1,326,743	938,160
Interest accrued	23,757	8,202
Total value of unclaimed dividend fund with Diamond Securities Limited	1,350,500	946,362
Unclaimed dividend balance with Centurion Registrars Limited	52,756	757,268

47 Related party transactions

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Diamond Bank Plc and its subsidiaries. All transactions with the subsidiaries have been eliminated upon preparation of the financial statements, see Note 48 for the compensations to key management personnel.

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year

In thousands of Naira	December 2016	December 2015
Secured loans and advances	49,291,841	40,230,658
Deposits	3,443,746	4,347,684

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business.
The secured loans granted to directors during the year are collaterised by a combination of salary domiciliation, legal mortgages and cash. As at year end, the Bank did not recognize specific impairment on loans granted to key management personnel and their immediate family members (December 2015 : Nil).

47.1 Details of loans to related parties

Included in loans and advances is an amount of N49.29 billion (31 December 2015: N40.23 billion) representing credit facilities to certain Directors and companies in which certain Directors have interests. The balances as at 31 December 2016 were as follows:

	NAME OF BORROWER	FACILITY TYPE	RELATIONSHIP	DIRECTOR	DATE GRANTED	EXPIRY DATE	AMOUNT GRANTED	OUTSTANDING BALANCE	IFRS CLASSIFICATION	NATURE OF SECURITY/STATUS
1	GEOMETRIC POWER LIMITED	TERM LOAN	DIRECTOR	UZOMA DOZIE	14-11-2011	20-01-2026	49,359,449,673	45,533,963,454	PAST DUE BUT NOT IMPAIRED	MORTGAGE DEBENTURE MANAGED BY FIRST TRUSTEE
2	ALUM. EXTRUSION IND. PLC	OVERDRAFT	DIRECTOR	UZOMA DOZIE	01-06-2016	01-06-2017	155,000,000	125,692,563	NEITHER PAST DUE NOR IMPAIRED	FIXED & FLOATING CHARGE, DOMICILIATION, OWNERSHIP OF LEASED ASSETS
3	LANDMARK 2007 GLOBAL REALITY LTD	TERM LOAN	DIRECTOR	UZOMA DOZIE	29-08-2014	20-05-2022	4,245,821,545	3,225,926,753	NEITHER PAST DUE NOR IMPAIRED	LIEN ON FCY DEPOSIT, LEGAL MORTGAGE ON PROPERTY
4	SPECIAL BRANDS LIMITED	TERM LOAN	DIRECTOR	UZOMA DOZIE	03-07-2012	03-07-2017	250,000,000	29,828,929	NEITHER PAST DUE NOR IMPAIRED	LIEN ON CURRENT ACCOUNT RECEIVABLES, IRREVOCABLE DOMICILIATION OF PROCEEDS FROM 19 UAC RESTAURANTS, TITLE TO 99% SHAREHOLDING OF KAIZEN VENTURES IN SPECIAL BRAND
5	MEDIA MONITORING SERV NIG LTD	LEASE	DIRECTOR	PROFESSOR CHRIS OGBECHIE	10-Jun-16	10-Jun-18	19,600,000	15,845,994	NEITHER PAST DUE NOR IMPAIRED	CHARGE OVER ASSET FINANCED
6	UZOMA DOZIE	STAFF LOAN	DIRECTOR	UZOMA DOZIE	25-Nov-08	24-Nov-26	100,500,000	92,717,306	NEITHER PAST DUE NOR IMPAIRED	SALARY DOMICILIATION
7	OLADELE AKINYEMI	STAFF LOAN	DIRECTOR	OLADELE AKINYEMI	6-Aug-09	6-Aug-26	105,000,000	103,828,493	NEITHER PAST DUE NOR IMPAIRED	LEGAL MORTGAGE OVER PROPERTY
8	CAROLINE ANYANWU	STAFF LOAN	DIRECTOR	CAROLINE ANYANWU	30-Mar-12	30-Mar-24	165,000,000	111,118,033	NEITHER PAST DUE NOR IMPAIRED	LEGAL MORTGAGE OVER PROPERTY
9	CHIZOMA OKOLI	STAFF LOAN	DIRECTOR	CHIZOMA OKOLI	12-May-09	11-May-26	61,500,000	35,861,125	NEITHER PAST DUE NOR IMPAIRED	SALARY DOMICILIATION
10	CHIUGO NDUBUISI	STAFF LOAN	DIRECTOR	CHIUGO NDUBUISI	26-Feb-07	26-Feb-25	30,000,000	17,058,603	NEITHER PAST DUE NOR IMPAIRED	SALARY DOMICILIATION
	TOTAL						**54,491,871,218**	**49,291,841,253**		

48 Key management personnel compensation

Group

Remuneration paid to the Bank's directors was:

**For the year ended 31 December** _**In thousands of Naira**_	**31 December 2016**	**31 December 2015**
Directors' Fees	169,740	179,284
Sitting allowances	32,950	34,250
Short term employee benefits:		
• Executive compensation	87,777	89,923
• Other allowances	24,130	59,378
• Post-employment benefits	9,604	11,300
	324,201	**374,135**

Fees and other emoluments disclosed above include amounts paid to:

Chairman	29,800	29,850
Highest paid director	33,555	25,198

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	
	31 December 2016	**31 December 2015**
Below N1,600,000	-	-
N3,400,001 and above	16	16
	16	16

Loans to key management personnel represent mortgage loans which are given under terms that are no more favourable than those given to other staff. No specific impairment has been recognized in respect of loans granted to key management (2015: Nil). Mortgage loans amounting to N360,583,561 are secured by salary domiciliation and underlying assets (December 2015: N467,660,714). All other loans are unsecured.

49 Employees

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

	Group		**Bank**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Executive directors	4	4	4	4
Management	134	142	113	126
Non-management	4,233	4,808	3,438	4,115
	4,371	4,954	3,555	4,245

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and other benefits) were:

	Group		**Bank**	
**In thousands of Naira**	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
N300,000 - N2,000,000	91	321	-	-
N2,000,001 - N2,800,000	323	162	9	11
N2,800,001 - N3,500,000	1,825	2,132	1,707	2,049
N3,500,001 - N4,000,000	69	12	-	-
N4,000,001 - N5,500,000	647	742	564	691
N5,500,001 - N6,500,000	26	17	-	-
N6,500,000 - N7,800,000	684	791	664	776
N7,800,001 - N9,000,000	257	295	247	288
N9,000,001 and above	449	482	364	430
	4,371	**4,954**	**3,555**	**4,245**

50 Statement of Prudential Adjustments

	Note	Group 31 December 2016	Group 31 December 2015
Loans and advances to customers			
Specific impairment allowance on loans to customers	24.1	41,719,089	34,487,591
Specific impairment allowance on other loans and receivables	24b	7,535,232	4,612,290
Collective impairment allowance on loans to customers	24.1	15,745,862	17,795,467
Total impairment allowance on loans to customers (a)		65,000,183	56,895,348
Other financial assets:			
Specific impairment allowance on unlisted equity securities	25.1	4,882,599	2,190,475
Specific impairment allowance on investment in associates	27	3,231,161	3,231,161
Specific impairment allowance on other assets	32	2,812,110	3,321,564
Total impairment allowance on other financial assets (b)		10,925,870	8,743,200
Total impairment allowance c = a + b		**75,926,053**	**65,638,548**
Total impairment based on prudential guidelines (d)		**105,024,624**	**87,218,319**
Difference (e) = c - d		**(29,098,571)**	**(21,579,771)**

	Note	Bank 31 December 2016	Bank 31 December 2015
Specific impairment allowance on loans to customers	24.1	36,286,485	31,610,148
Specific impairment allowance on other loans and receivables	24b	7,535,232	4,612,290
Collective impairment allowance on loans to customers	24.1	15,408,309	17,188,129
Collective impairment allowance on other loans and receivables	24b		-
Total impairment allowance on loans to customers (a)		59,230,026	53,410,567
Other financial assets:			
Specific impairment allowance on unlisted equity securities	25.1	4,882,599	2,190,475
Specific impairment allowance on investment in associates	27	3,231,161	3,231,161
Specific impairment allowance on other assets	32	2,778,193	3,307,589
Total impairment allowance on other financial assets (b)		10,891,953	8,729,225
Total impairment allowance c = a + b		**70,121,979**	**62,139,792**
Total impairment based on prudential guidelines (d)		**99,220,550**	**83,719,563**
Difference (e) = c - d		**(29,098,571)**	**(21,579,771)**

As the impairment based on IFRS is lower than the provisions based on prudential guidelines, the additional provision per prudential guidelines has been reclassified to regulatory risk reserve.

51 Compliance with banking regulations

During the year, the Bank was penalised by the Central Bank of Nigeria (CBN) for the following infractions;

Contraventions	Penalties
• Appointment of Chief Compliance Officer (CCO)	4,000,000
• Anti-Money Laundering (AML) & Combating the Financing of Terrorism (CFT) Examination of Diamond Bank	6,000,000
• Review of Unapproved International Money Transfer Operators	15,000,000
• Request to convert our earlier approval for Elegushi and Landmark	2,000,000
• Penalty in respect of Branch 26 Plot 730 Adeola Hopewell street Victoria Island Lagos	2,000,000
• Penalty in respect of inability to repurchase fund/FX report	2,000,000
	31,000,000

52 Events after the end of the reporting period

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

53 Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting Process

In line with Financial Reporting Council of Nigeria certification requirement for professionals engaged in financial reporting process: External Auditors, Officers of reporting entities and other professional providing assurance to reporting entities. Below are list of professionals engaged in the financial reporting process relating to financial statements for the year ended 31 December 2016.

S/n	Name of Professional	FRC number	Role
1	Achoru Associates	FRC/2016/NIESV/00000013731,FRC/2015/00000007097	Property & Valuation Experts
2	Agu & Associates	FRC/2013/00000000001699	Property & Valuation Experts
3	Alagbe & Partners	FRC/2014/NIESV/00000004788	Property & Valuation Experts
4	Andrew Okon & Co	FRC/2014/NIESV/00000005925	Property & Valuation Experts
5	Andy Bassey & Assoc	FRC/2012/00000000363	Property & Valuation Experts
6	Azuka Iheabunike And Partners	FRC/2013/NIESV/00000002206	Property & Valuation Experts
7	Bayo Adeyemo & Associates	FRC/2013/NIESV/00000005193	Property & Valuation Experts
8	Ben Chika & Co	FRC/2014/NIESV/00000005215	Property & Valuation Experts
9	Chika Egwuatu & Partners	FRC/2013/NIESV/00000000862	Property & Valuation Experts
10	Dapo Olaiya Consulting	FRC/2013/NIESV/00000004238	Property & Valuation Experts
11	Ebunilo Associates	FRC/2012/NIESV/00000000130	Property & Valuation Experts
12	Emeka Onuorah & Co	FRC/2013/NIESV/00000003338	Property & Valuation Experts
13	Ezeh, Ezeh & Co	FRC/2013/NIESV/00000002855	Property & Valuation Experts
14	I Idi & Partners	FRC/2013/00000000001625	Property & Valuation Experts
15	Ismail & Partners	FRC/2012/NIESV/00000000245	Property & Valuation Experts
16	Iwuba Ifediora & Associates	FRC/2013/NIESV/00000001711	Property & Valuation Experts
17	J Ajayi Patunola & Co.	FRC/2012/NIESV/00000000123	Property & Valuation Experts
18	Jide Taiwo & Co	FRC/2012/0000000000254	Property & Valuation Experts
19	Kene Onuora & Co	FRC/2013/NIESV/00000000752	Property & Valuation Experts
20	Mark Odu & Co	FRC/2014/NIESV/00000006005	Property & Valuation Experts
21	Nwosu & Partners	FRC/2014/NIESV/00000007246	Property & Valuation Experts
22	Obi Udeh & Co	FRC/2015/NIESV/00000010677	Property & Valuation Experts
23	Odudu & Co	FRC/2012/NIESV/00000000198	Property & Valuation Experts
24	Ofoma Associates	FRC/2013/00000000001693	Property & Valuation Experts
25	Ora Egbunike & Co	FRC/2012/NIESV/00000000244	Property & Valuation Experts
26	Osas & Oseji	FRC/2012/00000000522	Property & Valuation Experts
27	Osita Okoli & Co	FRC/2014/00000003008	Property & Valuation Experts
28	Oyetunji Oyetunji & Partners	FRC/2013/NIESV/00000003658	Property & Valuation Experts

29	Sam Nwosu & Co	FRC/2013/NIESV/00000002538	Property & Valuation Experts
30	Tope & Tunde	FRC/2012/0000000000421	Property & Valuation Experts
31	Utchay Okoroji & Associates	FRC/2013/NIESV/00000001591	Property & Valuation Experts
32	Ubosi Eleh & Co	FRC/2014/NIESV/00000003997	Property & Valuation Experts
33	William & Partners	FRC/2015/NIESV/00000012593	Property & Valuation Experts
34	Tripple K Tax Consultants	FRC/2013/ICAN/00000002763	Tax Consultants

54 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the period ended 31 December 2016 were;

	Description of Non Audit Services	**Fee Paid** **N**
i	Assurance service - Certification of loan compilation report	18,000,000
ii	Advisory service - Verification of winners in the DiamondXtra Draw	12,600,000
iii	Advisory service - Banking Industry Renumeration Survey Exercise	1,050,000

OTHER NATIONAL DISCLOSURES

Value added statement
For the period ended 31 December 2016

For the year ended 31 December *In thousands of Naira*	**Group 2016**	%	**Group 2015**	%	**Bank 2016**	%	**Bank 2015**	**%**
Gross earnings	212,412,211		217,091,803		187,279,015		196,867,016	
Interest expense	(42,346,262)		(48,454,172)		(34,542,332)		(41,907,105)	
	170,065,949		168,637,631		152,736,683		154,959,911	
Group's share of associates profit	-		-		-		-	
Net impairment loss on financial assets	(59,024,736)		(55,172,108)		(57,015,474)		(53,246,775)	
Bought-in-materials and services (local)	(63,972,451)		(64,211,623)		(53,826,867)		(60,680,908)	
Value added	47,068,762		49,253,900		41,894,342		41,032,228	
Distribution of Value Added		%		%		%		%
To Employees:								
Employees costs	32,535,081	69	31,904,402	65	26,744,714	64	27,766,971	68
To government								
Government as taxes	247,308	1	149,469	0	32,579	0	51,204	0
To providers of finance								
Interest on borrowings	(5,596,655)	(12)	2,665,951	5	5,579,695	13	2,665,951	6
Retained in business:								
- For replacement of property and equipment	7,450,990	16	6,217,582	13	5,997,276	14	5,470,162	13
- For replacement of intangible assets	1,691,320	4	1,305,045	3	1,570,034	4	1,244,191	3
- For replacement of available for sale financial assets	(1,357,790)	(3)	(889,276)	(2)	(1,290,481)	(3)	(897,907)	(2)
- To augment reserve	12,098,508	25	7,900,727	16	3,260,525	8	4,731,656	12
	47,068,762	100	49,253,900	100	41,894,342	100	41,032,228	100

Financial summary

Group *In thousands of Naira*	December 2016	December 2015	December 2014	December 2013	December 2012
Assets					
Cash and balances with central banks	329,906,916	361,166,936	301,393,080	228,322,128	132,196,061
Financial assets held for trading	6,870,235	13,116,843	3,481,299	3,428,848	90,111,236
Derivative assets	2,088,208	161,622	50,012	70,254	-
Loans to banks	100,342,964	60,103,340	296,098,561	129,362,340	139,803,281
Loans and advances to customers	995,334,118	763,634,827	791,094,667	689,168,335	585,200,158
Investment securities					
-Available-for-sale investments	23,119,904	26,803,076	10,312,395	11,091,462	10,601,609
-Held to maturity investments	212,444,985	240,534,130	332,522,242	272,157,812	65,762,681
Assets pledged as collateral	221,898,226	172,100,785	103,397,647	96,461,777	79,302,531
Investments in associates	-	-	2,918,000	2,918,000	3,182,250
Investment properties held for sale	3,870,200	4,409,085	4,333,658	4,313,492	4,070,340
Property and equipment	67,146,137	62,396,081	55,062,140	49,827,333	44,980,333
Intangible assets	5,646,005	5,122,300	3,538,556	2,842,870	834,815
Deferred taxation	4,984,388	4,984,544	4,987,386	6,745,979	8,265,354
Other assets	76,146,470	38,698,711	23,933,731	22,145,801	13,793,105
Total assets	2,049,798,756	1,753,232,280	1,933,123,374	1,518,856,431	1,178,103,754
Liabilities					
Deposits from banks	103,409,297	115,819,590	68,760,427	54,579,471	31,207,298
Deposits from customers	1,424,689,527	1,233,591,063	1,493,081,203	1,206,044,003	910,234,444
Derivative liabilities	2,187,779	1,349,595	12,608,232	14,658,250	13,248,585
Current income tax liability	2,027,948	1,697,816	2,448,756	2,466,927	1,972,540
Deferred tax liabilities	6,958	194,660	194,660	194,660	-
Retirement benefit obligations	-	-	-	-	99,574
Provisions	-	-	-	-	1,056,378
Other liabilities	60,263,158	44,673,003	40,509,537	33,664,294	42,095,096
Borrowings	169,182,279	102,719,571	74,637,231	47,514,160	49,966,360
Long term debt	61,323,847	38,577,527	31,858,561	20,880,966	19,367,757
Total liabilities	1,823,090,793	1,538,622,825	1,724,098,607	1,380,002,731	1,069,248,032
Equity					
Share capital	11,580,195	11,580,195	11,580,195	7,237,622	7,237,622
Share premium	134,532,974	134,532,974	134,532,974	89,629,324	89,629,324
Retained earnings	12,042,517	48,220,596	35,240,967	17,483,423	(6,629,221)
Other components of equity	68,127,170	20,011,027	27,452,591	24,349,815	18,364,719
Non controlling interest	425,107	264,663	218,040	153,516	253,278
Total equity	226,707,963	214,609,455	209,024,767	138,853,700	108,855,722
Total liabilities and equity	2,049,798,756	1,753,232,280	1,933,123,374	1,518,856,431	1,178,103,754
Commitments and contingents	98,542,290	121,707,463	237,982,530	238,779,642	193,684,399

Group Financial Summary	December 2016	December 2015	December 2014	December 2013	December 2012
Gross earnings	212,412,211	217,091,803	208,402,153	181,154,780	138,848,669
Profit/(loss) before taxation	5,034,137	7,092,731	28,101,232	32,079,982	27,481,541
Profit/(loss) after taxation	3,498,965	5,656,623	25,485,219	28,544,492	22,108,084
Non controlling interest	27,826	41,033	76,523	(31,331)	(33,294)
Profit attributable to equity holders	3,471,139	5,615,590	25,408,696	28,575,823	22,141,378
Basic earnings per share (kobo)	15	24	166	197	153
Diluted earnings per share (kobo)	15	23	143	170	153

Financial Summary

Bank *In thousands of Naira*	**December 2016**	**December 2015**	**December 2014**	**December 2013**	**December 2012**
Assets					
Cash and balances with central banks	289,663,505	319,168,003	288,953,932	205,286,149	123,224,590
Financial assets held for trading	6,870,235	13,116,843	3,481,299	3,428,848	90,111,236
Derivative Assets	1,925,777	157,493	-	-	-
Assets pledged as collateral	170,623,817	159,390,905	109,775,177	82,275,434	57,438,896
Loans to banks	88,553,151	66,820,934	214,538,349	104,891,633	113,384,200
Loans and advances to customers	804,635,641	648,971,379	712,064,692	585,953,062	523,374,608
Investment securities					
-Available-for-sale investments	9,169,048	19,164,422	6,965,670	9,742,112	10,555,061
-Held to maturity investments	151,141,809	213,991,141	316,650,635	270,966,001	64,751,769
Investments in subsidiaries	15,841,882	15,841,882	15,841,882	15,841,882	7,865,622
Investments in associates	-	-	2,918,000	2,918,000	3,205,140
Investment Properties held for sale	3,701,500	4,240,385	4,164,958	4,153,492	3,910,340
Property and equipment	60,948,266	58,433,678	51,551,080	46,501,546	41,879,449
Intangible assets	4,521,189	4,171,967	2,579,750	1,839,709	740,370
Deferred taxation	4,984,388	4,984,388	4,984,388	6,741,732	8,455,767
Other assets	49,928,617	26,729,647	15,800,611	14,391,271	10,240,209
Total assets	1,662,508,825	1,555,183,067	1,750,270,423	1,354,930,871	1,059,137,257
Liabilities					
Deposits from banks	13,365,314	57,175,088	9,686,315	5,744,996	8,173,286
Deposits from customers	1,134,861,466	1,075,622,532	1,354,814,914	1,093,784,492	823,090,787
Derivative liability	2,126,386	1,251,675	12,608,232	14,658,250	13,248,585
Current income tax liability	1,598,861	1,599,970	2,189,956	2,427,389	1,878,880
Provisions	-	-	-	-	1,056,378
Retirement benefit obligations	-	-	-	-	99,574
Other liabilities	40,267,095	31,481,835	30,085,267	25,933,787	34,939,235
Borrowings	197,644,942	141,398,056	103,366,411	53,197,767	49,966,360
Long term debt	61,307,852	38,577,527	31,858,561	20,880,966	19,367,757
Total liabilities	1,451,171,916	1,347,106,683	1,544,609,656	1,216,627,647	951,820,842
Equity					
Share capital	11,580,195	11,580,195	11,580,195	7,237,622	7,237,622
Share premium	134,532,974	134,532,974	134,532,974	89,629,324	89,629,324
Retained earnings/(accumulated deficit)	6,364,510	44,043,684	32,845,896	18,439,851	(6,851,491)
Other components of equity	58,859,231	17,919,531	26,701,702	22,996,427	17,300,960
Total equity	211,336,910	208,076,384	205,660,767	138,303,224	107,316,415
Total liabilities and equity	1,662,508,826	1,555,183,067	1,750,270,423	1,354,930,871	1,059,137,257
Commitments and contingents	64,289,122	130,258,939	204,109,107	199,323,057	184,180,984

Bank **Financial Summary** *In thousands of Naira*	**December 2016**	**December 2015**	**December 2014**	**December 2013**	**December 2012**
Gross earnings	187,279,015	196,867,016	190,952,742	168,015,252	131,166,141
Profit/(loss) before taxation	3,290,487	5,171,592	24,413,014	33,250,472	28,364,965
Profit/(loss) after taxation	1,970,044	3,833,749	22,057,198	29,754,520	23,073,427
Total comprehensive income	3,260,525	4,731,656	22,453,893	30,986,809	22,183,668
Basic earnings per share (kobo)	9	17	144	206	159
Diluted earnings per share (kobo)	9	16	125	177	159