

Diamond Bank Plc and Subsidiary Companies

**Consolidated and Separate financial statements
for the year ended 31 December 2014**

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Directors, officers and professional advisors

Directors

Dr. Chris Ogbechie *	Chairman
HRM Igwe Nnaemeka Alfred Achebe **	Past Chairman
Mr. Uzoma Dozie ***	Group Managing Director/Chief Executive Officer
Dr. Alex Otti****	Past Group Managing Director/Chief Executive Officer
Mrs. Caroline Anyanwu *****	Deputy Managing Director
Mr. Oladele Akinyemi	Executive Director
Mr. Victor Ezenwoko	Executive Director
Mr. Abdulrahman Yinusa	Executive Director
Mr. Ian Greenstreet	Independent Director
Mrs. Ifueko Omoigui Okauru	Independent Director
Chief John D. Edozien	Non-executive Director
Dr. Olubola A. Hassan	Non-executive Director
Mr. Thomas Barry	Non-executive Director
Mr. Christopher Low	Non-executive Director
Mr. Kabir Alkali Mohammed	Non-executive Director

* Appointed as Chairman with effect from 1 January 2015

** Retired as Chairman with effect from December 31, 2014

*** Appointed as Group Managing Director/Chief Executive Officer with effect from November 1, 2014

**** Resigned as Group Managing Director/Chief Executive Officer with effect from October 31, 2014

***** Appointed as Deputy Managing Director with effect from March 13, 2014.

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 Auditors

KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole Street,
Victoria Island, Lagos
Telephone: (01) 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 2014

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 2014.

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 repeal of 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 increased by N27.25billion and profit before tax decreased by N3.98billion.

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

<i>For the year ended 31 December</i> <i>In thousands of naira</i>	Group 2014	Group 2013	Bank 2014	Bank 2013
Gross earnings	<u>208,402,153</u>	<u>181,154,780</u>	<u>190,952,742</u>	<u>168,015,252</u>
Profit before income tax	28,101,232	32,079,982	24,413,014	33,250,472
Income tax expense	<u>(2,616,013)</u>	<u>(3,535,490)</u>	<u>(2,355,816)</u>	<u>(3,495,952)</u>
Profit for the year	25,485,219	28,544,492	22,057,198	29,754,520
Non-controlling interest	(76,523)	31,331	-	-
Profit attributable to owners of the Bank	25,408,696	28,575,823	22,057,198	29,754,520
Other Comprehensive Income, net of tax	(217,802)	1,453,486	396,695	1,232,289
Non-controlling interest	11,999	68,431	-	-
Total comprehensive income, attributable to owners of the Bank	<u>25,202,893</u>	<u>30,097,740</u>	<u>22,453,893</u>	<u>30,986,809</u>
Basic earnings per share (kobo)	<u>166</u>	<u>197</u>	<u>144</u>	<u>206</u>
Diluted earnings per share (kobo)	<u>143</u>	<u>170</u>	<u>125</u>	<u>177</u>
Total equity	<u>209,024,767</u>	<u>138,853,700</u>	<u>205,660,767</u>	<u>138,303,224</u>

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:

	<u>Direct Shareholding</u>		<u>Indirect Shareholding</u>	
	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-14	Dec-13	Dec-14	Dec-13
HRM Igwe Nnaemeka Alfred Achebe (Past Chairman) *	4,917,219	3,547,637	-	-
Dr. Chris Ogbecchie (Chairman) **	15,047,124	9,379,453	-	-
Dr. Alex Otti (Past Managing Director) ***	44,800,000	28,000,000	-	-
Mr. Uzoma Dozie (Managing Director) ****	21,489,005	18,630,610	848,872,310	848,872,310
Mrs. Caroline Anyanwu (Deputy Managing Director/CRO) *****	4,080,000	2,550,000	-	-
Mr. Oladele Akinyemi (Executive)	13,605,268	8,503,293	-	-
Mr. Abdulrahman Yinusa (Executive/CFO)	20,000,000	12,500,000	-	-
Mr. Victor Ezenwoko (Executive)	11,270,650	7,044,157	-	-
Dr. Olubola Adekunle Hassan	4,932,850	6,502,000	-	-
Mr. Christopher Low *****	-	-	2,141,349,189	2,141,349,189
Ms. Ngozi Edozien *****	161,846	-	-	-
Chief John D. Edozien	13,783,520	8,614,700	-	227,700
Mr. Ian Greenstreet	-	-	-	-
Mr. Thomas Barry	-	-	-	-
Mrs. Ifueko Omoigui Okauru	-	-	-	-
Mr. Kabir Alkali Mohammed	5,437,120	2,310,000	-	-

* *Resigned effective December 31, 2014*

** *Appointed as Chairman with effect from 1 January 2015*

*** *Resigned effective October 31, 2014*

**** *Appointed Managing Director (Designate) effective November 1, 2014*

***** *Appointed Deputy Managing Director with effect from 16 March 2014*

***** *who was representing Actis on the Board, resigned in August 7, 2014 following the sale of Actis' shares in the Bank. He was however reappointed immediately by Kunnoch Holdings Limited, the new owners of Actis DB Holdings.*

***** *Resigned effective August 7, 2014*

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
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 2014 is as stated below:

Share Range	31 December 2014			
	No. of Shareholders	Percentage (%) of Shareholders	No. of Holdings	Percentage Holdings
1 - 10,000	91,420	78.83	194,961,479	0.84
10,001 - 50,000	16,121	13.90	316,782,221	1.37
50,001 - 100,000	4,545	3.92	292,308,201	1.26
100,001 - 500,000	3,050	2.63	573,411,242	2.48
500,001 - 1,000,000	324	0.28	226,722,755	0.98
1,000,001- 5,000,000	314	0.27	635,847,060	2.75
5,000,001 - 10,000,000	63	0.05	465,460,722	2.01
10,000,001 - 50,000,000	77	0.07	1,827,549,087	7.89
50,000,001 - 100,000,000	19	0.02	1,387,618,245	5.99
100,000,001 – 500,000,000	28	0.02	6,193,759,067	26.74
500,000,001 - 1,000,000,000	6	0.01	4,429,421,224	19.12
1000,000,001 - 10,000,000,000	3	0.00	6,616,547,665	28.57
TOTAL	115,970	100	23,160,388,968	100

Share Range	31 December 2013			
	No. of Shareholders	Percentage (%) of Shareholders	No. of Holdings	Percentage Holdings
1 - 10,000	92,090	78.32	197,248,673	1.36
10,001 - 50,000	16,652	14.16	325,761,651	2.25
50,001 - 100,000	4,855	4.13	310,658,927	2.15
100,001 - 500,000	3,149	2.68	586,769,803	4.05
500,001 - 1,000,000	331	0.28	229,079,717	1.58
1,000,001- 5,000,000	317	0.27	644,283,609	4.45
5,000,001 - 10,000,000	65	0.06	469,872,830	3.25
10,000,001 - 50,000,000	82	0.07	1,883,325,788	13.02
50,000,001 - 100,000,000	14	0.01	1,006,236,620	6.95
100,000,001 – 500,000,000	19	0.02	3,513,752,707	24.27
500,000,001 - 1,000,000,000	5	0.00	3,332,316,991	23.02
1000,000,001 - 10,000,000,000	1	0.00	1,975,935,789	13.65
TOTAL	117,580	100	14,475,243,105	100

(ii) Share Capital History

YEAR	AUTHORISED SHARE CAPITAL		ISSUED SHARE CAPITAL		CONSIDERATION
	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	
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

h Substantial interest in shares

According to the register of members as at 31 December 2014, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholders	31 December 2014		31 December 2013	
	Number of shares held	Percentage of Shareholding %	Number of shares held	Percentage of Shareholding %
CSSAF DBN Holdings	3,282,956,337	14.17	-	-
Actis DB Holdings Limited*	2,141,349,189	9.25	2,141,349,189	14.79
Kunoch Limited	848,872,310	3.67	848,872,310	5.86
Stanbic Nominees Nigeria Limited**	4,769,966,080	20.60	2,920,209,038	20.17

*Actis DB Holding Limited is a structured entity incorporated by Actis Capital to hold shares in the Bank. In August 2014, ownership of the entity was transferred to Kunoch DB Holdings Limited

**Exclusive of Actis DB's GDR holding of 165,413,400 units.

i Charitable contributions

The Bank made contributions to charitable and non-political organizations amounting to N882 million (December 2013: N504 million) during the year. The schedule of charitable donations is shown below:

Donation	Amount
<i>In thousands of naira</i>	
Contribution To Victims Of Terror Fund	250,000,000
Education And Youth Development	173,926,253
Sports And Cultural Development	151,361,890
Sponsorship Of Haemodialysis Machine	25,340,287
Sponsorship Of PENCOM World Summit	20,000,000
Others	19,160,008
Contribution To L5 Accelerator Program	16,500,000
Donation To Security Trust Fund	15,637,671
Sponsorship Of Vision Of The Child	15,000,000
Sponsorship Of Aviation Investment Forum	14,410,000
Donation Of Coaster Bus To NYSC	12,115,000
Donation Of Biometric Centre To Covenant University	10,322,000
Sponsorship Of 1 st Nigerian Young Professional Intl Summit	10,000,000
Sponsorship Of Covenant University Conference	10,000,000
Sponsorship Of Zik Prize Award	10,000,000
Sponsorship Of Wimbiz Annual Conference And Lecture	8,500,000
Sponsorship Of Cashless Initiative	7,795,000
Sponsorship Of Nigeria Power Sector Investor Conference	7,500,000
Sponsorship Of Bankers Committee	6,480,955
Sponsorship Of CNBC Africa	6,300,000
Sponsorship Of IFC Annual Trade Partner Meeting	6,072,500
Sponsorship Of Advert On 24 th Economic Forum	6,069,000
Sponsorship Of Nigerian Music Video Award	6,000,000
Sponsorship Of Market Place On Smooth Fm	5,252,520
Sponsorship Of 3 rd South South Economic Summit	5,000,000
Sponsorship Of African Music Award	5,000,000
Sponsorship Of Book Launch	5,000,000
Sponsorship Of Portharcourt Carnival	5,000,000
Sponsorship Of VVF Surgeries For 15 Women	5,000,000
Sponsorship South East And South South Development Forum	5,000,000
Sponsorship Of FRCN Dinner	4,920,000
Sponsorship Of Every Virgin Evolves	4,200,000
Sponsorship Of EVD Intervention Support	4,000,000
Sponsorship Of Woman In Agriculture	3,202,045
Sponsorship Of Global Million Women March To Fight Endometriosis	2,500,000
Sponsorship Of Harvard Business School Association Of Nigeria End Of Year Black Tie Dinner And Ball	2,500,000
Sponsorship Of Music Africa Beach Fiesta	2,000,000
Sponsorship Of 2014 Cardiovascular Health	2,000,000
Sponsorship Of EDC Annual SME Conference Abuja	2,000,000
Sponsorship Of FMDA 25 th Anniversary	2,000,000
Sponsorship Of Prop. Buyers Forum	2,000,000
Sponsorship Of The Music Film Experience	2,000,000
Sponsorship Of Woman Of Vision Event	1,950,000
Sponsorship Of Today'S Woman Event	1,023,000
Sponsorship Of Children'S Day Gift	1,000,000
Sponsorship Of Women In Africa Conference	1,000,000
	882,038,129

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 **three** disabled persons in its employment as at 31 December 2014 (December 2014: 1).

Analysis of women employed during the year

DESCRIPTION	31 December 2014		
	NUMBER	% TO TOTAL STAFF	% TO TOTAL NEW HIRE
Female new hire	373	8.17	40.5
Male new hire	548	11.99	59.5
Total new hire	921	20.16	100
Total staff	4,568		
Female as at December 2014	1,903	41.66	
Male as at December 2014	2,665	58.34	

DESCRIPTION	31 December 2013		
	NUMBER	% TO TOTAL STAFF	% TO TOTAL NEW HIRE
Female new hire	473	12.5	46
Male new hire	557	14.6	54
Total new hire	1030	27.1	100
Total staff	3,805		
Female as at December 2014	1,579	41.5	
Male as at December 2014	2,226	58.5	

Analysis of top management positions by gender as at 31 December 2014

GRADE	FEMALE	MALE	TOTAL
General Manager	1	4	5
Deputy General Manager	4	5	9
Assistant General Manager	3	22	25
Total	8	31	39
<i>Percentage</i>	<i>20.51</i>	<i>79.49</i>	<i>100</i>

Analysis of top management positions by gender as at 31 December 2013

GRADE	FEMALE	MALE	TOTAL
General Manager	1	5	6
Deputy General Manager	4	4	8
Assistant General Manager	3	14	17
Total	8	23	31
<i>Percentage</i>	<i>25.81</i>	<i>74.19</i>	<i>100</i>

Analysis of executive and non executive positions by gender as at 31 December 2014

GRADE	FEMALE	MALE	TOTAL
Executive Director	0	3	3
Managing Director	0	1	1
Deputy Managing Director	1	0	1
Non Executive Director	1	7	8
TOTAL	2	11	13
<i>Percentage</i>	<i>15.38</i>	<i>84.62</i>	<i>100</i>

Analysis of executive and non executive positions by gender as at 31 December 2013

GRADE	FEMALE	MALE	TOTAL
Executive Director	1	4	5
Managing Director	0	1	1
Non Executive Director	1	6	7
TOTAL	2	11	13
<i>Percentage</i>	<i>15.38</i>	<i>84.62</i>	<i>100</i>

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	
	2014	2013	2014	2013	2014	2013
<i>In thousands of naira</i>			N'000	N'000	N'000	N'000
Pending Complaints, start of the year	11,954	996	11,752,694	5,642,054	-	-
Received Complaints	128,748	51,728	17,315,768	11,894,344	-	-
Resolved complaints	(117,147)	(40,770)	(14,467,830)	(5,783,704)	4,639,580	2,038,281
Unresolved complaints escalated to CBN	-	-	-	-	-	-
Unresolved complaints pending, end of the year	<u>23,555</u>	<u>11,954</u>	<u>14,600,633</u>	<u>11,752,694</u>	<u>4,639,580</u>	<u>2,038,281</u>

Automatic Teller Machine (ATM) Complaints

Total Number of Complaints Received :	36,837
Number Resolved:	31,640
Number Unresolved :	5,197

Moreover, the schedule of total amount in dispute is as stated below:

Currency	Amount
NGN	536,2562,46.92
USD	Nil
EUR	Nil
GBP	Nil
ZAR	Nil

Further analysis shows that 90% of the total ATM complaints were Cash Dispense Error(retracted cash cases) while the remaining 10% are ATM fraudulent withdrawals and chargebacks

n Number of Cards Issued

Card Type	Number of Cards
	2014
Visa Debit Cards	3,746,582
Verve Debit Card	154,413
Visa Credit Cards	75,368
Volume Of Transactions	53,153,340
Value Of Transactions	529,111,060,160

o Auditors

The Auditors, KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Nkechi Nwosu
Nkechi Nwosu
Company Secretary/Legal Adviser
 FRC/2013/NBA/00000001571
 PGD's Place, Plot 4, Block V
 Oniru Estate, Lekki
 Lagos
 12 March 2015

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 Company’s performance. To achieve this and other objectives, we have brought together these highly accomplished individuals who make up the Board of Directors of Diamond Bank Plc.

HRM Igwe Nnaemeka Alfred Ugochukwu Achebe, CFR, MNI, The Obi of Onitsha - Past Chairman

HRM Nnaemeka Achebe is a Chemistry graduate of the Stanford University, California, USA. He holds Masters in Business Administration (MBA) from Columbia University, New York amongst others. He is the traditional ruler (Obi) of Onitsha, Anambra State. During the extensive period of his career in the Royal Dutch Shell companies (both local and international), he held several top level managerial positions before he was appointed Executive Director at Shell Petroleum Development Company in 1981, a position he held till 1996 when he was appointed Senior Corporate Adviser, Shell International Co. Limited, London. He has held directorship positions in many multinationals and reputable organizations and is a patron of the MTN Foundation. In 2004, Igwe Achebe was honoured by the Federal Government of Nigeria with a national merit award, Commander of the Order of the Federal Republic (CFR). He belongs to a number of professional bodies such as the Nigeria Economic Society, Nigerian Institute of Management and the Nigerian Institute of Public Relations. He is Chancellor of Kogi State University and Chairman, Anambra State Traditional Rulers Council. HRM Nnaemeka Achebe joined the Board in 2005.

HRM Nnaemeka Achebe retired voluntarily from the Board effective from December 31, 2014.

Dr. Alex Otti – Past Group Managing Director/Chief Executive Officer

Alex Otti graduated from the University of Port Harcourt with a First Class Honours Degree in Economics in 1988. He subsequently received an MBA from the University of Lagos in 1994. At the University of Port Harcourt, he was the best graduating student in the Department of Economics and won the subject prize. He was also the best graduating student in the Faculty of Social Sciences and won the Dean's Prize, as well as the overall Best Graduating Student for the Year and Valedictorian. He started his banking career with Nigeria International Bank Limited, a subsidiary of Citibank N.Y. in 1989 where he worked in the Operations Department. He subsequently moved on to Nigerian Intercontinental Merchant Bank Ltd (renamed Intercontinental Bank Plc). At Intercontinental, he was at various times in the Treasury and Financial Services and Corporate Banking Divisions. In 1992, he joined the then Societe Bancaire Nigeria Ltd (Merchant Bankers), a subsidiary of Banque SBA Paris. He left as Senior Manager in 1996. Towards the end of 1996, he moved to United Bank for Africa Plc as Principal Manager, heading Corporate Banking Sector, South. His major responsibility was the development of the Oil and Gas businesses for the Bank. In the year 2000, he was promoted Assistant General Manager. In May 2001, he joined First Bank of Nigeria Plc as an Assistant General Manager with responsibility for Energy Group. In April 2004, he was promoted Deputy General Manager. In September 2005, Alex Otti was appointed Executive Director in First Bank Nigeria Plc. As Executive Director, he started as Head of Commercial Banking and subsequently, Head of the Regional Businesses in the South-South and South-East Geo-Political Zones comprising over 180 branches. He joined the Board in 2011.

Dr. Alex Otti resigned voluntarily from the Board effective October 31, 2014.

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. Mr. Dozie 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) and also headed two distinctive strategic business units in the Bank before his appointment as Executive Director in 2005, during which time he supervised the Retail Banking, 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 April 2013 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 Dr. Alex Otti from the Board, Mr. Uzoma Dozie was unanimously appointed by the Board as the Group Managing Director/Chief Executive Officer (designate) of the Bank effective from November 1, 2014 subject to the approval of the Central Bank of Nigeria. The Central Bank of Nigeria subsequently approved his appointment as Group Managing Director/ Chief Executive Officer in January 2015.

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

Caroline Anyanwu returned to Diamond Bank in April, 2011 as the Executive Director, Risk Management & Control, from her Central Bank of Nigeria's (CBN) appointment as Executive Director Risk Management in Finbank Plc. Until her appointment by the CBN, Caroline was the Head, Risk Management & Control Division in Diamond Bank Plc having 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 then 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 then joined Citibank Nigeria in 1999 as Head of Cards, Cash Management and e-Solutions Group. He re-joined Diamond Bank in 2002 as Head of the Information Technology Group and was appointed an Executive Director in 2006.

Mr. Victor Ezenwoko - Executive Director, Regional Businesses, South

Victor Ezenwoko was Head, Regional Businesses Upcountry, a position he attained in 2008. Since he joined Diamond Bank Plc, Victor has worked across virtually every part of the country and his performance over the years underscores the aptness of his elevation to the Board. Victor is 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 has attended several business, professional and manpower development courses both within and outside Nigeria. He has altogether over 24 years working experience as an accountant and a banker from manufacturing, information technology and banking sectors with over 18 of those years in the banking sector. His banking career started 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. Abdulrahman Yinusa – Executive Director/Chief Financial Officer

Abdulrahman Yinusa joined Diamond Bank in 2011 as Chief Financial Officer from his CBN appointment in Finbank as Executive Director, Finance and Strategy. Prior to the CBN appointment, he was Managing Director/CEO of United Bank for Africa subsidiary in Sierra Leone. And prior to that, he was the Managing Director/CEO of UBA Asset Management Limited, where he launched four Mutual Funds within the two years of his tenor. He has over two decades of quality banking experience, since joining Nigeria International Bank (Citibank Group) for NYSC in 1989 and rose to the position of Senior Financial Analyst before he left in 1993 to join FSB International Bank (now part of Fidelity Bank) as the Financial Controller, a position he combined with being Head of Strategy till he left in 1996 to join UBA Plc. He held various senior level positions within U. B. A., including Treasurer and Chief Finance Officer, before being posted to head two subsidiaries at various times, prior to his appointment to Finbank by CBN.

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.B.B.S and Diploma in Ophthalmology amongst other qualifications. He is the Chief Consultant Ophthalmic Surgeon and Medical Director, Eye Foundation Hospital, Lagos 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. Chris Ike Ogbechie - Non-Executive Director

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 Trans International, 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 staff of the Lagos Business School, 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.

Dr. 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. He is a member of the American Academy of Management, International Corporate Governance Network and the Strategic Management Association.

Dr. Ogbechie 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.

Chief John D. Edozien - Non-Executive Director

John 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 considered by many as one of the world's leading Risk Management professionals. 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 Yamaichi International (Europe) Limited, Lloyds Bank, Luxembourg (Private Bank), Stoy Hayward, Luxembourg, Henderson Fund Management, Luxembourg, Midland Bank and +Touche Ross & Co London. Ian joined the Board of Diamond Bank in 2011.

Mr. Thomas Barry- Non-Executive Director

Thomas Barry is the Chief Executive Officer and founder of Zephyr Management Company (Zephyr), an investment company, which he founded in 1994. In Africa, Mr. Barry is Chairman of Kingdom Zephyr Africa Management Company, which has offices in Johannesburg, Accra, Lagos, London and New York. Prior to founding Zephyr, Mr. Barry was President and Chief Executive Officer of Rockefeller & Co, the investment management arm of the Rockefeller family from 1983 to 1993. Previously, Mr. Barry was employed by T. Rowe Price Associates, Inc. from 1969 to 1982, where among having other responsibilities, he was President of T. Rowe Price New Horizons Fund and Director of Research. Mr. Barry received an MBA from Yale University in 1966 where he majored in Latin American Studies. He is a CFA Charterholder. He is active in numerous not-for- profits in Africa focused on economic development. Currently, he serves as a Director or Trustee of TechnoServe, Trikle Up, Kucetekela Foundation, and ACCION International. Mr. Barry was a Founder of Emerging Markets Private Equity Association (EMPEA) of which he is a Director and Chairman of the Finance Committee. Barry joined the Board of Diamond Bank in 2011.

Mrs. Ifeuko Marina Omoigui Okauru- Independent Director

Mrs. Okauru is a Chartered Accountant. She graduated with a First Class degree in Accounting from the University of Lagos. Her career spans over 30 years. She joined Akintola Williams & Co, Chartered Accountants in 1981. Between 1983 and 1996 she worked with Arthur Andersen (now KPMG Professional Services), Andersen Consulting (now Accenture). She founded ReStral Limited in 1996 and was Chief Responsibility Officer of the company till 2004 when she was appointed the Chairman of the Federal Inland Revenue Services of Nigeria, a position she held till April 2012. Mrs. Okauru is presently a Managing Partner with Compliance Professionals Plc. She was recently appointed to the Board of Women in Management, Business and Public Services, a Non-Governmental Organization. She joined the Board of Diamond Bank in 2012.

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

Mr. Kabir Alkali was a former 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 (2007) Kuru, Jos (Policy & Strategy) and Harvard Business School, Boston, USA (2009) (Corporate Governance). 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; Senior 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 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.

Mr. Low has held various positions in Standard Chartered Bank which saw him becoming the Chief Executive Officer of Standard Chartered Bank in Tanzania, Kenya, India and South Africa . He was the Deputy Group General Manager, International Banking Division at the National Bank of Kuwait until his current appointment as the Group Managing Director of Letshego Holdings Limited, Botswana.

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 five 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 as follows: 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, Ms. Ngozi Edozien, Mrs. Ifueko Omoigui Okauru and Dr. Chris Ogbechie.

The Board Audit and Risk Management Committee: The Board Audit and Risk Management Committee is comprised of 4 (Four) Non-Executive Directors and 3 (Three) Executive Directors. The functions of this Committee include: 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 are: Mr Ian Greenstreet (Chairman), Mrs. Ifueko Omoigui Okauru, Mr. Thomas Barry, Ms. Ngozi Edozien, Dr. Alex Otti, Mr. Abdulrahman Yinusa, Mr. Christopher Low and Mrs. Caroline Anyanwu.

The Board Credit Committee: The Credit Committee is made up of 7 (Seven) members, 4 (Four) Non-Executive Directors and 3 (Three) 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: Dr. Chris Ogbechie (Chairman), Chief John D. Edozien, Mr. Ian Greenstreet, Mr. Allan Christopher Michael Low, Dr. Alex Otti, Mr. Uzoma Dozie, 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 Post Consolidation. 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, Sir Enoch Iwueze - Shareholder, Mr. Abayomi Olaofe – Shareholder, Dr. Chris Ogbechie and Dr. Olubola Hassan and Mrs. Ifueko Omoigui Okauru.

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- Regional Businesses- North, Executive Director- Regional Businesses- Lagos & West, Executive Director- CFO, Company Secretary/ Legal Adviser, Head Corporate Banking, Head Regional Businesses- South, Head Regional Businesses- West, Head Retail Banking, Head Treasury & Financial Institutions, Head Operations & Technology, Head, Credit Risk Management, Head Market Risk, Head Risk Measurement & Special Project, Head Direct Banking, Head Transaction Banking, Head Internal Control, Head Corporate Planning, Special Assistant to CEO

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- Regional Businesses- North, Executive Director- Regional Businesses- Lagos & West, Executive Director- CFO, Company Secretary/ Legal Adviser, Head Corporate Banking, Head Regional Businesses- South, Head, Credit Risk Management, Head Credit Processing & Analysis, Head Remedial Assets, Head Retail Credit, Head Retail Banking, Head Operational Risk, Special Assistant to CEO

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 Businesses as Chairman, Head Human Capital Management as Secretary, Company Secretary/ Legal Adviser, Head Corporate Audit, Head Internal Control, Head Retail Banking, Head Corporate Planning, Head Treasury & Financial Management, Head Financial Management, Head Corporate Banking, Head Operations & Technology, Regional Manager- Victoria Island, Regional Manager- Ikeja

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: Executive Director Regional Businesses Lagos as Chairman, Executive Director Regional Businesses North, Executive Director/Chief Financial Officer, Senior Advisor Retail Banking, Executive Director Risk Management & Control, Head Operations & Technology, Regional Manager Lagos Island, Head IT Services and Head Business Transformation.

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: Head Financial Management as Chairman, Head Retail Financial Services, Head Human Capital Management, Deputy Head Risk Management and Control, Deputy Head Treasury and Correspondent Banking, Regional Manager- Ikeja, Head General Internal Services, Head, Corporate Planning.

New Product Committee: Serves as a clearing house for new product proposals and in the process, determines and makes appropriate recommendations to Executive Management concerning product name and features; co-ordinates activities for the introduction of new products; and reviews existing products where necessary.

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: Head Financial Management as Chairman, Ag. Head Internal Control, Head Database and Application Management, Head Performance Monitoring, Head Administration Services, Head Legal.

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, Company Secretary, Director IT&OPs, Head IT Services, Head Credit Risk Management, Head HCM, Head Corporate Communications, Head Corporate Planning, Head GIS, Head Internal Control, Ag. Head Enterprise Risk Management, Ag. Head Operational Risk Management, Head Corporate Audit and Head Compliance.

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.

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 for Diamond Bank Nigeria and all of its subsidiaries. This division is divided into three broad categories, namely: Head Office Compliance Officers, Subsidiary Compliance Officers and designate Branch Compliance Officer. The Compliance Division is responsible for promoting compliance with statutory and regulatory requirements and the Anti-Money Laundering program of the Bank among other things. 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 the safety of information. 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:

- Designation of Compliance Officers in the Head Office, all branches and subsidiaries of Diamond Bank.
- 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 Division through risk management process 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.
- 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.
- 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.
- Deployment of world-acclaimed Anti-Money Laundering (AML) software, OMNI Enterprise, by Infracore Technologies Ltd (India) to ease identifying, tracking and reporting of suspicious transactions in line with the Money Laundering (Prohibition) Act, 2011.
- Internal Audit function that provide quality assurance on the Compliance Division to the Board and all stakeholders.

Attendance at Board Committee meetings

Directors' attendances at meetings are as shown below:

S/N	NAMES OF DIRECTORS	Meeting				
		BOD	BGPC	BARMC	BCC	AC
	Number of meetings	6	4	6	5	4
Attendance:						
1	HRM Igwe Nnaemeka Alfred Achebe (Retired with effect from 31 December 2014)	6	N/A	N/A	N/A	N/A
2	Mr. Uzoma Dozie	6	N/A	1*	5	N/A
3	Chief John D. Edozien	5	4	N/A	5	N/A
4	Dr. Olubola A. Hassan	6	4	N/A	N/A	4
5	Dr. Chris Ogbegie	6	4	N/A	5	4
6	Mr. Ian Greenstreet	6	N/A	6	5	N/A
7	Ms. Ngozi Edozien (Resigned with effect from 7 August 2014)*	3	3	3	N/A	N/A
8	Mr. Thomas Barry	5	N/A	5	N/A	N/A
9	Mrs. Ifueko Omoigui Okauru	4	2	N/A	N/A	2
10	Mr. Christopher Low	3	N/A	1*	4	N/A
11	Mr. Kabir Alkali Mohammed	6	N/A	5	3	N/A
12	Dr. Alex Otti (Resigned with effect from 31 October 2014)*	5	N/A	4	4	N/A
13	Mrs. Caroline Anyanwu	6	N/A	6	5	N/A
14	Mr. Oladele Akinyemi	6	N/A	N/A	N/A	N/A
15	Mr. Victor Ezenwoko	6	N/A	N/A	N/A	N/A
16	Mr. Abdulrahman Yinusa	6	N/A	6	N/A	N/A

* Dr. Alex Otti—Resigned from the Board with effect from October 31, 2014

* Mr Uzoma Dozie –Newly appointed to the Board Audit & Risk Management Committee in Q4, 2014

* Mr. Christopher Low –who was representing Actis on the Board, resigned in August 7, 2014 following the sale of Actis' shares in the Bank. He was however reappointed immediately by Kunnoch Holdings Limited, the new owners of Actis DB Holdings.

* Ms. Ngozi Edozien –Resigned from the Board with effect from August 7, 2014

Key

BOD – Board of Directors

BGPC – Board Governance and Personnel Committee

BARMC – Board Audit and Risk Management Committee

BCC – Board Credit Committee

AC – 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

12 March 2015

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2014

The Directors accept responsibility for the preparation of these financial statements set out on pages to 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 of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

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

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.

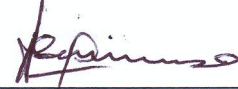
SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Dr. Chris Ogbechie
Chairman
FRC/2015/IODN/00000011213
12 March 2015



Mr. Uzoma Dozie
Group Managing Director/CEO
FRC/2015/CIBN/00000011214
12 March 2015



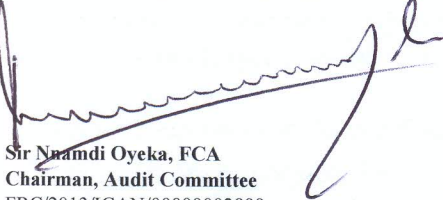
Mr. Abdulrahman Yinusa
Executive Director/CFO
FRC/2013/ICAN/00000001564
12 March 2015

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 2014 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 2014 were satisfactory and reinforce the Group's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N38,333,550,910 (December 2013: N37,955,324,006) was outstanding as at 31 December 2014 of which none was impaired (December 2013: nil) (see Note 46).
- 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
10 March 2015

Members of the Audit Committee are:

1	Sir Nnamdi Oyeka, FCA	Chairman
2	Sir Enoch Iwueze	Member
3	Mr Abayomi Olaofe	Member
4	Dr Chris Ogbechie (Resigned effective 31 December 2014).	Member
5	Dr Olubola Hassan	Member
6	Mrs Ifueko Omoigui Okauru	Member

In attendance:

Nkechi Nwosu - Company Secretary
FRC/2013/NBA/00000001571



KPMG Professional Services

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
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Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Members of Diamond Bank Plc

Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of Diamond Bank Plc (“the Bank”) and its subsidiary companies (together “the Group”), which comprise the statements of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity, and the cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 151.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Diamond Bank Plc (“the Bank”) and its subsidiaries (together “the Group”) as at 31 December 2014, and of the Group and Bank’s financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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 Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2014. Details of these contraventions and penalties paid are as disclosed in Note 50 to the financial statements.
- ii. Related party transactions and balances are disclosed in Note 46 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004

Signed: *Kabir*

Kabir O. Okunlola, FCA

FRC/2012/ICAN/00000000428

For: KPMG Professional Services

Chartered Accountants

18 March 2015

Lagos, Nigeria



Consolidated statement of financial position
As at 31 December 2014

The Directors accept responsibility		Group	Group	Bank	Bank
<i>In thousands of Naira</i>	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Cash and balances with central banks	19	301,393,080	228,322,128	288,953,932	205,286,149
Financial assets held for trading	20	3,481,299	3,428,848	3,481,299	3,428,848
Derivative assets	21	50,012	70,254	-	-
Loans to banks	23	296,098,561	129,362,340	214,538,349	104,891,633
Loans and advances to customers	24	791,094,667	689,168,335	712,064,692	585,953,062
Investment securities					
-Available-for-sale investments	25	10,312,395	11,091,462	6,965,670	9,742,112
-Held to maturity investments	25	332,522,242	272,157,812	316,650,635	270,966,001
Assets pledged as collateral	22	103,397,647	96,461,777	109,775,177	82,275,434
Investment in subsidiaries	26	-	-	15,841,882	15,841,882
Investments in associates	27	2,918,000	2,918,000	2,918,000	2,918,000
Investment properties held for sale	28	4,333,658	4,313,492	4,164,958	4,153,492
Property and equipment	29	55,062,140	49,827,333	51,551,080	46,501,546
Intangible assets	30	3,538,556	2,842,870	2,579,750	1,839,709
Deferred tax assets	31	4,987,386	6,745,979	4,984,388	6,741,732
Other assets	32	23,933,731	22,145,801	15,800,611	14,391,271
Total assets		1,933,123,374	1,518,856,431	1,750,270,423	1,354,930,871
Liabilities					
Deposits from banks	33	68,760,427	54,579,471	9,686,315	5,744,996
Deposits from customers	34	1,493,081,203	1,206,044,003	1,354,814,914	1,093,784,492
Derivative liabilities	35	12,608,232	14,658,250	12,608,232	14,658,250
Current income tax liability	17	2,448,756	2,466,927	2,189,956	2,427,389
Deferred tax liabilities	31	194,660	194,660	-	-
Other liabilities	36	40,509,537	33,664,294	30,085,267	25,933,787
Borrowings	37	74,637,231	47,514,160	103,366,411	53,197,767
Long term debt	38	31,858,561	20,880,966	31,858,561	20,880,966
Total liabilities		1,724,098,607	1,380,002,731	1,544,609,656	1,216,627,647
Equity					
Share capital	39	11,580,195	7,237,622	11,580,195	7,237,622
Share premium	40	134,532,974	89,629,324	134,532,974	89,629,324
Retained earnings/accumulated deficit	40	35,240,967	17,483,423	32,845,896	18,439,851
Other reserves	40				
Statutory reserve	40	22,670,510	19,361,930	22,422,273	19,113,693
Regulatory risk reserve	40	-	-	-	-
Small scale industries (SSI) reserve	40	3,966,628	3,966,628	3,966,628	3,966,628
Fair value reserve	40	209,307	(65,816)	312,801	(83,894)
Foreign currency translation reserve	40	606,146	1,087,073	-	-
Total equity attributable to owners of the Bank		208,806,727	138,700,184	205,660,767	138,303,224
Non- controlling interest	40	218,040	153,516	-	-
Total shareholders equity		209,024,767	138,853,700	205,660,767	138,303,224
Total equity and liabilities		1,933,123,374	1,518,856,431	1,750,270,423	1,354,930,871

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

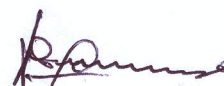
The financial statements were approved by the Board of Directors on 12 March 2015 and signed on its behalf by



Dr. Chris Ogbegie
Chairman
 FRC/2015/IODN/00000011213



Mr. Uzoma Dozie
Group Managing Director/CFO
 FRC/2015/CIBN/00000011214



Mr. Abdulrahman Yinusa
Executive Director/CFO
 FRC/2013/ICAN/00000001564

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

<i>In thousands of Naira</i>	Note	Group 2014	Group 2013	Bank 2014	Bank 2013
Gross earnings		208,402,153	181,154,780	190,952,742	168,015,252
Interest and similar income	8	161,129,626	143,127,893	148,743,289	133,485,127
Interest expense	9	(51,553,435)	(38,500,219)	(46,809,732)	(34,395,847)
Net interest income		109,576,191	104,627,673	101,933,557	99,089,280
Net impairment loss on financial assets	10	(26,371,105)	(23,296,676)	(26,061,681)	(20,946,156)
Net interest income after impairment loss on financial assets		83,205,085	81,330,998	75,871,876	78,143,124
Fee and commission income	11	36,589,703	29,802,969	32,999,698	27,061,357
Fee and commission expense	11	(3,094,422)	(2,048,439)	(3,048,842)	(2,026,289)
Net fee and commission income		33,495,281	27,754,530	29,950,856	25,035,068
Net trading income	12	6,663,784	4,636,569	6,172,523	4,315,698
Other operating income	13	1,985,887	3,587,349	1,004,079	3,153,070
Net gain/(loss) from other financial instruments through profit or loss	14	2,033,153	(1,040,781)	2,033,153	(1,040,781)
Net operating income		127,383,190	116,268,665	115,032,487	109,606,179
Personnel expenses	15	(33,340,434)	(29,429,342)	(29,820,943)	(26,603,688)
Depreciation and amortisation	29,30	(6,412,583)	(6,780,351)	(5,717,241)	(5,493,146)
Operating lease expenses		(979,862)	(817,915)	(860,988)	(722,749)
Other operating expenses	16	(58,549,079)	(47,155,984)	(54,220,301)	(43,536,124)
Total expenses		(99,281,958)	(84,183,592)	(90,619,473)	(76,355,707)
Share of loss of associates	27	-	(5,091)	-	-
Profit before income tax		28,101,232	32,079,982	24,413,014	33,250,472
Income tax expense	17	(2,616,013)	(3,535,490)	(2,355,816)	(3,495,952)
Profit for the year		25,485,219	28,544,492	22,057,198	29,754,520
<i>Other comprehensive income net of income tax:</i>					
<i>Items that are or may be reclassified to profit or loss</i>					
Foreign currency translation differences		(492,238)	226,574	-	-
Fair value gain/(loss) on available-for-sale investments		274,436	574,776	396,695	580,153
Net reclassification adjustments for realized net gains or losses, before tax		-	652,136	-	652,136
Other comprehensive income for the year, net of tax		(217,802)	1,453,486	396,695	1,232,289
Total comprehensive income for the year		25,267,417	29,997,978	22,453,893	30,986,809
Profit attributable to :					
Owners of the Bank		25,408,696	28,575,823	22,057,198	29,754,520
Non-controlling interest		76,523	(31,331)	-	-
Profit for the year		25,485,219	28,544,492	22,057,198	29,754,520
Total comprehensive income attributable to :					
Owners of the Bank		25,202,893	30,097,740	22,453,893	30,986,809
Non-controlling interest		64,524	(99,762)	-	-
Total comprehensive income for the year		25,267,417	29,997,978	22,453,893	30,986,809
Basic earnings per share (kobo)	18	166	197	144	206
Diluted earnings per share (kobo)		143	170	125	177

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

Consolidated statement of changes in equity
For the year ended 31 December

<i>In thousands of Naira</i>	Attributable to equity holders of the parent									Non-controlling	Total
	Share capital	Share premium	(Accumulated deficit)/retained earnings	Statutory reserve	Regulatory risk reserve*	Small Scale Industry reserve	Fair value reserve	Foreign currency translation reserve	Total	interest	equity
Balance at 1 January 2014	7,237,622	89,629,324	17,483,423	19,361,930	-	3,966,628	(65,816.00)	1,087,073	138,700,184	153,516	138,853,700
Profit/loss for the year	-	-	22,100,117	3,308,580	-	-	-	-	25,408,697	76,523	25,485,220
Foreign currency translation differences	-	-	-	-	-	-	(480,927)	-	(480,927)	(11,312)	(492,239)
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	275,123	-	275,123	(687)	274,436
Total comprehensive income	-	-	22,100,117	3,308,580	-	-	275,123	(480,927)	25,202,893	64,524	25,267,417
Transactions with equity holders recorded directly in equity											
Dividends	-	-	(4,342,573)	-	-	-	-	-	(4,342,573)	-	(4,342,573)
Issue of new shares	4,342,573	44,903,650	-	-	-	-	-	-	49,246,223	-	49,246,223
Total contributions and distributions	4,342,573	44,903,650	(4,342,573)	-	-	-	-	-	44,903,650	-	44,903,650
Balance at 31 December 2014	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
Balance at 1 January 2013	7,237,622	89,629,324	(6,629,221)	14,898,751	-	3,966,628	(1,292,728)	792,068	108,602,444	253,278	108,855,722
Profit/loss for the year	-	-	24,112,644	4,463,179	-	-	-	-	28,575,823	(31,331)	28,544,492
Foreign currency translation differences	-	-	-	-	-	-	-	295,005	295,005	(68,431)	226,574
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	574,776	-	574,776	-	574,776
Net reclassification adjustments for realised net gains or losses, before tax	-	-	-	-	-	-	652,136	-	652,136	-	652,136
Total comprehensive income	-	-	24,112,644	4,463,179	-	-	1,226,912	295,005	30,097,740	(99,762)	29,997,978
Balance at 31 December 2013	7,237,622	89,629,324	17,483,423	19,361,930	-	3,966,628	(65,816)	1,087,073	138,700,184	153,516	138,853,700

*No regulatory reserves is required, as the impairment based on IFRS is higher than the provisions based on prudential guidelines. See Note 49 for more details.

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

Consolidated statement 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 2014	7,237,622	89,629,324	18,439,851	19,113,693	-	3,966,628	(83,894)	138,303,224
Profit for the year	-	-	18,748,618	3,308,580	-	-	-	22,057,198
Fair value movement on available-for-sale financial assets	-	-	-	-	-	-	396,695	396,695
Fair value movement on disposed AFS investments	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	18,748,618	3,308,580	-	-	396,695	22,453,893
Transactions with equity holders recorded directly in equity								
Dividends			(4,342,573)					(4,342,573)
Issue of new shares	4,342,573	44,903,650	-	-	-	-	-	49,246,223
Total contributions and distributions	4,342,573	44,903,650	(4,342,573)	-	-	-	-	44,903,650
Balance at 31 December 2014	11,580,195	134,532,974	32,845,896	22,422,273	-	3,966,628	312,801	205,660,767
	Share capital	Share premium	Retained earnings	Statutory reserve	Regulatory risk reserve*	Small Scale industry reserve	Fair value reserve	Total
Balance at 1 January 2013	7,237,622	89,629,324	(6,851,491)	14,650,515	-	3,966,628	(1,316,183)	107,316,415
Profit for the year	-	-	25,291,342	4,463,178	-	-	-	29,754,520
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	580,153	580,153
Net reclassification adjustments for realised net gains or losses, before tax	-	-	-	-	-	-	652,136	652,136
Total comprehensive income	-	-	25,291,342	4,463,178	-	-	1,232,289	30,986,809
Balance at 31 December 2013	7,237,622	89,629,324	18,439,851	19,113,693	-	3,966,628	(83,894)	138,303,224

*No regulatory reserves is required, as the impairment based on IFRS is higher than the provisions based on prudential guidelines. See Note 49 for more details.

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

Consolidated statement of cash flows
For the year ended 31 December 2014

	Note	<u>Group 2014</u>	<u>Group 2013</u>	<u>Bank 2014</u>	<u>Bank 2013</u>
<i>In thousands of Naira</i>					
Profit for the year		25,485,219	28,544,492	22,057,198	29,754,520
<i>Add:</i>					
Income tax expense	17	2,616,013	3,535,490	2,355,816	3,495,952
Profit before tax		28,101,232	32,079,982	24,413,014	33,250,472
<i>Adjustments for :</i>					
Depreciation and amortisation		6,412,583	6,780,351	5,717,241	5,493,146
Loss/(Gain) on disposal of property and equipment	13	170,446	(172,345)	170,446	(171,999)
Write off of property and equipment		-	1,627,734	-	-
Specific impairment charge on loans and advances	10	35,084,928	17,256,961	34,211,094	14,039,354
Collective impairment charge on loans and advances	10	(7,179,033)	2,117,774	(6,800,748)	2,117,774
Specific impairment charge on other loans and receivables	10	-	2,132,290	-	2,132,290
Gain on disposal of investment in associates		-	37,086	-	(12,600)
Write off of investment in associates	27	-	149,473	-	227,140
Write back of collective impairment charge on other loans and receivables	10	-	(89,292)	-	(89,292)
Specific impairment charge on available-for-sale assets	10	330,653	1,888,961	330,653	2,133,801
Specific impairment charge on other assets	10	1,146,784	1,549,722	704,689	1,524,500
Net interest income		(109,576,191)	(104,627,674)	(101,933,557)	(99,089,280)
Contributions to defined contribution plans	15	783,987	536,802	730,608	536,802
Fair value loss/(gain) on financial assets held for trading	12	64,573	(441,320)	64,573	(441,320)
Foreign exchange gains	12	(6,728,357)	(4,195,249)	(6,237,096)	(3,874,378)
Fair value loss on other financial instruments	14	(2,033,153)	1,040,781	(2,033,153)	1,040,781
Share of loss from associates	27	-	5,091	-	-
Dividend income	13	(474,638)	(2,666,182)	(474,638)	(2,666,182)
Loans written off as uncollectible	10	2,304,110	1,963,618	2,304,110	1,963,618
		(51,592,075)	(43,025,436)	(48,832,764)	(41,885,373)
Change in financial assets held for trading		(117,024)	87,123,708	(117,024)	87,123,708
Change in assets pledged as collateral		(6,935,870)	(17,159,246)	(27,499,743)	(24,836,538)
Change in mandatory reserve deposits		(102,077,594)	(79,064,772)	(99,267,553)	(79,223,321)
Change in derivative assets		20,242	(70,254)	-	-
Change in loans and advances to customers		(132,138,828)	(126,535,076)	(155,826,086)	(82,742,198)
Change in other assets		(1,871,197)	(9,732,868)	(1,925,290)	(5,675,562)
Change in deposits from customers		297,748,119	293,616,686	271,250,080	274,568,083
Change in borrowings		14,180,956	15,203,744	3,941,319	(2,428,290)
Change in provisions		-	(1,056,378)	-	(1,056,378)
Change in derivative liabilities		(16,865)	(18,392)	(16,865)	130,087
Change in other liabilities		6,845,243	(8,788,082)	4,151,480	(9,005,448)
		24,045,107	110,493,634	(54,142,445)	114,968,770
Interest received		161,129,626	143,127,893	148,743,289	133,485,127
Interest paid		(51,553,435)	(38,500,219)	(46,809,732)	(34,395,847)
Income tax paid	17	(871,063)	(1,327,068)	(835,905)	(1,233,408)
Retirement benefit obligations paid		(783,987)	(636,376)	(730,608)	(636,376)
Net cash flow generated from operating activities		<u>131,966,248</u>	<u>213,157,864</u>	<u>46,224,599</u>	<u>212,188,266</u>

Investing activities					
Net (purchase)/sale of investment securities		(59,623,403)	(235,429,593)	(42,529,348)	(235,802,797)
Dividends received		474,638	2,666,182	474,638	2,666,182
Purchase of property held for sale		(20,166)	(243,152)	(11,466)	(243,152)
Purchase of property and equipment	29	(12,413,165)	(13,968,108)	(10,618,527)	(11,801,770)
Proceeds from sale of property and equipment		286,357	2,116,166	130,836	2,407,726
Proceeds from sale of associates		-	72,600	-	72,600
Purchase of intangible assets	30	(1,410,477)	(2,067,723)	(1,378,311)	(1,648,539)
Acquisition of subsidiary, net of cash acquired		-	11,520,000	-	(3,867,278)
Additional investment in subsidiary		-	-	-	(4,108,982)
Net cash generated (used in)/from investing activities		<u>(72,706,216)</u>	<u>(235,333,628)</u>	<u>(53,932,177)</u>	<u>(252,326,010)</u>
Financing activities					
Proceeds from new borrowings		-	-	24,035,266	3,231,407
Proceeds from issuance of Eurobond		30,657,160	-	30,939,495	-
Repayment of borrowings		(3,816,424)	(2,452,200)	(4,806,117)	-
Proceeds from long term borrowings		7,997,500	1,752,006	7,997,500	1,752,006
Repayment of long term borrowings		(1,002,467)	-	(1,002,467)	-
Proceeds from rights issue		50,373,846	-	50,373,846	-
Issue costs paid		(1,127,623)	-	(1,127,623)	-
Dividend paid		(4,342,573)	-	(4,342,573)	-
Net cash generated (used in) /from financing activities		<u>78,739,419</u>	<u>(700,194)</u>	<u>102,067,327</u>	<u>4,983,413</u>
(Decrease)/increase in cash and cash equivalents		137,999,451	(22,875,958)	94,359,749	(35,154,331)
Effect of exchange rate fluctuations on the balance of cash held by foreign operations		(451,697)	(3,688)	-	-
Cash and cash equivalents at beginning of year		<u>205,268,364</u>	<u>228,148,010</u>	<u>160,836,314</u>	<u>195,990,643</u>
Cash and cash equivalents at end of year	43	<u>342,816,118</u>	<u>205,268,364</u>	<u>255,196,063</u>	<u>160,836,312</u>

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 Nigeria 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.

During the year under review, 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 2014 were authorised for issue on 12 March 2015 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 separate and consolidated financial statements of the Bank, and its subsidiaries (together, "the Group"). The Group's consolidated financial statements for the year ended 31 December 2014 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 Company and Allied Matters Act, Bank and Other Financial Institution Act, Financial Reporting Council of Nigeria Act, and relevant Central Bank of Nigeria circulars.

(b) Functional and presentation currency

These consolidated and separate 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 consolidated and separate 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.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with the International Financial Reporting Standards (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 consolidated and separate financial statements for the year ended 31 December 2013, except for changes/amendments highlighted below.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards with a date of initial application of 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

As a result of the amendments to IAS 32, the Group has changed its accounting policy for offsetting financial assets and financial liabilities. The change did not have a material impact on the Group's financial statements.

IFRIC 21 Levies

Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The Interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application permitted

The change did not have a material impact on the Group's financial statements.

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 2014, 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 Standard, which replaces earlier versions of IFRS 9 and completes 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.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements:

New or Amended Standards	Effective date of adoption
• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).	Effective for annual periods beginning on or after 1 July 2014
• Annual Improvements to IFRSs 2010 - 2012 Cycle.	Effective for annual periods beginning on or after 1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle.	Effective for annual periods beginning on or after 1 July 2014
• IFRS 14 Regulatory Deferral Accounts	Effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2016
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).	Effective for annual periods beginning on or after 1 January 2016
• Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	Effective for annual periods beginning on or after 1 January 2016
• Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Effective for annual periods beginning on or after 1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27)	The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective for annual periods beginning on or after 1 January 2016
• Annual Improvements to IFRSs 2012 - 2014 Cycle - various standards.	Effective for annual periods beginning on or after 1 January 2016, early adoption permitted

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 fully consolidated from the date on which control is transferred to 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 control is transferred to the Group. 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.

Subsequent to initial recognition, 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.

Transactions 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.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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) *Acquisition from entities under common control*

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.

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

The financial statements of special purpose 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 Bank'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 Central Bank of Nigeria's effective rate i.e. the CBN's marginal rate plus a 1% mark up. The translation rates for third currencies are derived by multiplying the CBN effective 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 amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost 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;
- 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 for each statement of profit and loss 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 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 consolidated 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.

Financial instruments are recognised or derecognised on the date that the financial instrument is delivered to or by the Group. 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 subsequently measured at fair value with gains and losses arising from changes in fair value recognised in 'net gains / (losses) from financial instruments at fair value' in the statement of 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 subsequently measured at amortised cost using the effective interest rate 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 26). A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of more or 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 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.

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 hierarchy 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 transactions 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.

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 characteristics 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.

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 currently 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 statement of 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 or guarantees and letters of credit

Income from bonds or 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 operating 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 derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and financial liabilities 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 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 synergies 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 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.

2.13 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 and interest paid are classified as operating cash flows, while dividends paid are included in financing activities.

2.14 Leases

Leases are divided into finance leases and operating leases.

(a) A Group company is the lessee

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement 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) A group company is the 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.

2.15 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. This is usually the day when all risks are transferred.

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 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.

2.16 Property and equipment

(i) Recognition and measurement

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 (Leasehold): | over the lease period |
| - 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 in 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.

2.17 Intangible assets

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 as 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. All other expenditure is expensed as 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

2.18 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-distribution 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.

2.19 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. It is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the respective jurisdiction. Current tax also includes any tax arising from dividends.

(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 or 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.

2.20 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.

2.21 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.

2.22 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-specified 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.

2.23 Share capital

(a) Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are deducted 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 []). 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.

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. Recently an International firm of management consultants updated the Group's Enterprise Risk Management (ERM) framework and frameworks for 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 Audit & Risk Committee (BARC), 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 following:

- 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 management 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 Prudential Guidelines 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 to 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	Extremely low risk
D02	AA	2.5	Investment	Very low
D03	A	3.5	Investment	Low risk
D04	BBB	4.5	Sub investment	Acceptable risk
D05	BB	5.5	Sub investment	Moderately High risk
D06	B	6.6	Sub investment	High risk
D07	CCC	7.5	Sub investment	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	Band 2	Band 3
	D01 - D03 (Investment Grade) (PD < 0.55%)	D04- D07 (Sub-Investment Grade) (0.55% < PD < 14.06%)	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 similar 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 forced sale 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 last annual valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the 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.

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 shall be 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 collateralised by the underlying shipments of goods to which they relate and therefore carry 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.

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.

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.

$$\text{Exposure} \times \text{PD} \times \text{LGD} \times \text{LIP} = \text{Impairment.}$$

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 2014 and 31 December 2013 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 45.2 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

<i>In thousands of Naira</i>	Note	Group		Bank	
		2014	2013	2014	2013
Neither past due nor impaired		754,218,043	679,292,858	683,390,079	579,456,582
Past due but not impaired		34,041,132	13,920,949	30,554,932	10,767,030
Individually impaired		42,456,164	25,444,621	33,195,372	20,262,042
Gross	24	830,715,339	718,658,428	747,140,383	610,485,654
Allowance for specific impairment	24	(32,969,880)	(15,661,120)	(29,263,820)	(11,919,973)
Allowance for collective impairment	24	(6,650,792)	(13,828,973)	(5,811,871)	(12,612,619)
Net	24	791,094,667	689,168,335	712,064,692	585,953,062

Loans to banks

31 December

<i>In thousands of Naira</i>	Note	Group		Bank	
		2014	2013	2014	2013
Neither past due nor impaired		296,098,561	129,362,340	214,538,349	104,891,633
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Gross	23	296,098,561	129,362,340	214,538,349	104,891,633
Specific impairment		-	-	-	-
Collective impairment		-	-	-	-
Net	23	296,098,561	129,362,340	214,538,349	104,891,633

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 2014	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	114,222,941	337,367,681	2,769,809	10,856,846	289,000,766	754,218,043

Group

In thousands of Naira

31 December 2013	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	87,627,404	416,760,780	23,249,317	10,950,388	140,704,969	679,292,858

Bank

In thousands of Naira

31 December 2014	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	107,756,730	382,641,764	-	10,851,349	182,140,236	683,390,079

Bank

In thousands of Naira

31 December 2013	Overdrafts	Term loans	Commercial Papers	Finance lease	Others	Total
Grades:						
[Investment grade] (D01-D04)	91,190,630	336,625,929	-	10,935,054	140,704,969	579,456,582

(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 2014

	Commercial					
	Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	59,661	118,179	22,364,626	7,376,462	-	29,918,928
Past due 30 - 60 days	-	602,322	-	2,861,010	-	3,463,332
Past due 60 -90 days	-	450,079	-	97,679	-	547,758
Past due 90 -180 days	-	15,172	1,028	7,114	-	23,314
Past due 180 -360 days	-	87,800	-	-	-	87,800
Total	59,661	1,273,552	22,365,654	10,342,265	-	34,041,132

31 December 2013

	Commercial					
	Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	53,975.00	1,474,691	-	8,712,309	300,408	10,541,383
Past due 30 - 60 days	-	451,798	-	2,588,318	-	3,040,116
Past due 60 -90 days	-	298,056	-	41,394	-	339,450
Total	53,975	2,224,545	-	11,342,021	300,408	13,920,949

Bank

In thousands of Naira

31 December 2014

	Commercial					
	Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	-	116,338	22,364,626	7,365,912	-	29,846,876
Past due 30 - 60 days	-	102,925	-	-	-	102,925
Past due 60 -90 days	-	442,092	-	51,925	-	494,017
Past due 90 -180 days	-	15,172	1,028	7,114	-	23,314
Past due 180 -360 days	-	87,800	-	-	-	87,800
Total	-	764,327	22,365,654	7,424,951	-	30,554,932

31 Dec4mber 2013

	Commercial					
	Papers	Overdrafts	Other Facilities	Term Loans	Finance Lease	Total
Past due up to 30 days	-	1,473,025	-	8,702,765	300,408	10,476,198
Past due 30 - 60 days	-	-	-	-	-	-
Past due 60 -90 days	-	290,831	-	-	-	290,831
Total	-	1,763,856	-	8,702,765	300,408	10,767,029

(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 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Overdraft	42,313,377	21,053,816	33,052,585	19,716,932
Term Loans	134,368	4,376,845	134,368	545,110
Finance Lease	8,419	-	8,419	-
Commercial Papers	-	13,960	-	-
Total	42,456,164	25,444,621	33,195,372	20,262,042

Non-performing loans by geography

	Group		Bank	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Nigeria:				
North East	111,657	103,251	111,657	103,251
North Central	236,428	1,235,617	236,428	1,235,617
North West	94,465	341,668	94,465	341,668
South East	3,207,702	1,325,038	3,207,702	1,325,038
South South	2,224,233	8,132,298	2,224,233	8,132,298
South West	27,320,887	9,124,170	27,320,887	9,124,170
Rest of West Africa	9,260,792	5,182,579	-	-
Europe	-	-	-	-
Total	42,456,164	25,444,621	33,195,372	20,262,042

- (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 2014 and 31 December 2013.

Group

<i>In thousands of naira</i>	Debt securities				
	Rating	Treasury bills	Bonds	Placements with other banks	Total
31 December 2014					
Financial assets held for trading	20	3,481,299	-	-	3,481,299
Investment securities - held to maturity	25	245,080,254	87,441,988	-	332,522,242
Investment securities - available-for-sale	25	850,722	2,434,632	-	3,285,354
Assets pledged as collateral	22	38,920,000	64,477,647	-	103,397,647
	B+	288,332,275	154,354,267	-	442,686,542
31 December 2013					
Financial assets held for trading	20	2,888,023	540,825	-	3,428,848
Investment securities - held to maturity	25	190,121,463	82,036,349	-	272,157,812
Investment securities - available-for-sale	25	2,303,090	1,731,813	-	4,034,903
Assets pledged as collateral	22	34,938,483	61,523,294	-	96,461,777
	B+	230,251,059	145,832,281	-	376,083,340

Bank

<i>In thousands of naira</i>	Investments securities				
	Rating	Treasury bills	Bonds	Placements with other banks	Total
31 December 2014					
Financial assets held for trading	20	3,481,299	-	-	3,481,299
Investment securities - held to maturity	25	229,208,647	87,441,988	-	316,650,635
Assets pledged as collateral	22	38,920,000	17,602,867	53,252,310	109,775,177
	B+	271,609,946	105,044,855	53,252,310	429,907,111
31 December 2013					
Financial assets held for trading	20	2,888,023	540,825	-	3,428,848
Investment securities - held to maturity	25	189,625,607	81,340,394	-	270,966,001
Investment securities - available-for-sale	25	-	2,749,332	-	2,749,332
Assets pledged as collateral	22	34,938,483	20,045,727	27,291,224	82,275,434
	B+	227,452,113	104,676,278	27,291,224	359,419,615

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	
	Gross	Net
<i>In thousands of naira</i>		
31 December 2014		
Grades		
[Default] (D10)	42,456,164	9,486,284
	42,456,164	9,486,284
<hr/>		
31 December 2013		
Grades		
[Default] (D10)	25,444,621	9,783,501
	25,444,621	9,783,501
<hr/>		
Bank		
<i>In thousands of naira</i>		
31 December 2014		
Grades		
[Default] (D10)	33,195,372	3,931,552
	33,195,372	3,931,552
<hr/>		
31 December 2013		
Grades		
[Default] (D10)	20,262,042	8,342,069
	20,262,042	8,342,069
<hr/>		

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 2014 and 31 December 2013. 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 2014	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	-	-	-	-	6,835,727	-	-	-	6,835,727
North Central	-	-	-	-	13,210,708	-	-	-	13,210,708
North West	-	-	-	-	44,883,776	-	-	-	44,883,776
South East	-	-	-	-	58,022,526	-	-	-	58,022,526
South South	-	-	-	-	57,819,988	-	-	-	57,819,988
South West	288,962,785	3,481,299	56,522,867	204,562,978	470,042,182	323,616,305	-	6,489,932	1,353,678,348
Rest of West Africa	12,430,295	-	46,874,780	20,450,114	102,265,111	15,932,979	-	-	197,953,279
Europe	-	-	-	71,085,469	38,014,649	3,285,353	50,012	-	112,435,483
Total	301,393,080	3,481,299	103,397,647	296,098,561	791,094,667	342,834,637	50,012	6,489,932	1,844,839,835

Bank

In thousands of naira

31 December 2014	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	-	-	-	-	6,835,727	-	-	-	6,835,727
North Central	-	-	-	-	13,210,708	-	-	-	13,210,708
North West	-	-	-	-	44,883,776	-	-	-	44,883,776
South East	-	-	-	-	58,022,526	-	-	-	58,022,526
South South	-	-	-	-	57,819,988	-	-	-	57,819,988
South West	288,953,932	3,481,299	109,775,177	214,538,349	500,790,050	323,616,305	-	3,394,522	1,444,549,634
Rest of West Africa	-	-	-	-	1,933,985	-	-	-	1,933,985
Europe	-	-	-	-	28,567,931	-	-	-	28,567,931
Total	288,953,932	3,481,299	109,775,177	214,538,349	712,064,691	323,616,305	-	3,394,522	1,655,824,275

Group

<i>In thousands of naira</i> 31 December 2013	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	-	-	-	-	2,496,286	-	-	-	2,496,286
North Central	-	-	-	-	31,464,156	-	-	-	31,464,156
North West	-	-	-	-	16,032,292	-	-	-	16,032,292
South East	-	-	-	-	50,988,853	-	-	-	50,988,853
South South	-	-	-	-	77,167,340	-	-	-	77,167,340
South West	205,286,149	3,428,848	54,984,210	90,806,558	405,727,957	280,708,113	-	5,246,135	1,046,187,970
Rest of West Africa	10,283,963	-	41,477,567	28,798,507	77,584,469	786,624	-	-	158,931,130
Europe	12,752,016	-	-	9,757,275	27,706,982	1,754,537	70,254	-	52,041,064
Total	228,322,128	3,428,848	96,461,777	129,362,340	689,168,335	283,249,274	70,254	5,246,135	1,435,309,091

Bank

<i>In thousands of naira</i> 31 December 2013	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	-	-	-	-	2,496,286	-	-	-	2,496,286
North Central	-	-	-	-	31,464,156	-	-	-	31,464,156
North West	-	-	-	-	16,032,292	-	-	-	16,032,292
South East	-	-	-	-	50,988,853	-	-	-	50,988,853
South South	-	-	-	-	77,167,340	-	-	-	77,167,340
South West	205,286,149	3,428,848	82,275,434	104,891,633	407,804,135	280,708,113	-	5,246,135	1,089,640,447
Rest of West Africa	-	-	-	-	-	-	-	-	-
Total	205,286,149	3,428,848	82,275,434	104,891,633	585,953,062	280,708,113	-	5,246,135	1,267,789,374

(b) Industry sectors

Group

In thousands of naira

31 December 2014	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	-	-	-	-	12,795,923	-	-	-	12,795,923
Capital markets	-	-	-	-	889,649	-	-	-	889,649
Communication	-	-	-	-	54,855,506	-	-	-	54,855,506
Consumer credit	-	-	-	-	26,683,763	-	-	-	26,683,763
Education	-	-	-	-	4,915,610	-	-	-	4,915,610
Finance and insurance	301,393,080	3,481,299	-	296,098,561	14,094,204	9,630,056	50,012	-	624,747,212
General commerce	-	-	-	-	169,743,660	-	-	-	169,743,660
Government	-	-	103,397,647	-	18,274,225	333,204,581	-	-	454,876,453
Manufacturing	-	-	-	-	65,339,851	-	-	-	65,339,851
Mining & Quarrying	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	14,117,975	-	-	-	14,117,975
Oil and gas	-	-	-	-	206,431,044	-	-	-	206,431,044
Power	-	-	-	-	58,509,694	-	-	-	58,509,694
Real estate and construction	-	-	-	-	69,662,482	-	-	-	69,662,482
Other	-	-	-	-	64,095,878	-	-	6,489,932	70,585,810
Transportation	-	-	-	-	10,685,203	-	-	-	10,685,203
Total	301,393,080	3,481,299	103,397,647	296,098,561	791,094,667	342,834,637	50,012	6,489,932	1,844,839,836

Bank

In thousands of naira

31 December 2014	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	-	-	-	-	12,779,108	-	-	-	12,779,108
Capital markets	-	-	-	-	889,649	-	-	-	889,649
Communication	-	-	-	-	44,537,005	-	-	-	44,537,005
Consumer credit	-	-	-	-	20,171,599	-	-	-	20,171,599
Education	-	-	-	-	4,915,610	-	-	-	4,915,610
Finance and insurance	288,953,932	3,481,299	-	214,538,349	32,059,306	9,568,685	-	-	548,601,571
General commerce	-	-	-	-	144,177,023	-	-	-	144,177,023
Government	-	-	109,775,177	-	8,158,678	314,047,620	-	-	431,981,475
Manufacturing	-	-	-	-	58,811,425	-	-	-	58,811,425
Mining & Quarrying	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	14,117,975	-	-	-	14,117,975
Oil and gas	-	-	-	-	198,258,024	-	-	-	198,258,024
Other	-	-	-	-	58,509,692	-	-	3,394,522	61,904,214
Power	-	-	-	-	50,854,575	-	-	-	50,854,575
Real estate and construction	-	-	-	-	54,695,092	-	-	-	54,695,092
Transportation	-	-	-	-	9,129,930	-	-	-	9,129,930
Total	288,953,932	3,481,299	109,775,177	214,538,349	712,064,691	323,616,305	-	3,394,522	1,655,824,275

Group <i>In thousands of naira</i> 31 December 2013	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	-	-	-	-	10,657,430	-	-	-	10,657,430
Capital markets	-	-	-	-	956,404	-	-	-	956,404
Communication	-	-	-	-	35,833,129	-	-	-	35,833,129
Consumer credit	-	-	-	-	17,394,505	-	-	-	17,394,505
Education	-	-	-	-	4,399,243	-	-	-	4,399,243
Finance and insurance	228,322,128	3,428,848	-	129,362,340	30,288,657	11,091,462	70,254	-	402,563,689
General commerce	-	-	-	-	124,991,300	-	-	-	124,991,300
Government	-	-	96,461,777	-	30,967,187	274,094,505	-	-	401,523,469
Manufacturing	-	-	-	-	56,392,378	-	-	-	56,392,378
Mining & Quarrying	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	13,486,781	-	-	-	13,486,781
Oil and gas	-	-	-	-	178,786,264	-	-	-	178,786,264
Other	-	-	-	-	47,565,301	-	-	-	47,565,301
Power	-	-	-	-	59,947,161	-	-	-	59,947,161
Real estate and construction	-	-	-	-	67,198,469	-	-	5,246,135	72,444,604
Transportation	-	-	-	-	10,304,126	-	-	-	10,304,126
Total	228,322,128	3,428,848	96,461,777	129,362,340	689,168,335	285,185,967	70,254	5,246,135	1,437,245,783

Bank <i>In thousands of naira</i> 31 December 2013	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	-	-	-	-	10,204,116	-	-	-	10,204,116
Capital markets	-	-	-	-	956,404	-	-	-	956,404
Communication	-	-	-	-	27,084,496	-	-	-	27,084,496
Consumer credit	-	-	-	-	17,253,720	-	-	-	17,253,720
Education	-	-	-	-	4,399,243	-	-	-	4,399,243
Finance and insurance	205,286,149	3,428,848	-	104,891,633	2,431,307	8,549,024	-	-	324,586,961
General commerce	-	-	-	-	104,548,731	-	-	-	104,548,731
Government	-	-	82,275,434.00	-	19,868,013	272,159,089	-	-	374,302,536
Manufacturing	-	-	-	-	52,296,383	-	-	-	52,296,383
Mining & Quarrying	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	13,486,781	-	-	-	13,486,781
Oil and gas	-	-	-	-	173,688,239	-	-	-	173,688,239
Other	-	-	-	-	51,222,920	-	-	5,246,135	56,469,055
Power	-	-	-	-	47,565,256	-	-	-	47,565,256
Real estate and construction	-	-	-	-	52,553,932	-	-	-	52,553,932
Transportation	-	-	-	-	8,393,521	-	-	-	8,393,521
Total	205,286,149	3,428,848	82,275,434	104,891,633	585,953,062	280,708,113	-	5,246,135	1,267,789,374

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 <i>In thousands of naira</i>	Loans and advances to customers	
	December 2014	December 2013
Neither past due nor impaired	857,741,077	679,326,188
Past due but not impaired	24,091,900	14,248,832
Individually impaired	24,913,065	9,653,501
Total	906,746,043	703,228,521

Group <i>In thousands of naira</i>	Loans and advances to customers	
	December 2014	December 2013
Against neither past due nor impaired		
Property	451,038,152	431,939,654
Equities	2,114,765	970,000
Cash	1,610,781	10,109,472
Pledged goods/receivables	288,723,855	-
Others	114,253,524	236,307,062
	857,741,077	679,326,188

Against past due but not impaired		
Property	7,384,165	6,908,525
Pledged goods/receivables	16,138,794	-
Others	568,941	7,340,089
	24,091,900	14,248,614

Against individually impaired		
Property	6,161,191	7,830,952
Pledged goods/receivables	18,295,003	-
Others	456,871	1,822,549
	24,913,065	9,653,501

Total	906,746,043	703,228,303
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Bank <i>In thousands of naira</i>	Loans and advances to customers	
	December 2014	December 2013
Neither past due nor impaired	771,328,261	579,489,491
Past due but not impaired	21,868,189	11,072,769
Individually impaired	21,871,500	8,062,069
Total	815,067,951	598,624,329

Bank

In thousands of naira

	Loans and advances to customers	
	December 2014	December 2013
Against neither past due nor impaired		
Property	417,581,371	374,133,677
Equities	2,114,765	970,000
Cash	1,528,181	
Pledged goods/receivables	350,103,944	2,014,305
Others	-	202,371,509
	771,328,261	579,489,491
Against past due but not impaired		
Property	6,368,189	7,154,582
Pledged goods/receivables	15,500,000	-
Others	-	3,918,187
	21,868,189	11,072,769
Against individually impaired		
Property	5,264,446	-
Equities	-	-
Cash	-	-
Pledged goods/receivables	16,607,054	5,351,639
Others	-	2,710,430
	21,871,500	8,062,069
Total	815,067,951	598,624,329

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.

Because of the Group's focus on corporate customers' creditworthiness, 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 2014, the gross and net carrying amount of impaired loans and advances to customers amounted to N42,456,164,000 (2013: N25,444,621,000) and N9,486,284,000 (2013: N9,738,501,000) respectively. The value of identifiable collateral held against those loans and advances amounted to N21,871,500,000 (2013: N8,062,069,000)

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.

3.2.6 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar arrangement that covers similar financial instruments, irrespective of whether they are offset in the
- statement of financial position.

Financial assets subject to offsetting, enforceable master netting arrangements and similar arrangements

31 December 2013

Group

<i>In thousands of naira</i>	Note	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
					Financial instruments (including non- cash collateral)	Cash collateral received	
Financial liabilities							
Cross Currency Interest Rate Swap	21	2,223,440	(2,240,305)	(16,865)	-	-	(16,865)
Total		2,223,440	(2,240,305)	(16,865)	-	-	(16,865)

Bank

<i>In thousands of naira</i>	Note	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
					Financial instruments (including non- cash collateral)	Cash collateral received	
Financial liabilities							
Cross Currency Interest Rate Swap	21	2,223,440	(2,240,305)	(16,865)	-	-	(16,865)
Total		2,223,440	(2,240,305)	(16,865)	-	-	(16,865)

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 Committee (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:

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

	2014	2013
At the end of the year	41.71%	41.75%
Average for the year	38.84%	40.01%
Maximum for the year	41.86%	43.29%
Minimum for the year	33.48%	36.32%

Bank

	2014	2013
At the end of the year	40.95%	42.75%
Average for the year	39.12%	43.09%
Maximum for the year	48.25%	48.63%
Minimum for the year	32.49%	34.52%

3.3.2 Maturity analysis

(a) Contractual maturity of financial assets and liabilities

The table below summarizes the maturity profile of the undiscouted 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									
<i>In thousands of naira</i>									
31 December 2014	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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	301,393,080	301,393,627	274,202,368	20,098,159	2,935,697	947,878	3,047,314	162,211
Financial assets held for trading	20	3,481,299	3,591,522	796,722	1,595,590	1,123,901	75,309	-	-
Assets pledged as collateral	22	103,397,647	112,554,917	4,489,210	21,259,494	16,249,463	19,898,070	30,111,636	20,547,044
Loans to banks	23	296,098,561	300,483,667	248,033,014	23,604,495	20,369	27,565,890	1,259,900	-
Loans and advances to customers	24	791,094,667	933,624,779	232,063,805	191,949,609	87,073,546	113,750,567	266,520,812	42,266,440
Investments securities	25	342,834,637	371,433,605	54,920,995	59,754,714	80,906,621	61,592,165	64,876,414	49,382,695
Other assets		6,489,932	6,489,932	6,489,932	-	-	-	-	-
Total non derivative assets		1,844,789,823	2,029,572,049	820,996,045	318,262,061	188,309,597	223,829,879	365,816,075	112,358,391
Derivative assets	21	50,012	50,012	403	49,609	-	-	-	-
Total financial assets		1,844,839,835	2,029,622,061	820,996,448	318,311,670	188,309,597	223,829,879	365,816,075	112,358,391
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	68,760,427	68,781,386	56,498,762	12,282,624	-	-	-	-
Deposits from customers	34	1,493,081,203	1,505,541,725	1,175,033,981	112,011,741	56,631,981	106,348,430	54,034,197	1,481,395
Borrowings	37	74,637,231	89,521,045	3,990,911	782,072	2,333,667	4,025,748	64,591,323	13,797,324
Other liabilities		36,222,825	36,222,825	36,222,825	-	-	-	-	-
Long term debt	38	31,858,561	50,451,016	-	560,849	615,711	1,186,282	37,450,657	10,637,517
Total non derivative liabilities		1,704,560,247	1,750,517,997	1,271,746,479	125,637,286	59,581,359	111,560,460	156,076,177	25,916,236
Derivative liabilities		12,608,232	-	-	-	-	-	-	-
Total financial liabilities		1,717,168,479	1,750,517,997	1,271,746,479	125,637,286	59,581,359	111,560,460	156,076,177	25,916,236
Liquidity gap		127,671,356	279,104,064	(450,750,031)	192,674,384	128,728,238	112,269,419	209,739,898	86,442,155
Cumulative liquidity gap				(450,750,031)	(258,075,646)	(129,347,408)	(17,077,989)	192,661,909	279,104,064

Group

In thousands of naira

31 December 2013	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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	228,322,128	228,322,128	75,906,024	-	-	-	-	152,416,104
Financial assets held for trading	20	3,428,848	3,888,218	1,095,682	691,798	851,522	401,016	444,200	404,000
Assets pledged as collateral	22	96,461,777	107,580,747	14,906,757	22,846,352	6,472,074	12,027,640	25,822,079	25,505,845
Loans to banks	23	129,362,340	130,554,321	105,297,146	14,351,272	544,404	10,204,239	157,260	-
Loans and advances to customers	24	689,168,335	810,772,424	182,567,245	150,344,402	63,910,361	117,285,883	247,583,319	49,081,213
Investment securities	25	283,249,274	322,110,610	52,258,872	63,560,924	64,792,001	64,493,210	39,127,892	37,877,711
Other assets		9,299,442	11,367,855	11,367,855	-	-	-	-	-
Total non derivative assets		1,439,292,144	1,614,596,302	443,399,581	251,794,748	136,570,362	204,411,988	313,134,750	265,284,873
Derivative assets		70,254	70,254	53,663	16,591	-	-	-	-
Total financial assets		1,439,362,398	1,614,666,556	443,453,244	251,811,339	136,570,362	204,411,988	313,134,750	265,284,873
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	54,579,471	57,973,701	49,933,398	7,982,750	19,184	38,369	-	-
Deposits from customers	34	1,206,044,003	1,209,290,622	1,026,661,493	122,432,164	11,848,310	13,145,955	34,376,050	826,650
Borrowings	37	47,514,160	49,796,064	2,509,968	772,683	6,914,405	3,168,915	21,389,728	15,040,365
Other liabilities		29,180,892	29,180,892	29,180,892	-	-	-	-	-
Long term debt	38	20,880,966	36,818,093	-	240,817	327,731	1,050,181	6,234,095	28,965,268
Total non derivative liabilities		1,358,199,492	1,383,059,372	1,108,285,751	131,428,414	19,109,630	17,403,420	61,999,873	44,832,283
Derivative liability		14,658,250	-	-	-	-	-	-	-
Total financial liabilities		1,372,857,742	1,383,059,372	1,108,285,751	131,428,414	19,109,630	17,403,420	61,999,873	44,832,283
Liquidity gap		66,504,656	231,607,185	(664,832,507)	120,382,925	117,460,732	187,008,568	251,134,877	220,452,590
Cumulative liquidity gap				(664,832,507)	(544,449,582)	(426,988,850)	(239,980,282)	11,154,595	231,607,185

Bank

In thousands of naira

31 December 2014	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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	288,953,932	288,954,475	261,763,216	20,098,159	2,935,697	947,878	3,047,314	162,211
Financial assets held for trading	20	3,481,299	3,591,522	796,722	1,595,590	1,123,901	75,309	-	-
Assets pledged as collateral	22	109,775,177	119,334,149	55,861,393	17,873,888	10,291,712	17,592,600	6,185,248	11,529,308
Loans to banks	23	214,538,349	214,885,966	172,813,994	14,768,155	-	27,303,817	-	-
Loans and advances to customers	24	712,064,692	821,457,346	200,200,626	180,993,568	72,307,190	88,130,318	239,170,333	40,655,311
Investments securities	25	323,616,305	351,443,065	54,206,004	58,496,275	77,871,424	60,771,087	55,295,375	44,802,900
Other assets		3,394,522	3,394,522	3,394,522	-	-	-	-	-
Total financial assets		1,655,824,276	1,803,061,045	749,036,477	293,825,635	164,529,924	194,821,009	303,698,270	97,149,730
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	9,686,315	9,688,010	7,619,821	-	2,068,189	-	-	-
Deposits from customers	34	1,354,814,914	1,359,453,007	1,096,927,883	108,186,626	50,471,495	90,972,005	12,560,205	334,793
Borrowings	37	103,366,411	118,041,096	3,990,911	782,072	2,333,667	4,025,748	93,111,374	13,797,324
Other liabilities		27,451,583	27,451,583	27,451,583	-	-	-	-	-
Long term debt	38	31,858,561	50,451,016	-	560,849	615,711	1,186,282	37,450,657	10,637,517
Total non derivative liabilities		1,527,177,784	1,565,084,712	1,135,990,198	109,529,547	55,489,062	96,184,036	143,122,236	24,769,634
Derivative liability		12,608,232	-	-	-	-	-	-	-
Total financial liabilities		1,539,786,016	1,565,084,712	1,135,990,198	109,529,547	55,489,062	96,184,036	143,122,236	24,769,634
Liquidity gap		116,038,260	237,976,333	(386,953,721)	184,296,088	109,040,862	98,636,973	160,576,034	72,380,096
Cumulative liquidity gap				(386,953,721)	(202,657,633)	(93,616,770)	5,020,203	165,596,237	237,976,333

Bank

In thousands of naira

31 December 2013	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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	205,286,149	205,286,149	55,944,681	-	-	-	-	149,341,468
Financial assets held for trading	20	3,428,848	3,888,218	1,095,682	691,798	851,522	401,016	444,200	404,000
Assets pledged as collateral	22	82,275,434	93,394,405	41,536,841	21,524,070	1,513,517	1,560,587	10,444,893	16,814,497
Loans to banks	23	104,891,633	105,113,392	84,900,428	13,035,670	-	7,177,294	-	-
Loans and advances to customers	24	585,953,062	712,446,690	159,186,154	134,069,628	51,410,094	94,688,953	222,260,300	50,831,561
Investment securities	25	280,708,113	319,595,863	52,258,872	63,069,663	64,792,001	64,493,210	37,307,679	37,674,438
Other assets		5,246,135	5,246,135	5,246,135	-	-	-	-	-
Total financial assets		1,267,789,374	1,444,970,852	400,168,793	232,390,829	118,567,134	168,321,060	270,457,072	255,065,964
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	5,744,996	5,784,340	5,744,995	39,345	-	-	-	-
Deposits from customers	34	1,093,784,492	1,097,045,688	963,844,670	113,657,052	5,279,980	8,025,171	5,903,062	335,753
Borrowings	37	53,197,767	55,520,672	8,234,576	772,683	6,914,405	3,168,915	21,389,728	15,040,365
Other liabilities		22,599,536	22,599,536	22,599,536	-	-	-	-	-
Long term debt	38	20,880,966	36,818,092	-	240,817	327,731	1,050,181	6,234,095	28,965,268
Total non derivative liabilities		1,196,207,757	1,217,768,328	1,000,423,777	114,709,897	12,522,116	12,244,267	33,526,885	44,341,386
Derivative liability		14,658,250	-	-	-	-	-	-	-
Total financial liabilities		1,210,866,007	1,217,768,328	1,000,423,777	114,709,897	12,522,116	12,244,267	33,526,885	44,341,386
Liquidity gap		56,923,367	227,202,524	(600,254,984)	117,680,932	106,045,018	156,076,793	236,930,187	210,724,578
Cumulative liquidity gap				(600,254,984)	(482,574,052)	(376,529,034)	(220,452,241)	16,477,946	227,202,524

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									
<i>In thousands of naira</i>									
31 December 2014	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	45.2	160,434,571	160,434,571	3,640,606	16,306,185	48,830,980	53,844,341	37,005,610	806,848.72
		160,434,571	160,434,571	3,640,606	16,306,185	48,830,980	53,844,341	37,005,610	806,849

Group									
<i>In thousands of naira</i>									
31 December 2013	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	45.2	184,763,090	184,763,090	12,921,070	26,961,575	37,208,251	62,918,640	44,753,554	-
		184,763,090	184,763,090	12,921,070	26,961,575	37,208,251	62,918,640	44,753,554	-

Bank									
<i>In thousands of naira</i>									
31 December 2014	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	45.2	150,598,606	150,598,606	2,069,289	14,654,012	43,414,027	53,792,870	35,861,560	806,849
		204,109,107	204,109,107	2,069,773	16,387,866	53,869,393	77,518,932	47,611,141	6,652,002

Bank									
<i>In thousands of naira</i>									
31 December 2013	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	45.2	166,665,810	166,665,810	2,910,082	21,071,327	36,929,452	61,001,395	44,753,554	-
		200,179,078	200,179,078	7,560,761	27,233,795	44,807,647	70,518,792	49,098,077	960,006

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									
<i>In thousands of naira</i>									
31 December 2014	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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	301,393,080	301,393,629	137,723,099	39,568,852	5,516,165	1,054,969	3,291,578	114,238,966
Financial assets held for trading	20	3,481,299	3,591,522	796,722	1,595,590	1,123,901	75,309	-	-
Assets pledged as collateral	22	103,397,647	112,554,917	4,489,210	21,259,494	16,249,463	19,898,070	30,111,636	20,547,044
Loans to banks	23	296,098,561	300,483,668	248,033,014	23,604,495	20,369	27,565,890	1,259,900	-
Loans and advances to customers	24	791,094,667	933,624,780	113,088,892	204,962,092	93,571,673	113,750,567	273,018,938	135,232,618
Investments securities	25	342,834,637	371,433,604	54,920,995	59,754,714	80,906,621	61,592,165	64,876,414	49,382,695
Other assets		6,489,932	6,489,932	6,489,932	-	-	-	-	-
Total non derivative assets		1,844,789,823	2,029,572,052	565,541,864	350,745,237	197,388,192	223,936,970	372,558,466	319,401,323
Derivative assets	21	50,012	50,012	403	49,609	-	-	-	-
Total financial assets		1,844,839,835	2,029,622,064	565,542,267	350,794,846	197,388,192	223,936,970	372,558,466	319,401,323
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	68,760,427	68,781,386	56,498,762	12,282,624	-	-	-	-
Deposits from customers	34	1,493,081,203	1,505,541,725	517,597,190	198,798,007	69,968,032	158,859,347	54,034,198	506,284,951
Borrowings	37	74,637,231	89,521,045	3,990,911	782,072	2,333,667	4,025,748	64,591,323	13,797,324
Other liabilities		36,222,825	36,222,825	36,222,825	-	-	-	-	-
Long term debt	38	31,858,561	50,451,016	-	560,849	615,711	1,186,282	37,450,657	10,637,517
Total non derivative liabilities		1,704,560,247	1,750,517,997	614,309,688	212,423,552	72,917,410	164,071,377	156,076,178	530,719,792
Derivative liabilities	35	12,608,232	-	-	-	-	-	-	-
Total financial liabilities		1,717,168,479	1,750,517,997	614,309,688	212,423,552	72,917,410	164,071,377	156,076,178	530,719,792
Liquidity gap		127,671,356	279,104,067	(48,767,421)	138,371,294	124,470,782	59,865,593	216,482,288	(211,318,469)
Cumulative liquidity gap				(48,767,421)	89,603,873	214,074,655	273,940,248	490,422,536	279,104,067

Group

In thousands of naira

31 December 2013	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								
<i>Non derivative assets</i>								
Cash and balances with central banks	19	228,322,128	228,322,128	75,906,024	-	-	-	152,416,104
Financial assets held for trading	20	3,428,848	3,888,218	1,095,682	691,798	851,522	401,016	444,200
Assets pledged as collateral	22	96,461,777	107,580,747	14,906,757	22,846,352	6,472,074	12,027,640	25,822,079
Loans to banks	23	129,362,340	130,554,321	105,297,146	14,351,272	544,404	10,204,239	157,260
Loans and advances to customers	24	689,168,335	810,772,423	88,267,920	160,142,032	76,339,242	117,285,883	252,476,968
Investment securities	25	283,249,274	322,110,610	52,258,872	63,560,924	64,792,001	64,493,210	39,127,892
Other assets		9,299,442	11,367,855	11,367,855	-	-	-	-
Total non derivative assets		1,439,292,144	1,614,596,302	349,100,256	261,592,378	148,999,243	204,411,988	318,028,399
Derivative assets	21	70,254	70,254	53,663	16,591	-	-	-
Total financial assets		1,439,362,398	1,614,666,556	349,153,919	261,608,969	148,999,243	204,411,988	318,028,399
Financial liabilities by type								
<i>Non derivative liabilities</i>								
Deposits from banks	33	54,579,471	57,973,701	49,933,398	7,982,750	19,184	38,369	-
Deposits from customers	34	1,206,044,003	1,209,290,620	434,638,335	200,654,105	22,199,888	56,014,746	34,376,050
Borrowings	37	47,514,160	49,796,064	2,509,968	772,683	6,914,405	3,168,915	21,389,728
Other liabilities		29,180,892	29,180,892	29,180,892	-	-	-	-
Long term debt	38	20,880,966	36,818,092	-	240,817	327,731	1,050,181	6,234,095
Total non derivative liabilities		1,358,199,492	1,383,059,369	516,262,593	209,650,355	29,461,208	60,272,211	61,999,873
Derivative liability	35	14,658,250	-	-	-	-	-	-
Total financial liabilities		1,372,857,742	1,383,059,369	516,262,593	209,650,355	29,461,208	60,272,211	61,999,873
Liquidity gap		66,504,656	231,607,187	(167,108,674)	51,958,614	119,538,035	144,139,777	256,028,526
Cumulative liquidity gap				(167,108,674)	(115,150,060)	4,387,975	148,527,752	404,556,278

Bank

In thousands of naira

31 December 2014		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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	288,953,932	288,954,478	125,283,948	39,568,852	5,516,165	1,054,969	3,291,578	114,238,966
Financial assets held for trading	20	3,481,299	3,591,522	796,722	1,595,590	1,123,901	75,309	-	-
Assets pledged as collateral	22	109,775,177	119,334,149	55,861,393	17,873,888	10,291,712	17,592,600	6,185,248	11,529,308
Loans to banks	23	214,538,349	214,885,966	172,813,994	14,768,155	-	27,303,817	-	-
Loans and advances to customers	24	712,064,692	821,457,346	200,200,626	180,993,568	72,307,190	88,130,318	239,170,333	40,655,311
Investments securities	25	323,616,305	351,443,065	54,206,004	58,496,275	77,871,424	60,771,087	55,295,375	44,802,900
Other assets		3,394,522	3,394,522	3,394,522	-	-	-	-	-
Total financial assets		1,655,824,276	1,803,061,048	612,557,209	313,296,328	167,110,392	194,928,100	303,942,534	211,226,485
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	9,686,315	9,688,010	7,619,821	-	2,068,189	-	-	-
Deposits from customers	34	1,354,814,914	1,359,453,008	496,976,099	187,308,225	62,820,307	143,482,923	12,560,205	456,305,249
Borrowings	37	103,366,411	118,041,096	3,990,911	782,072	2,333,667	4,025,748	93,111,374	13,797,324
Other liabilities		27,451,583	27,451,583	27,451,583	-	-	-	-	-
Long term debt	38	31,858,561	50,451,016	-	560,849	615,711	1,186,282	37,450,657	10,637,517
Total non derivative liabilities		1,527,177,784	1,565,084,713	536,038,414	188,651,146	67,837,874	148,694,953	143,122,236	480,740,090
Derivative liability	35	12,608,232	-	-	-	-	-	-	-
Total financial liabilities		1,539,786,016	1,565,084,713	536,038,414	188,651,146	67,837,874	148,694,953	143,122,236	480,740,090
Liquidity gap		116,038,260	237,976,335	76,518,795	124,645,182	99,272,518	46,233,147	160,820,298	(269,513,605)
Cumulative liquidity gap				76,518,795	201,163,977	300,436,495	346,669,642	507,489,940	237,976,335

Bank

In thousands of naira

31 December 2013		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									
<i>Non derivative assets</i>									
Cash and balances with central banks	19	205,286,149	205,286,149	55,944,681	-	-	-	-	149,341,468
Financial assets held for trading	20	3,428,848	3,888,218	1,095,682	691,798	851,522	401,016	444,200	404,000
Assets pledged as collateral	22	82,275,434	93,394,405	41,536,841	21,524,070	1,513,517	1,560,587	10,444,893	16,814,497
Loans to banks	23	104,891,633	105,113,392	84,900,428	13,035,670	-	7,177,294	-	-
Loans and advances to customers	24	585,953,062	712,446,689	85,547,499	142,801,062	55,770,644	94,688,953	226,620,851	107,017,680
Investment securities	25	280,708,113	319,595,863	52,258,872	63,069,663	64,792,001	64,493,210	37,307,679	37,674,438
Other assets		5,246,135	5,246,135	5,246,135	-	-	-	-	-
Total financial assets		1,267,789,374	1,444,970,851	326,530,138	241,122,263	122,927,684	168,321,060	274,817,623	311,252,083
Financial liabilities by type									
<i>Non derivative liabilities</i>									
Deposits from banks	33	5,744,996	5,784,340	5,744,995	39,345	-	-	-	-
Deposits from customers	34	1,093,784,492	1,097,045,688	416,766,171	185,903,946	14,939,894	50,893,497	5,903,062	422,639,118
Borrowings	37	53,197,767	55,520,672	8,234,576	772,683	6,914,405	3,168,915	21,389,728	15,040,365
Other liabilities		22,599,536	22,599,536	22,599,536	-	-	-	-	-
Long term debt	38	20,880,966	36,818,092	-	240,817	327,731	1,050,181	6,234,095	28,965,268
Total non derivative liabilities		1,196,207,757	1,217,768,328	453,345,278	186,956,791	22,182,030	55,112,593	33,526,885	466,644,751
Derivative liability	35	14,658,250	-	-	-	-	-	-	-
Total financial liabilities		1,210,866,007	1,217,768,328	453,345,278	186,956,791	22,182,030	55,112,593	33,526,885	466,644,751
Liquidity gap		56,923,367	227,202,523	(126,815,140)	54,165,472	100,745,654	113,208,467	241,290,738	(155,392,668)
Cumulative liquidity gap				(126,815,140)	(72,649,668)	28,095,986	141,304,453	382,595,191	227,202,523

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									
<i>In thousands of naira</i>									
31 December 2014	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	45.2	160,434,571	160,434,571	3,640,606	16,306,185	48,830,980	53,844,341	37,005,610	806,848.72
		160,434,571	160,434,571	3,640,606	16,306,185	48,830,980	53,844,341	37,005,610	806,849

Group									
<i>In thousands of naira</i>									
31 December 2013	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	45.2	184,763,090	184,763,090	12,921,070	26,961,575	37,208,251	62,918,640	44,753,554	-
		239,635,663	239,635,663	27,447,489	34,811,059	47,271,446	77,129,006	52,016,656	960,007

Bank									
<i>In thousands of naira</i>									
31 December 2014	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	45.2	150,598,606	150,598,606	2,069,289	14,654,012	43,414,027	53,792,870	35,861,560	806,849
		204,109,107	204,109,107	2,069,773	16,387,866	53,869,393	77,518,932	47,611,141	6,652,002

Bank									
<i>In thousands of naira</i>									
31 December 2013	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	45.2	166,665,810	166,665,810	2,910,082	21,071,327	36,929,452	61,001,395	44,753,554	-
		200,179,078	200,179,078	7,560,761	27,233,795	44,807,647	70,518,792	49,098,077	960,006

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 (Cross 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 liquidity 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.

31 December 2014	Note	Group			Bank		
		Carrying amount	Market risk measure		Carrying amount	Market risk measure	
			Trading portfolios	Non-trading portfolios		Trading portfolios	Non-trading portfolios
<i>In thousands of Naira</i>							
Assets subject to market risk							
Cash and balances with central banks	19	301,393,080	-	301,393,080	288,953,932	-	288,953,932
Financial assets held for trading	20	3,481,299	3,481,299	-	3,481,299	3,481,299	-
Derivative assets	21	50,012	-	50,012	-	-	-
Assets pledged as collateral	22	103,397,647	-	103,397,647	109,775,177	-	109,775,177
Loans to banks	23	296,098,561	-	296,098,561	214,538,349	-	214,538,349
Loans and advances to customers	24	791,094,667	-	791,094,667	712,064,692	-	712,064,692
Investment securities	25	342,834,637	-	342,834,637	323,616,305	-	323,616,305
Other assets		6,489,932	-	6,489,932	3,394,522	-	3,394,522
		1,844,839,835	3,481,299	1,841,358,536	1,655,824,276	3,481,299	1,652,342,977
Liabilities subject to market risk							
Deposits from banks	33	68,760,427	-	68,760,427	9,686,315	-	9,686,315
Deposits from customers	34	1,493,081,203	-	1,493,081,203	1,354,814,914	-	1,354,814,914
Derivative liability	35	12,608,232	-	12,608,232	12,608,232	-	12,608,232
Other liabilities		36,222,825	-	36,222,825	27,451,583	-	27,451,583
Borrowings	37	74,637,231	-	74,637,231	103,366,411	-	103,366,411
Long term debt	38	31,858,561	-	31,858,561	31,858,561	-	31,858,561
		1,717,168,479	-	1,717,168,479	1,539,786,016	-	1,539,786,016
31 December 2013							
Assets subject to market risk							
Cash and balances with central banks	19	228,322,128	-	228,322,128	205,286,149	-	205,286,149
Financial assets held for trading	20	3,428,848	3,428,848	-	3,428,848	3,428,848	-
Derivative assets	21	70,254	-	70,254	-	-	-
Assets pledged as collateral	22	96,461,777	-	96,461,777	82,275,434	-	82,275,434
Loans to banks	23	129,362,340	-	129,362,340	104,891,633	-	104,891,633
Loans and advances to customers	24	689,168,335	-	689,168,335	585,953,062	-	585,953,062
Investment securities	25	283,249,274	-	283,249,274	280,708,113	-	280,708,113
Other assets		22,145,801	-	22,145,801	14,391,271	-	14,391,271
		1,452,208,757	3,428,848	1,448,779,909	1,276,934,510	3,428,848	1,273,505,662
Liabilities subject to market risk							
Deposits from banks	33	54,579,471	-	54,579,471	5,744,996	-	5,744,996
Deposits from customers	34	1,206,044,003	-	1,206,044,003	1,093,784,492	-	1,093,784,492
Derivative liability	35	14,658,250	-	14,658,250	14,658,250	-	14,658,250
Borrowings	37	33,664,294	-	33,664,294	25,933,787	-	25,933,787
Other liabilities		47,514,160	-	47,514,160	53,197,767	-	53,197,767
Long term debt	38	20,880,966	-	20,880,966	20,880,966	-	20,880,966
		1,377,341,144	-	1,377,341,144	1,214,200,258	-	1,214,200,258

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 2014			
	Average	High	Low	At reporting date
<i>In thousands of naira</i>				
Foreign exchange risk	4,255,738	26,715,210	673,845	12,829,528
Interest rate risk	19,531,201	67,362,360	1,980,226	4,887,973
Total VaR exposure	23,786,939	73,033,803	5,067,736	17,717,501
Bank	December 2014			
	Average	High	Low	At reporting date
<i>In thousands of naira</i>				
Foreign exchange risk	3,836,155	26,706,172	521,444	12,811,328
Interest rate risk	19,531,201	67,362,360	1,980,226	4,887,973
Total VaR exposure	23,367,356	72,832,185	5,051,040	17,699,301
Group	December 2013			
	Average	High	Low	At reporting date
<i>In thousands of naira</i>				
Foreign exchange risk	10,216,418	19,310,382	2,246,056	6,074,714
Interest rate risk	110,753,474	377,427,433	213,333	11,014,709
Total VaR exposure	120,969,892	383,044,974	10,444,683	17,089,423

Bank	December 2013			
	Average	High	Low	At reporting date
<i>In thousands of naira</i>				
Foreign exchange risk	8,606,254	19,219,827	1,969,693	4,990,016
Interest rate risk	110,753,474	377,427,433	213,333	11,014,709
Total VaR exposure	119,359,728	382,768,611	10,168,319	16,004,725

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 want to affect the market. However, the Bank has an

The Group trades and closes each day with ether 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

<i>In thousands of Naira</i>	31 December 2014					
	Naira	USD	GBP	Euro	Others	Total
Financial assets						
Cash and balances with central banks	283,993,358	3,295,379	436,644	1,375,528	12,292,171	301,393,080
Financial assets held for trading	3,481,299	-	-	-	-	3,481,299
Assets pledged as collateral	56,522,867	-	-	-	46,874,780	103,397,647
Derivative assets	-	-	50,012	-	-	50,012
Loans to banks	-	256,891,129	10,936,358	7,140,733	21,130,341	296,098,561
Loans and advances to customers	506,594,701	184,020,754	10,262	-	100,468,950	791,094,667
Investment securities	323,616,305	3,285,353	-	-	15,932,979	342,834,637
Other assets	1,979,017	1,340,000	194,718	898	2,975,299	6,489,932
Total	1,176,187,547	448,832,615	11,627,994	8,517,159	199,674,520	1,844,839,835
Financial liabilities						
Deposits from banks	5,745,521	18,523,460	236,396	1,571,242	42,683,808	68,760,427
Deposits from customers	952,526,465	393,499,978	3,188,863	3,021,744	140,844,153	1,493,081,203
Derivative liability	-	12,608,232	-	-	-	12,608,232
Borrowings	37,611,625	37,025,606	-	-	-	74,637,231
Other liabilities	15,169,476	9,921,013	90,888	2,223,036	8,818,412	36,222,825
Long term debt	-	31,858,561	-	-	-	31,858,561
Total	1,011,053,087	503,436,850	3,516,147	6,816,022	192,346,373	1,717,168,479

Group <i>In thousands of Naira</i>	31 December 2013					
	Naira	USD	GBP	Euro	Others	Total
Financial assets						
Cash and balances with central banks	202,472,191	10,854,404	4,012,414	696,769	10,286,350	228,322,128
Financial assets held for trading	3,428,848	-	-	-	-	3,428,848
Assets pledged as collateral	54,984,210	-	-	-	41,477,567	96,461,777
Derivative assets	-	70,254	-	-	-	-
Loans to banks	3,319	116,319,782	3,354,055	3,185,970	6,499,213	129,362,340
Loans and advances to customers	436,483,814	175,089,192	12,612	-	77,582,717	689,168,335
Investment securities	280,708,113	1,728,612	25,924	-	786,625	283,249,274
Other assets	5,122,460	201,217	181,629	1,191	3,792,946	9,299,442
Total	983,202,954	304,263,461	7,586,634	3,883,930	140,425,418	1,439,292,144
Financial liabilities						
Deposits from banks	3,440,231	8,148,844	4,415	2,177,292	40,808,689	54,579,471
Deposit from customers	855,739,902	233,611,498	2,466,238	1,966,911	112,259,454	1,206,044,003
Derivative liability	-	14,658,250	-	-	-	14,658,250
Borrowings	38,143,237	9,370,923	-	-	-	47,514,160
Other liabilities	15,017,786	8,512,627	1,095,178	1,617,079	5,922,735	32,165,405
Long term debt	-	20,880,966	-	-	-	20,880,966
Total	912,341,156	295,183,108	3,565,831	5,761,282	158,990,878	1,375,842,255
Bank						
<i>In thousands of Naira</i>						
	31 December 2014					
	Naira	USD	GBP	Euro	Others	Total
Financial assets						
Cash and balances with central banks	283,985,670	3,282,290	434,952	1,250,697	323	288,953,932
Financial assets held for trading	3,481,299	-	-	-	-	3,481,299
Assets pledged as collateral	56,522,867	53,252,310	-	-	-	109,775,177
Loans to banks	-	205,217,164	2,733,767	6,100,183	487,235	214,538,349
Loans and advances to customers	506,929,943	203,104,351	-	2,030,398	-	712,064,692
Investment securities	323,616,305	-	-	-	-	323,616,305
Other assets	2,073,282	1,319,912	430	898	-	3,394,522
Total	1,176,609,366	466,176,027	3,169,149	9,382,176	487,558	1,655,824,276
Financial liabilities						
Deposits from banks	5,745,522	778,836	3,971	3,157,986	-	9,686,315
Deposits from customers	955,224,363	393,391,116	3,188,863	3,010,548	24	1,354,814,914
Derivative liability	-	12,608,232	-	-	-	12,608,232
Borrowings	37,611,625	65,754,786	-	-	-	103,366,411
Other liabilities	14,831,760	9,841,804	90,678	2,222,912	464,429	27,451,583
Long term debt	-	31,858,561	-	-	-	31,858,561
Total	1,013,413,270	514,233,335	3,283,512	8,391,446	464,453	1,539,786,016

Bank <i>In thousands of Naira</i>	31 December 2013					
	Naira	USD	GBP	Euro	Others	Total
Financial assets						
Cash and balances with central banks	202,472,189	1,946,658	239,953	627,033	316	205,286,149
Financial assets held for trading	3,428,848	-	-	-	-	3,428,848
Assets pledged as collateral	54,984,210	27,291,224	-	-	-	82,275,434
Loans to banks	-	98,012,870	3,157,077	3,350,521	371,165	104,891,633
Loans and advances to customers	436,475,416	147,456,837	-	2,020,809	-	585,953,062
Investment securities	280,708,113	-	-	-	-	280,708,113
Other assets	5,107,339	137,704	161	931	-	5,246,135
Total	983,176,115	274,845,293	3,397,190	5,999,294	371,481	1,267,789,374
Financial liabilities						
Deposits from banks	3,440,231	124,483	3,906	2,176,376	-	5,744,996
Deposits from customers	855,739,822	233,611,498	2,466,238	1,966,911	23	1,093,784,492
Derivative liability	-	14,658,250	-	-	-	14,658,250
Borrowings	38,143,238	9,410,160	5,644,369	-	-	53,197,767
Other liabilities	12,015,287	7,800,494	911,117	1,617,079	255,559	22,599,536
Long term debt	-	20,880,966	-	-	-	20,880,966
Total	909,338,578	286,485,851	9,025,630	5,760,366	255,583	1,210,866,008

3.4.5 Interest rate risk

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

Group	Interest Bearing					Non- interest bearing	Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years		
31 December 2014							
<i>In thousands of Naira</i>							
Financial assets							
<i>Non derivative assets</i>							
Cash and balances with central banks	6,010,301	-	-	-	-	295,382,779	301,393,080
Assets pledged as collateral	5,998,489	20,834,617	34,059,367	27,313,215	15,191,959	-	103,397,647
Loans to banks	114,442,049	23,582,995	23,160,750	1,259,900	-	133,652,867	296,098,561
Loans and advances to customers	122,652,963	167,750,006	105,237,794	246,105,346	149,348,558	-	791,094,667
Investment securities	54,323,305	57,258,577	127,022,845	64,579,695	32,623,174	7,027,041	342,834,637
Financial assets held for trading	787,680	1,551,824	1,141,795	-	-	-	3,481,299
Other assets	-	-	-	-	-	6,489,932	6,489,932
Total non derivative assets	304,214,787	270,978,019	290,622,551	339,258,156	197,163,691	442,552,619	1,844,789,823
Derivative assets	-	-	-	-	-	50,012	50,012
Total financial assets	304,214,787	270,978,019	290,622,551	339,258,156	197,163,691	442,602,631	1,844,839,835
Financial liabilities							
<i>Non derivative liabilities</i>							
Deposits from banks	45,470,943	12,279,474	-	-	-	11,010,010	68,760,427
Deposits from customers	241,238,006	137,949,212	173,924,790	46,422,796	161,084,244	732,462,155	1,493,081,203
Borrowings	8,149,686	508,000	1,532,886	36,686,815	27,759,844	-	74,637,231
Other liabilities	-	-	-	-	-	36,222,825	36,222,825
Long term debt	-	17,134,859	6,239,703	-	8,483,999	-	31,858,561
Total non derivative liabilities	294,858,635	167,871,545	181,697,379	83,109,611	197,328,087	779,694,990	1,704,560,247
Derivative liabilities	-	-	-	-	-	12,608,232	12,608,232
Total financial liabilities	294,858,635	167,871,545	181,697,379	83,109,611	197,328,087	792,303,222	1,717,168,479
Total interest rate gap	9,356,152	103,106,474	108,925,172	256,148,545	(164,396)	(349,700,591)	127,671,356

Group	Interest Bearing					Non- interest bearing	Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years		
31 December 2013							
<i>In thousands of naira</i>							
Financial assets							
<i>Non derivative assets</i>							
Cash and balances with central banks	9,711,130	2,351,048	-	-	-	216,259,950	228,322,128
Assets pledged as collateral	14,640,347	22,286,011	16,807,345	25,577,611	17,150,462	-	96,461,777
Loans to banks	30,383,833	14,301,959	10,240,167	156,745	-	74,279,636	129,362,340
Loans and advances to customers	75,017,849	135,748,310	123,321,017	200,387,396	154,693,764	-	689,168,335
Investment securities	51,518,215	61,571,998	115,743,401	17,826,613	29,532,488	7,056,559	283,249,274
Financial assets held for trading	1,073,071	667,589	1,147,362	199,417	341,408	-	3,428,848
Other assets	-	-	-	-	-	9,299,442	9,299,442
Total non derivative assets	182,344,447	236,926,915	267,259,292	244,147,781	201,718,122	306,895,587	1,439,292,144
Derivative assets	53,663	16,591	-	-	-	-	70,254
Total financial assets	182,398,109	236,943,507	267,259,292	244,147,781	201,718,122	306,895,587	1,439,362,398
Financial liabilities							
<i>Non derivative liabilities</i>							
Deposits from banks	40,144,825	7,885,414	-	-	-	6,549,232	54,579,471
Deposits from customers	188,954,402	141,379,297	34,680,475	23,526,629	135,143,376	682,359,825	1,206,044,003
Borrowings	8,285,971	-	6,494,366	4,322,931	28,410,892	-	47,514,160
Other liabilities	-	-	-	-	-	29,180,892	29,180,892
Long term debt	-	15,726,000	5,154,966	-	-	-	20,880,966
Total non derivative liabilities	237,385,197	164,990,711	46,329,807	27,849,560	163,554,268	722,573,351	1,358,199,492
Derivative liabilities	-	-	16,865	-	-	14,641,385	14,658,250
Total financial liabilities	237,385,197	164,990,711	46,346,672	27,849,560	163,554,268	737,214,736	1,372,857,742
Total interest rate gap	(54,987,088)	71,952,796	220,912,620	216,298,221	38,163,854	(430,319,149)	66,504,656

Bank

31 December 2014 <i>In thousands of Naira</i>	Interest Bearing					Non- interest bearing	Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years		
Financial assets							
<i>Non derivative assets</i>							
Cash and balances with central banks	6,010,301	-	-	-	-	282,943,631	288,953,932
Assets pledged as collateral	56,968,970	17,449,011	25,796,146	3,386,827	6,174,223	-	109,775,177
Loans to banks	39,128,472	14,746,655	27,010,355	-	-	133,652,867	214,538,349
Financial assets held for trading	787,681	1,551,824	1,141,794	-	-	-	3,481,299
Loans and advances to customers	106,331,344	157,663,143	90,155,203	218,362,611	139,552,391	-	712,064,692
Investment securities	51,826,715	56,000,138	123,166,570	54,998,656	30,658,555	6,965,671	323,616,305
Other assets	-	-	-	-	-	3,394,522	3,394,522
Total financial assets	261,053,483	247,410,771	267,270,068	276,748,094	176,385,169	426,956,691	1,655,824,276
Financial liabilities							
<i>Non derivative liabilities</i>							
Deposits from banks	1,033,053	-	2,066,513	-	-	6,586,749	9,686,315
Deposits from customers	235,655,571	131,359,370	152,386,137	11,436,419	148,423,346	675,554,071	1,354,814,914
Borrowings	9,496,596	2,182,849	27,240,308	36,686,815	27,759,843	-	103,366,411
Other liabilities	-	-	-	-	-	27,451,583	27,451,583
Long term debt	-	17,134,859	6,239,702	-	8,484,000	-	31,858,561
Total non derivative liabilities	246,185,220	150,677,078	187,932,660	48,123,234	184,667,189	709,592,403	1,527,177,784
Derivative liabilities	-	-	-	-	-	12,608,232	12,608,232
Total financial liabilities	246,185,220	150,677,078	187,932,660	48,123,234	184,667,189	722,200,635	1,539,786,016
Total interest rate gap	14,868,263	96,733,693	79,337,408	228,624,860	(8,282,020)	(295,243,944)	116,038,260

Bank	Interest Bearing					Non- interest bearing	Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years		
31 December 2013							
In thousands of naira							
Financial assets							
Non derivative assets							
Cash and balances with central banks	-	-	-	-	-	205,286,149	205,286,149
Assets pledged as collateral	41,303,172	21,029,211	2,145,639	10,961,931	6,835,481	-	82,275,434
Loans to banks	14,433,786	12,990,668	7,000,932	-	-	70,466,247	104,891,633
Financial assets held for trading	1,073,072	667,589	1,147,362	199,417	341,408	-	3,428,848
Loans and advances to customers	73,932,839	116,985,530	79,405,147	171,331,689	144,297,857	-	585,953,062
Investment securities	51,518,216	61,075,788	115,743,401	15,999,387	29,378,541	6,992,780	280,708,113
Other assets	-	-	-	-	-	5,246,135	5,246,135
Total financial assets	182,261,085	212,748,786	205,442,481	198,492,424	180,853,287	287,991,311	1,267,789,374
Financial liabilities							
Non derivative liabilities							
Deposits from banks	-	-	-	-	-	5,744,996	5,744,996
Deposits from customers	182,283,968	131,159,126	22,278,861	5,236,120	116,170,022	636,656,395	1,093,784,492
Borrowings	13,969,577	-	6,494,366	4,322,931	28,410,893	-	53,197,767
Other liabilities	-	-	-	-	-	22,599,536	22,599,536
Long term debt	-	15,726,000	5,154,966	-	-	-	20,880,966
Total non derivative liabilities	196,253,545	146,885,126	33,928,193	9,559,051	144,580,915	665,000,927	1,196,207,757
Derivative liabilities	-	-	16,865	-	-	14,641,385	14,658,250
Total financial liabilities	196,253,545	146,885,126	33,945,058	9,559,051	144,580,915	679,642,312	1,210,866,007
Total interest rate gap	(13,992,460)	65,863,660	171,497,423	188,933,373	36,272,372	(391,651,001)	56,923,367

3.4.6 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 2014

Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
<1 month	9,356,152	(89,663)	89,663
1-3 months	103,106,474	(859,221)	859,221
3-12 months	108,925,172	(408,469)	408,469
	221,387,798	(1,357,353)	1,357,353

Interest sensitivity analysis - 31 December 2013

Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
< 1 month	(54,987,088)	526,960	(526,960)
1-3 months	71,952,796	(599,607)	599,607
3-12 months	220,912,620	(828,422)	828,422
	237,878,328	(901,069)	901,069

Bank

Interest sensitivity analysis - 31 December 2014

Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
<1 month	14,868,263	(142,488)	142,488
1-3 months	96,733,693	(806,114)	806,114
3-12 months	79,337,408	(297,515)	297,515
	190,939,364	(1,246,117)	1,246,117

Interest sensitivity analysis - 31 December 2013

Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
< 1 month	(13,992,460)	134,094	(134,094)
1-3 months	65,863,660	(548,864)	548,864
3-12 months	171,497,780	(643,117)	643,117
	223,368,980	(1,057,887)	1,057,887

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 - increase 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 2014

Assets	Fixed	Floating	Total
<i>In thousands of naira</i>			
Cash and balances with central banks	6,010,301	-	6,010,301
Financial assets held for trading	3,481,299	-	3,481,299
Assets pledged as collateral	103,397,647	-	103,397,647
Loans to bank	162,445,694	-	162,445,694
Loans and advances to customers	732,175,177	58,919,490	791,094,667
Investment securities	335,807,596	-	335,807,596
	1,343,317,714	58,919,490	1,402,237,204
Liabilities	Fixed	Floating	Total
Deposits from banks	57,750,417	-	57,750,417
Deposits from customers	760,619,048	-	760,619,048
Borrowing	70,395,231	4,242,000	74,637,231
Long term debt	8,484,000	23,374,561	31,858,561
	897,248,696	27,616,561	924,865,257

31 December 2013

Assets	Fixed	Floating	Total
<i>In thousands of naira</i>			
Cash and balances with central banks	12,062,178	-	12,062,178
Financial assets held for trading	3,428,848	-	3,428,848
Assets pledged as collateral	96,461,777	-	96,461,777
Derivative assets	70,254	-	70,254
Loans to bank	55,082,704	-	55,082,704
Loans and advances to customers	659,854,818	29,313,517	689,168,335
Investment securities	276,192,715	-	276,192,715
	1,103,153,294	29,313,517	1,132,466,811
Liabilities	Fixed	Floating	Total
Deposits from banks	48,030,239	-	48,030,239
Deposits from customers	523,684,178	-	523,684,178
Derivative liability		16,865	16,865
Borrowing	43,010,805	4,503,355	47,514,160
Long term debt	-	20,880,966	20,880,966
	614,725,222	25,401,186	640,126,408

Bank

Exposure to fixed and variable interest rate risk

31 December 2014

Assets	Fixed	Floating	Total
<i>In thousands of naira</i>			
Cash and balances with central banks	6,010,301	-	6,010,301
Financial assets held for trading	3,481,299	-	3,481,299
Assets pledged as collateral	109,775,177	-	109,775,177
Loans to bank	80,885,482	-	80,885,482
Loans and advances to customers	653,145,202	58,919,490	712,064,692
Investment securities	316,650,634	-	316,650,634
	1,169,948,095	58,919,490	1,228,867,585
Liabilities	Fixed	Floating	Total
Deposits from banks	3,099,566	-	3,099,566
Deposits from customers	679,260,843	-	679,260,843
Borrowing	99,124,411	4,242,000	103,366,411
Long term debt	8,484,000	23,374,561	31,858,561
	789,968,820	27,616,561	817,585,381

31 December 2013

Assets	Fixed	Floating	Total
<i>In thousands of naira</i>			
Cash and balances with central banks	-	-	-
Loans to bank	34,425,386	-	34,425,386
Loans and advances to customers	556,639,545	29,313,517	585,953,062
Financial assets held for trading	3,428,848	-	3,428,848
Investment securities	273,715,333	-	273,715,333
Assets pledged as collateral	82,275,434	-	82,275,434
	950,484,546	29,313,517	979,798,063
Liabilities	Fixed	Floating	Total
Deposits from banks	-	-	-
Deposits from customers	457,128,097	-	457,128,097
Derivative liability	16,865	-	16,865
Borrowing	48,694,412	4,503,355	53,197,767
Long term debt	-	20,880,966	20,880,966
	505,839,374	25,384,321	531,223,695

3.4.7 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 2014	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
Held for trading	3,481,298	11,371	(3,249)
Available for sale investments	3,285,353	59,188	(69,735)
Total	6,766,651	70,559	(72,984)
31 December 2013	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
<i>In thousands of naira</i>			
Held for trading	3,428,845	26,947	(23,370)
Available for sale investments	4,034,903	72,582	(64,361)
Total	7,463,748	99,529	(87,731)

BANK

31 December 2014	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
<i>In thousands of naira</i>			
Held for trading	3,481,298	11,371	(3,249)
Available for sale investments	-	-	-
Total	3,481,299	11,371	(3,249)

31 December 2013	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
<i>In thousands of naira</i>			
Held for trading	3,428,845	26,947	(23,370)
Available for sale investments	2,749,332	50,767	(42,802)
Total	6,178,177	77,714	(66,172)

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 hierarchy into which the fair value measurement is categorised:

Group

In thousands of Naira

31 December 2014	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	21	-	50,012	-	50,012
Financial assets held for trading					
- Debt securities	20	3,481,299	-	-	3,481,299
Available for sale financial assets					
- Investment securities - debt	25	3,285,354	-	-	3,285,354
- Investment securities - unlisted equities	25	-	4,829,633	-	4,829,633
Total assets		6,766,653	4,879,645	-	11,646,298
Financial liabilities					
Derivative liability	35	-	12,608,232	-	12,608,232
Total liabilities		-	12,608,232	-	12,608,232

31 December 2013

In thousands of Naira

31 December 2013	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets held for trading					
- Debt securities	20	3,428,848	-	-	3,428,848
Available for sale financial assets					
- Investment securities - debt	25	4,034,903	-	-	4,034,903
Assets pledged as collateral	22	96,461,777	-	-	96,461,777
Total assets		103,925,528	-	-	103,925,528
Financial liabilities					
Derivative liability	35	-	14,658,250	-	14,658,250
Total liabilities		-	14,658,250	-	14,658,250

Bank					
<i>In thousands of Naira</i>					
31 December 2014	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets held for trading					
- Debt securities	20	3,481,299	-	-	3,481,299
Available for sale financial assets					-
- Investment securities - unlisted equities	25	-	4,768,262	-	4,768,262
Total assets		3,481,299	4,768,262	-	8,249,561
Financial liabilities					
Derivative liability	35	-	12,608,232		12,608,232
Total liabilities		-	12,608,232	-	12,608,232

<i>In thousands of Naira</i>					
31 December 2013	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets held for trading					
- Debt securities	20	3,428,848	-	-	3,428,848
Available for sale financial assets					
- Investment securities - debt	25	4,501,866	-	-	4,501,866
Assets pledged as collateral	22	82,275,434	-	-	82,275,434
Total assets		90,206,148	-	-	90,206,149
Financial liabilities					
Derivative liability	35	-	14,658,250		14,658,250
Total liabilities		-	14,658,250	-	14,658,250

Reconciliation of level 3 Investments

	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
<i>In thousands of Naira</i>				
At beginning of year	-	6,691,442	-	6,691,442
Gain of loss in profit	-	-	-	-
Gain or loss in OCI	-	-	-	-
Transfers out of level 3	-	(6,691,442)	-	(6,691,442)
Purchases	-	-	-	-
Disposal	-	-	-	-
At the end of the year	-	-	-	-

(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 2014					31 December 2013				
	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	301,384,244	-	301,384,244	-	301,384,244	228,322,128	-	228,322,128	-	228,322,128
- Cash in hand	31,339,013	-	31,339,013	-	31,339,013	45,468,545	-	45,468,545	-	45,468,545
- Balances with central banks other than mandatory reserve deposits	15,551,534	-	15,551,534	-	15,551,534	30,437,479	-	30,437,479	-	30,437,479
- Mandatory reserve deposits with central banks	254,493,697	-	254,493,697	-	254,493,697	152,416,104	-	152,416,104	-	152,416,104
Loans to banks	296,098,561	-	296,098,561	-	296,098,561	129,362,340	-	129,362,340	-	129,362,340
- Current balances with banks within Nigeria	-	-	-	-	-	-	-	-	-	-
- Current balances with banks outside Nigeria	133,652,866	-	133,652,866	-	133,652,866	74,742,901	-	74,742,901	-	74,742,901
- Placements with banks and discount houses	162,445,695	-	162,445,695	-	162,445,695	54,619,439	-	54,619,439	-	54,619,439
Loans and advances to customers	785,691,725	-	810,413,028	-	810,413,028	683,765,393	-	704,298,811	-	704,298,811
- Overdrafts	141,773,879	-	141,773,879	-	141,773,879	104,428,031	-	104,428,031	-	104,428,031
- Term loans	623,887,709	-	649,073,795	-	649,073,795	539,678,492	-	560,939,445	-	560,939,445
- Staff loans	6,446,198	-	5,568,599	-	5,568,599	5,278,769	-	3,914,811	-	3,914,811
- Commercial papers	2,829,470	-	2,829,471	-	2,829,471	23,317,252	-	23,317,252	-	23,317,252
- Advances under finance lease	10,754,469	-	11,167,285	-	11,167,285	11,062,849	-	11,699,273	-	11,699,273
Asset pledged as collateral	103,397,647	-	98,539,055	-	98,539,055	96,461,777	51,793,677	41,477,567	-	93,271,244
Other assets	6,489,932	-	6,489,932	-	6,489,932	9,299,442	-	9,299,442	-	9,299,442
Investment securities	334,719,650	321,771,069	-	2,197,408	323,968,477	274,676,955	258,380,585	1,191,811	2,519,143	262,091,538
- Held to maturity	332,522,242	321,771,069	-	-	321,771,069	272,157,812	258,380,585	1,191,811	-	259,572,395
- Available for sale financial assets -unlisted equities	2,197,408	-	-	2,197,408	2,197,408	2,519,143	-	-	2,519,143	2,519,143
Total financial assets	1,827,781,760	321,771,069	1,512,924,821	2,197,408	1,836,893,298	1,421,888,034	310,174,261	1,113,952,099	2,519,143	1,426,645,503
Financial liabilities										
Deposits from banks	68,760,427	-	68,760,427	-	68,760,427	54,579,471	-	54,579,471	-	54,579,471
- Items in the course of collection	7,232,891	-	7,232,891	-	7,232,891	6,549,232	-	6,549,232	-	6,549,232
- Interbank takings	61,527,536	-	61,527,536	-	61,527,536	48,030,239	-	48,030,239	-	48,030,239
Deposits from customers	1,493,081,203	-	1,498,418,277	-	1,498,418,277	1,206,044,003	-	1,201,216,603	-	1,201,216,603
- Current	732,455,959	-	732,455,959	-	732,455,959	682,359,825	-	682,359,825	-	682,359,825
- Savings	266,721,728	-	266,721,728	-	266,721,728	207,031,564	-	207,031,564	-	207,031,564
- Term	493,903,516	-	499,240,590	-	499,240,590	316,652,614	-	311,825,214	-	311,825,214
Other liabilities	36,222,825	-	36,222,825	-	36,222,825	33,664,294	-	33,993,506	-	33,664,294
Long term debt	31,858,561	-	37,600,299	-	20,878,236	20,880,966	-	20,878,236	-	20,878,236
Borrowings	74,637,231	-	75,431,832	-	47,495,325	47,514,160	-	47,495,325	-	47,495,325
Total financial liabilities	1,704,560,247	-	1,716,433,661	-	1,671,775,090	1,362,682,894	-	1,358,163,141	-	1,357,833,930
Off-balance sheet financial instruments	160,434,571	-	160,434,571	-	160,434,571	184,763,090	-	184,763,090	-	184,763,090
Unconfirmed and unfunded Letters of Credit	160,434,571	-	160,434,571	-	160,434,571	184,763,090	-	184,763,090	-	184,763,090

Bank

In thousands of Naira

	31 December 2014					31 December 2013				
	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	288,953,932	-	288,953,932	-	288,953,932	205,286,149	-	205,286,149	-	205,286,149
- Cash	27,989,368	-	27,989,368	-	27,989,368	29,465,253	-	29,465,253	-	29,465,253
- Balances with central banks other than mandatory reserve deposits	12,355,543	-	12,355,543	-	12,355,543	26,479,428	-	26,479,428	-	26,479,428
- Mandatory reserve deposits with central banks	248,609,021	-	248,609,021	-	248,609,021	149,341,468	-	149,341,468	-	149,341,468
Loans to banks	214,538,349	-	214,538,349	-	214,538,349	104,891,633	-	104,891,633	-	104,891,633
- Current balances with banks within Nigeria	-	-	-	-	-	-	-	-	-	-
- Current balances with banks outside Nigeria	133,652,866	-	133,652,866	-	133,652,866	70,466,247	-	70,466,247	-	70,466,247
- Placements with banks and discount houses	80,885,483	-	80,885,483	-	80,885,483	34,425,386	-	34,425,386	-	34,425,386
Loans and advances to customers	706,661,750	-	731,378,523	-	731,378,523	580,550,120	-	584,482,081	-	584,482,081
- Overdrafts	125,537,651	-	125,537,651	-	125,537,651	93,210,565	-	93,210,565	-	93,210,565
- Term loans	564,268,955	-	590,361,192	-	590,361,192	471,426,591	-	475,907,451	-	475,907,451
- Staff loans	6,100,675	-	4,288,056	-	4,288,056	4,865,449	-	3,679,949	-	3,679,949
- Advances under finance lease	10,754,469	-	11,191,624	-	11,191,624	11,047,515	-	11,684,116	-	11,684,116
Asset pledged as collateral	109,775,177	52,031,894	53,252,310	-	105,284,203	82,275,434	51,793,677	27,291,224	-	79,084,901
Other assets	5,796,273	-	5,796,273	-	5,796,273	7,148,055	-	7,148,055	-	7,148,055
Investment securities	318,848,043	307,525,706	-	2,197,408	309,723,114	273,485,144	258,380,585	-	2,519,143	260,899,728
- Held to maturity	316,650,635	307,525,706	-	-	307,525,706	270,966,001	258,380,585	-	-	258,380,585
- Available for sale financial assets -unlisted equities	2,197,408	-	-	2,197,408	2,197,408	2,519,143	-	-	2,519,143	2,519,143
Total financial assets	1,644,573,525	359,557,600	1,293,919,387	2,197,408	1,655,674,395	1,253,636,535	310,174,261	929,099,142	2,519,143	1,241,792,546
Financial liabilities										
Deposits from banks	9,686,315	-	9,686,315	-	9,686,315	5,744,996	-	5,744,996	-	5,744,996
- Items in the course of collection	6,586,748	-	6,586,748	-	6,586,748	5,744,996	-	5,744,996	-	5,744,996
- Interbank takings	3,099,567	-	3,099,567	-	3,099,567	-	-	-	-	-
Deposits from customers	1,354,814,914	-	1,359,486,139	-	1,359,486,139	1,093,784,492	-	1,094,074,732	-	1,094,074,732
- Current	675,554,040	-	675,554,040	-	675,554,040	636,656,395	-	636,656,395	-	636,656,395
- Savings	246,976,265	-	246,976,265	-	246,976,265	193,200,728	-	193,200,728	-	193,200,728
- Term	432,284,609	-	436,955,834	-	436,955,834	263,927,369	-	264,217,609	-	264,217,609
Other liabilities	27,451,583	-	27,451,583	-	27,451,583	25,933,787	-	25,933,787	-	25,933,787
Long term debt	31,858,561	-	37,600,299	-	37,600,299	20,880,966	-	20,878,236	-	20,878,236
Borrowings	103,366,411	-	104,398,951	-	104,398,951	53,197,767	-	53,178,933	-	53,178,933
Total financial liabilities	1,527,177,784	-	1,538,623,288	-	1,538,623,288	1,199,542,008	-	1,199,810,684	-	1,199,810,684
Off-balance sheet financial instruments	150,598,606	-	150,598,606	-	150,598,606	166,665,810	-	166,665,810	-	166,665,810
Unconfirmed and unfunded Letters of Credit	150,598,606	-	150,598,606	-	150,598,606	166,665,810	-	166,665,810	-	166,665,810

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 value 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	
<p>Trading securities</p> <p>Treasury bills and Government Bonds</p>	<p>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 hierarchy.</p>	<p>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.</p>
<p>Investment securities</p> <p>Treasury bills and Government Bonds</p> <p>AFS Unquoted Equities</p>	<p>Investment securities classified as available for sale are measured at fair value using the following methods:</p> <p>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 hierarchy.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p>Derivative liability</p> <p>Option (Equity)</p>	<p>The Group estimated forward interest rate curves from the a zero rate curve obtained by linear interpolation of zero rates.</p> <p>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</p> <p>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</p> <p>The Group modeled the evolution of the stock price using a binomial stock price tree</p> <p>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.</p> <p>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.</p>	<p>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</p> <p>Interest rates are modelled using deterministic models from observable market data</p> <p>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</p>

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 Group for the years ended 31 December 2013 and 31 December 2014. During those years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

Basel II Basis

<i>In thousands of naira</i>	Note	Group 31 December 2014	Bank 31 December 2014
Tier 1 capital			
Share capital	39	11,580,195	11,580,195
Share premium	40	134,532,974	134,532,974
Statutory reserves	40	22,670,510	22,422,273
SMEIS reserve	40	3,966,628	3,966,628
Retained earnings	40	35,240,967	32,845,896
Less: Deferred tax, intangible assets and goodwill	31,30	(8,525,942)	(7,564,138)
Less: Investment in subsidiaries		-	(7,920,941)
Total qualifying Tier 1 capital		199,465,332	189,862,887
Tier 2 capital			
Fair value reserve	40	209,307	312,801
Foreign currency translation reserve	40	606,146	-
Long term debt	38	31,858,561	31,858,561
Convertible option	35	12,608,232	12,608,232
Less: Investment in subsidiaries		-	(7,920,941)
Total qualifying Tier 2 capital		45,282,246	36,858,653
Total regulatory capital		244,747,578	226,721,540
Risk-weighted assets:			
Credit Risk			
On-balance sheet		1,025,691,756	900,064,947
Off-balance sheet		114,808,250	85,852,809
Total on balance sheet assets and off balance sheet exposures		1,140,500,006	985,917,756
Operational risk exposures		253,988,578	238,739,241
Market risk exposures		5,468,793	3,872,163
Total risk-weighted assets		1,399,957,377	1,228,529,161
Risk-weighted Capital Adequacy Ratio (CAR)		17.48%	18.45%

Basel I Basis

<i>In thousands of naira</i>	Group 31 December 2013	Bank 31 December 2013
Tier 1 capital		
Share capital	39	7,237,622
Share premium	40	89,629,324
Statutory reserves	40	19,361,930
SMEIS reserve	40	3,966,628
Retained earnings	40	17,483,423
Less: Deferred tax and intangible assets	31,30	(9,588,849)
Total qualifying Tier 1 capital	128,090,078	113,963,795
Tier 2 capital		
Fair value reserve	40	(65,816)
Non controlling interest	40	153,516
Foreign currency translation reserve	40	1,087,073
Collective impairment		8,665,173
Subordinated convertible debt:	38	
Long term debt (based on original principal amounts approved by the Central Bank of Nigeria)		7,377,795
		27,854,206
Total qualifying Tier 2 capital	37,694,152	35,148,107
Total regulatory capital	165,784,230	149,111,902
Risk-weighted assets:		
On-balance sheet		817,235,199
Off-balance sheet		717,502,187
		141,711,232
Total risk-weighted assets	958,946,431	828,805,475
Risk-weighted Capital Adequacy Ratio (CAR)	17.29%	17.99%

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 institution 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 statistical 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 experience 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 losses occurring 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 reflected 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
- The international support mechanism in place to provide the necessary support as 'lenders of last resort' to that country as

(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 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 27)

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

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 liquidity 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 assessment. 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 2014.

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 1% 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 2014

In thousands of Naira

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total N'000
Interest income derived from external customers	42,934,258	43,385,740	16,309,930	52,099,624	154,729,552
Interest income derived from other segments	3,514,732	23,069,111	42,353,944	2,161,003	71,098,790
Total interest income	46,448,990	66,454,851	58,663,874	54,260,627	225,828,342
Interest paid to external customers	(7,301,472)	(18,904,720)	(16,948,994)	(13,515,475)	(56,670,661)
Interest paid to other segments	(37,588,636)	(13,103,710)	(3,216,415)	(18,664,091)	(72,572,852)
Total interest expenses	(44,890,108)	(32,008,430)	(20,165,409)	(32,179,566)	(129,243,513)
Other operating income	9,701,389	7,924,012	20,622,589	17,347,361	55,595,351
Impairment charges for credit losses	(6,420)	(4,429,388)	(5,816,542)	(2,822,730)	(13,075,080)
Operating expenses	(1,026,633)	(35,514,320)	(34,410,944)	(14,000,961)	(84,952,858)
Operating profit before tax	10,227,218	2,426,725	18,893,568	22,604,731	54,152,242

31 December 2013

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total
Interest income derived from external customers	35,845,592	44,960,792	13,980,709	43,116,673	137,903,766
Interest income derived from other segments	2,615,597	32,253,335	35,250,646	2,246,768	72,366,345
Total interest income	38,461,188	77,214,127	49,231,355	45,363,441	210,270,110
Interest paid to external customers	(3,968,349)	(20,154,624)	(10,896,662)	(9,686,817)	(44,706,452)
Interest paid to other segments	(33,214,373)	(8,421,919)	(1,943,234)	(16,479,161)	(60,058,686)
Total interest expenses	(37,182,722)	(28,576,543)	(12,839,895)	(26,165,978)	(104,765,139)
Other operating income	8,242,390	4,814,632	17,852,997	12,644,897	43,554,916
Impairment charges for credit losses	-	477,425	(1,338,461)	(694,734)	(1,555,770)
Operating expenses	(1,149,393)	(37,047,908)	(23,518,434)	(12,863,964)	(74,579,699)
Operating profit before tax	8,371,464	16,881,733	29,387,561	18,283,661	72,924,419

Reconciliation of segment results of operations to consolidated results of operations

Group

31 December 2014 31 December 2013

	Total management reporting	Total management reporting
<i>In thousands of naira</i>		
Interest income earned by the reporting segments (See note (a) below)	225,828,342	210,270,110
Interest expense (See note (b) below)	(129,243,513)	(104,765,139)
Impairment charge for credit losses (See note (c) below)	(13,075,080)	(1,555,770)
Other operating income (See note (d) below)	55,595,351	43,554,916
Operating expenses (See note (e) below)	(84,952,858)	(74,579,699)
Operating profit	54,152,242	72,924,419

Reconciliation of segment results of operations to consolidated results of operations

	Total management reporting	Differences	Total consolidated
31 December 2014			
<i>In thousands of naira</i>			
Interest income from external customers	225,828,342	(64,698,716)	161,129,626
Interest expense	(129,243,513)	77,690,078	(51,553,435)
Impairment charge for credit losses	(13,075,080)	(13,296,025)	(26,371,105)
Other operating income	55,595,351	(20,114,183)	35,481,168
Net trading income	-	6,663,784	6,663,784
Net gain/(loss) from other financial instruments through profit or loss	-	2,033,153	2,033,153
Operating expenses	(84,952,858)	(14,329,130)	(99,281,988)
Share of loss from profit	-		
Operating profit	54,152,242	(26,051,039)	28,101,203

Taxation	-	(3,922,149)	(3,922,149)
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	Total management reporting	Differences	Total consolidated
31 December 2013			
<i>In thousands of naira</i>			
Interest income from external customers	210,270,110	(67,142,218)	143,127,893
Interest expense	(104,765,139)	66,264,919	(38,500,219)
Impairment charge for credit losses	(1,555,770)	(21,740,905)	(23,296,676)
Other operating income	43,554,916	(12,213,037)	31,341,879
Net trading income	-	4,636,569	4,636,569
Net gain/(loss) from other financial instruments through profit or loss	-	(1,040,781)	(1,040,781)
Operating expenses	(74,579,699)	(9,603,893)	(84,183,592)
Share of loss from profit	-	(5,091)	(5,091)
Operating profit	72,924,418	(40,844,437)	32,079,982

Taxation	-	(3,661,952)	(3,661,952)
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(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 rate method. Effective interest rate is the rate that exactly discounts the expected future cash flows of a loan to its carrying amount. However, under NGAAP, the interest (which is the contractual interest rate of the facility, is recognized on a straight line basis. 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. However, when interest is recognized on NGAAP loans, interest receivable is suspended.

Reconciliation of interest income

<i>In thousands of naira</i>	Note	31 December 2014	31 December 2013
Total interest income earned by reportable segment		225,828,342	210,270,110
Consolidation and adjustments			
- Due to differences in accounting policies		6,400,074	5,200,754
- Due to elimination of inter-segment revenue		(71,098,790)	(72,342,971)
Total consolidated interest income	8	161,129,626	143,127,893

(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 liabilities are amortized cost financial liabilities and measured and to apply the effective interest rate method.

Reconciliation of interest expense	Note	31 December 2014	31 December 2013
<i>In thousand of naira</i>			
Total interest expense incurred by reportable segments		129,243,513	104,765,139
Consolidation and adjustments			
- Due to differences in accounting policies		(5,117,226)	(6,227,532)
- Due to elimination of inter-segment costs		(72,572,852)	(60,037,387)
Total consolidated interest expense	9	51,553,435	38,500,219

(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 Reporting 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	Note	31 December 2014	31 December 2013
<i>In thousands of naira</i>			
Total impairment charges reported by reportable segments		13,075,080	1,555,770
Consolidation and adjustments			
- Due to differences in accounting policies		(4,683,263)	(1,938,537)
- Due to unallocated impairment charges		17,979,288	23,679,443
Total consolidated impairment charges	10	26,371,105	23,296,676

(d) Other operating income

i Fees and commission 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. Credited related fees reported under NGAAP as fees have been reclassified to interest income.

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

Financial assets held for trading is not a financial instrument category under NGAAP 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 embedded 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	Note	31 December 2014	31 December 2013
<i>In thousands of naira</i>			
Total operating expenses incurred by reportable segments		84,952,858	74,579,699
Consolidation and adjustments			
- Due to differences in accounting policies		(1,951,936)	(2,519,542)
- Due to unallocated expenses		16,281,066	12,123,435
Total consolidated operating expenses		99,281,988	84,183,592

BALANCE SHEET

Group

31 December 2014

In thousands of Naira

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total
Segment assets					
Loans to customers	1,685,626	236,925,237	97,169,052	539,895,896	875,675,811
Loans to banks/Investments in treasury bills and bonds	651,747,830	-	-	-	651,747,830
Total assets	653,433,456	236,925,237	97,169,052	539,895,896	1,527,423,641
Segment liabilities					
Deposit from customers	37,402,847	644,656,846	525,174,174	324,954,754	1,532,188,621
Takings and treasury bills sold - others	12,043,642	-	-	-	12,043,642
Total liabilities	49,446,489	644,656,846	525,174,174	324,954,754	1,544,232,263

Other segment information

Depreciation

31 December 2013

In thousands of Naira

	Treasury	Business Banking	Retail Businesses	Corporate Banking	Total
Segment assets					
Loans to customers	992,921	221,814,212	78,900,082	454,758,251	756,465,466
Loans to banks/Investments in treasury bills and bonds	460,423,292	-	-	-	460,423,292
Total assets	461,416,213	221,814,212	78,900,082	454,758,251	1,216,888,758
Segment liabilities					
Deposits from customers	29,366,893	541,729,271	392,618,092	301,960,201	1,265,674,457
Takings and treasury bills sold - others	7,847,858	-	-	-	7,847,858
Total liabilities	37,214,751	541,729,271	392,618,092	301,960,201	1,273,522,315

Other Segment Information

Depreciation

	82,648	1,541,591	1,124,460	1,210,961	3,959,660
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The comparative operating segment report has been restated. In 2013 an estimated 51% of the Banking customers held in the Diamond Bank du Benin (WAMU Zone) subsidiary were designated as Retail while 49% was assigned to Corporate Banking. In the course of the year 2013, Management designed a change in the modalities for managing the performance of the subsidiary. The subsidiary has been designated as a corporate segment since management does not micro manage the customers, but holds the subsidiary's executive committee responsible for the overall performance of the entity. The purpose of the restructuring of the Group operating segment was to align the report to the Group management strategy.

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

Group

In thousands of naira

	31 December 2014	31 December 2013
Segment assets	1,527,423,641	1,216,888,758
Total consolidated assets	1,933,123,374	1,518,856,431
Difference	405,699,733	301,967,673
Segment liabilities	1,544,232,263	1,273,522,315
Total consolidated liabilities	1,724,098,607	1,380,002,731
Difference	179,866,344	106,480,416

Assets

Short-term investments are measured at lower of cost and market value and long-term at cost or at a revalued amount under Nigerian GAAP. 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 2014	Nigeria	Rest of West Africa	Europe	Total
Interest revenue derived from external customers	142,431,110	10,243,433	2,055,008	154,729,551
Interest revenue derived from other segments	71,098,791	-	-	71,098,791
Total interest revenue	213,529,901	10,243,433	2,055,008	225,828,342
Interest paid to external customers	(51,718,960)	(4,467,802)	(483,898)	(56,670,660)
Interest paid to other segments	(72,572,853)	-	-	(72,572,853)
Total interest expenses	(124,291,813)	(4,467,802)	(483,898)	(129,243,513)
Other operating income	50,892,801	4,438,961	263,587	55,595,349
Impairment charges for credit losses	(11,017,986)	(2,057,094)	-	(13,075,080)
Operating expenses	(76,820,164)	(6,737,631)	(1,395,062)	(84,952,857)
Operating profit before tax	52,292,739	1,419,867	439,635	54,152,241
	Nigeria	Rest of West Africa	Europe	Total
Segment assets	1,348,552,251	94,369,384	84,502,005	1,527,423,640
Other unallocated assets	405,699,733	-	-	405,699,733
Total assets	1,754,251,984	94,369,384	84,502,005	1,933,123,373
Segment liabilities	1,365,360,874	94,369,384	84,502,005	1,544,232,263
Other unallocated liabilities	179,866,344	-	-	179,866,344
Total liabilities	1,545,227,218	94,369,384	84,502,005	1,724,098,607

31 December 2013	Nigeria	Rest of West Africa	Europe	Total
Interest revenue derived from external customers	128,631,505	8,653,609	618,651	137,903,766
Interest revenue derived from other segments	72,366,345	-	-	72,366,345
Total interest revenue	200,997,850	8,653,609	618,651	210,270,110
Interest paid to external customers	(40,688,674)	(3,883,658)	(134,120)	(44,706,452)
Interest paid to other segments	(60,058,686)	-	-	(60,058,686)
Total interest expenses	(100,747,360)	(3,883,658)	(134,120)	(104,765,138)
Other operating income	40,021,450	3,324,391	209,075	43,554,916
Impairment charges for credit losses	(997,884)	(557,886)	-	(1,555,770)
Operating expenses	(66,853,763)	(6,881,803)	(844,132)	(74,579,698)
Operating profit before tax	72,420,293	654,653	(150,526)	72,924,420
	Nigeria	Rest of West Africa	Europe	Total
Segment assets	1,031,252,208	133,375,590	52,260,959	1,216,888,757
Other unallocated assets	301,967,674	-	-	301,967,674
Total assets	1,333,219,882	133,375,590	52,260,959	1,518,856,431
Segment liabilities	1,087,885,697	133,375,591	52,261,027	1,273,522,315
Other unallocated liabilities	106,480,416	-	-	106,480,416
Total liabilities	1,194,366,113	133,375,591	52,261,027	1,380,002,731

Other segment information

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

31 December 2014	Note	Financial assets				Financial liabilities		
		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	-	-	-	301,393,080	-	-	301,393,080
Financial assets held for trading	20	3,481,299	-	-	-	-	-	3,481,299
Derivative assets	21	50,012	-	-	-	-	-	50,012
Assets pledged as collateral	22	-	-	103,397,647	-	-	-	103,397,647
Loans to banks	23	-	-	-	296,098,561	-	-	296,098,561
Loans and advances to customers	24	-	-	-	791,094,667	-	-	791,094,667
Investment securities	25	-	10,312,395	332,522,242	-	-	-	342,834,637
Other assets		-	-	-	6,489,932	-	-	6,489,932
Total financial assets		3,531,311	10,312,395	435,919,889	1,395,076,240	-	-	1,844,839,835
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	68,760,427	68,760,427
Deposit from customers	34	-	-	-	-	-	1,493,081,203	1,493,081,203
Derivative liability	35	-	-	-	-	12,608,232	-	12,608,232
Other liabilities		-	-	-	-	-	36,222,825	36,222,825
Borrowings	37	-	-	-	-	-	74,637,231	74,637,231
Long term debt	38	-	-	-	-	-	31,858,561	31,858,561
Total financial liabilities		-	-	-	-	12,608,232	1,704,560,247	1,717,168,479

Group
In thousands of Naira

	Note	Financial assets				Financial liabilities		Total Carrying amount
		Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and receivables	Fair value through profit or loss	Other financial liabilities	
31 December 2013								
Financial assets								
Cash and balances with central banks	19	-	-	-	228,322,128	-	-	228,322,128
Financial assets held for trading	20	3,428,848	-	-	-	-	-	3,428,848
Assets pledged as collateral	22	-	-	96,461,777	-	-	-	96,461,777
Loans to banks	23	-	-	-	129,362,340	-	-	129,362,340
Loans and advances to customers	24	-	-	-	689,168,335	-	-	689,168,335
Investment securities	25	-	11,091,462	272,157,812	-	-	-	283,249,274
Other assets		-	-	-	9,299,442	-	-	9,299,442
Total financial assets		3,428,848	11,091,462	368,619,589	1,056,152,245	-	-	1,439,292,144
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	54,579,471	54,579,471
Deposit from customers	34	-	-	-	-	-	1,206,044,003	1,206,044,003
Derivative liability	35	-	-	-	-	14,658,250	-	14,658,250
Other liabilities		-	-	-	-	-	29,180,892	29,180,892
Borrowings	37	-	-	-	-	-	47,514,160	47,514,160
Long term debt	38	-	-	-	-	-	20,880,966	20,880,966
Total financial liabilities		-	-	-	-	14,658,250	1,358,199,492	1,372,857,742

Bank
In thousands of Naira

	Note	Financial assets				Financial liabilities		Total Carrying amount
		Fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Fair value through profit or loss	Other financial liabilities	
31 December 2014								
Financial assets								
Cash and balances with central banks	19	-	-	-	288,953,932	-	-	288,953,932
Financial assets held for trading	20	3,481,299	-	-	-	-	-	3,481,299
Assets pledged as collateral	22	-	-	109,775,177	-	-	-	109,775,177
Loans to banks	23	-	-	-	214,538,349	-	-	214,538,349
Loans and advances to customers	24	-	-	-	712,064,692	-	-	712,064,692
Investment securities	25	-	6,965,670	316,650,635	-	-	-	323,616,305
Other assets		-	-	-	3,394,522	-	-	3,394,522
Total financial assets		3,481,299	6,965,670	426,425,812	1,218,951,495	-	-	1,655,824,276
Financial liabilities								
Deposits from banks	33	-	-	-	-	-	9,686,315	9,686,315
Deposits from customers	34	-	-	-	-	-	1,354,814,914	1,354,814,914
Derivative liability	35	-	-	-	-	12,608,232	-	12,608,232
Other liabilities		-	-	-	-	-	27,451,583	27,451,583
Borrowings	37	-	-	-	-	-	103,366,411	103,366,411
Long term debt	38	-	-	-	-	-	31,858,561	31,858,561
Total financial liabilities		-	-	-	-	12,608,232	1,527,177,784	1,539,786,016

Bank
In thousands of Naira

	Financial assets				Financial liabilities		
	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
31 December 2013							
Financial assets							
Cash and balances with central banks	19	-	-	205,286,149	-	-	205,286,149
Financial assets held for trading	20	3,428,848	-	-	-	-	3,428,848
Assets pledged as collateral	22	-	82,275,434	-	-	-	82,275,434
Loans to banks	23	-	-	104,891,633	-	-	104,891,633
Loans and advances to customers	24	-	-	585,953,062	-	-	585,953,062
Investment securities	25	-	9,742,112	270,966,001	-	-	280,708,113
Other assets	-	-	-	5,246,135	-	-	5,246,135
Total financial assets		3,428,848	9,742,112	353,241,435	901,376,979	-	1,267,789,374
Financial liabilities							
Deposits from banks	33	-	-	-	-	5,744,996	5,744,996
Deposits from customers	34	-	-	-	-	1,093,784,492	1,093,784,492
Derivative liability	35	-	-	-	14,658,250	-	14,658,250
Other liabilities		-	-	-	-	22,599,536	22,599,536
Borrowings	37	-	-	-	-	53,197,767	53,197,767
Long term debt	38	-	-	-	-	20,880,966	20,880,966
Total financial liabilities		-	-	-	-	14,658,250	1,196,207,757

8 Interest and similar income

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Loans and advances to customers	114,187,108	101,467,243	106,752,673	94,962,715
Loans to banks	8,932,103	10,017,776	7,442,374	9,188,102
Investment securities				
- Asset pledged as collateral	7,784,943	8,843,264	5,740,687	6,955,093
- Held to maturity	28,664,613	17,001,861	27,383,572	16,712,305
- Available for sale	1,311,597	1,141,247	1,174,720	1,010,410
- Held for trading	249,262	4,656,502	249,262	4,656,502
Total interest income	161,129,626	143,127,893	148,743,289	133,485,127

Interest income for the year ended 31 December 2014 includes N2.997billion (December 2013: N476.5million) accrued on impaired loans and advances to customers.

9 Interest expense

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Deposits from customers	46,117,734	34,174,853	42,265,845	31,331,651
Deposits from banks	558,102	1,502,433	150,186	220,328
Borrowings	2,690,801	380,215	2,206,903	401,150
Long term debt	2,186,798	2,442,718	2,186,798	2,442,718
Total interest expense	51,553,435	38,500,219	46,809,732	34,395,847

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

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Loans and advances to customers:				
Collective impairment (credit)/charge on loans and advances to customers (see Note 24.1)	(7,179,033)	2,117,774	(6,800,748)	2,117,774
Specific impairment charge on loans and advances to customers (see Note 24.1)	35,084,928	17,256,961	34,211,094	14,039,354
Recoveries on loans previously written off	(5,316,337)	(3,672,832)	(4,688,117)	(2,875,889)
Loans written off as uncollectible	2,304,110	1,963,618	2,304,110	1,963,618
	24,893,669	17,665,521	25,026,339	15,244,857
Other loans and receivables:				
Specific impairment charge on other loans and receivables (see Note 24(b)(i))	-	2,132,290	-	2,132,290
Write back of collective impairment charge on other loans and receivables	-	(89,292)	-	(89,292)
	-	2,042,998	-	2,042,998
Investment securities:				
Impairment charge on available for sale equities (See Note 25.1)	330,653	1,888,961	330,653	1,906,661
Investment in associates:				
Write off of investments in associates (See Note 27)	-	149,473	-	227,140
Other assets:				
Impairment charge on other assets (See Note 32)	1,146,784	1,549,722	704,689	1,524,500
	26,371,105	23,296,676	26,061,681	20,946,156

11 Net fee and commission income

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Service fees and charges	12,273,049	10,471,363	10,887,649	10,254,900
Commission on turnover	4,264,417	5,003,651	4,190,425	4,946,397
Letters of credit commission	3,800,616	3,149,121	3,405,609	2,847,758
Other fees and commissions	16,251,621	11,178,834	14,516,015	9,012,302
Total fee and commission income	36,589,703	29,802,969	32,999,698	27,061,357
Fee and commission expense	(3,094,422)	(2,048,439)	(3,048,842)	(2,026,289)
Net fee and commission income	33,495,281	27,754,530	29,950,856	25,035,068

The net fee and commission income above does not include any amounts excluded 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 N186,564,156 (2013: N151,109,000) 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

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Foreign exchange	6,728,357	4,195,249	6,237,096	3,874,378
Financial assets held for trading	(64,573)	441,320	(64,573)	441,320
Net trading income	6,663,784	4,636,569	6,172,523	4,315,698

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

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Net gain on sale of available-for-sale equity securities	68,443	247	-	-
Dividends on available-for-sale equity securities	474,638	2,616,496	474,638	2,666,182
(Loss)/gain on disposal of property and equipment	(170,446)	172,345	(170,446)	171,999
Other income	1,613,252	798,261	699,887	314,889
	1,985,887	3,587,349	1,004,079	3,153,070

14 Net gain/(loss) from other financial instruments through profit or loss

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Fair value gain on cross currency interest rate swap	-	113,222	-	113,222
Fair value gain/(loss) on convertible debt (see Note 35)	2,033,153	(1,154,003)	2,033,153	(1,154,003)
	2,033,153	(1,040,781)	2,033,153	(1,040,781)

15 Personnel expenses

<i>For the year ended 31 December</i>	Group	Group	Bank	Bank
<i>In thousands of Naira</i>	2014	2013	2014	2013
Wages and salaries	28,965,294	25,567,349	25,499,182	22,755,270
Contributions to defined contribution plans	783,987	536,802	730,608	536,802
Other staff benefits	3,591,153	3,325,191	3,591,153	3,311,616
	33,340,434	29,429,342	29,820,943	26,603,688

- (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.

16 Other operating expenses

<i>For the year ended 31 December</i> <i>In thousands of Naira</i>	Group 2014	Group 2013	Bank 2014	Bank 2013
General administrative expenses	24,520,312	20,998,396	20,395,073	17,545,767
Advertising and promotion expenses	7,949,569	7,433,642	7,924,569	7,429,003
NDIC premium	5,518,167	4,160,892	5,518,167	4,160,892
Service staff salaries	4,848,319	3,947,049	4,848,319	3,946,945
Security and power	3,169,569	2,765,215	3,169,569	2,765,215
AMCON resolution fund	6,774,654	2,715,382	6,774,654	2,715,382
Repairs and maintenance	2,119,124	2,010,636	2,119,124	1,933,332
Professional fees	2,479,426	1,804,280	2,337,116	1,739,660
Business travels	786,946	912,510	786,946	893,529
Directors and emoluments	227,293	219,399	201,764	219,399
Auditors remuneration (see Note (a) below)	155,700	188,583	145,000	187,000
	58,549,079	47,155,984	54,220,301	43,536,124

- (a) Auditors remuneration for the year under review represents fees paid for the year end audit only. In prior year, the balance of N187million comprised of fees for two audits (N79million and N76million for the year end and interim audits respectively) and other non-audit services of N31million.

17 Taxation

<i>For the year ended 31 December</i> <i>In thousands of Naira</i>	Group 2014	Group 2013	Bank 2014	Bank 2,013
Income tax expense				
Corporate income tax	1,561,719	1,342,309	1,302,771	1,302,771
Tertiary education tax	-	149,933	-	149,933
NITDA levy	241,713	329,213	241,713	329,213
Under/(Over) Provision in Prior Year	(946,012)	-	(946,012)	-
Capital gains tax	-	-	-	-
	857,420	1,821,455	598,472	1,781,917
Deferred tax expense				
Deferred tax charge	1,758,593	1,714,035	1,757,344	1,714,035
Total income tax expense	2,616,013	3,535,490	2,355,816	3,495,952

The movement in the current income tax liability is as follows:

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Balance, beginning of year	2,466,927	1,972,540	2,427,389	1,878,880
Tax paid	(871,063)	(1,327,068)	(835,905)	(1,233,408)
Income tax expense	856,170	1,821,455	598,472	1,781,917
Exchange Difference	(3,278)	-	-	-
Balance, end of year	2,448,756	2,466,927	2,189,956	2,427,389

Reconciliation of effective tax rate

For the year ended 31 December <i>In thousands of Naira</i>	Group 2014	Group 2013
Profit before income tax	28,101,232	32,079,982
Income tax using the domestic corporation tax rate	30% 8,430,370	30% 9,623,995
Effect of tax rates in foreign jurisdictions	-3% (866,450)	1% 397,553
Non-deductible expenses	31% 8,622,190	7% 2,341,757
Capital gains tax	0% -	0% -
Tertiary education tax	0% -	0% 149,933
NITDA levy	1% 241,713	1% 329,213
Minimum tax	0% -	0% -
Tax exempt income	-57% (15,925,914)	-36% (11,456,738)
Derecognized unrelieved losses	0% -	6% 1,991,213
Permanent differences	0% -	-1% (250,745)
Impact of timing differences	6% 1,757,344	0% -
Tax loss effect	0% -	0% -
Prior year (over)/under provision	-3% (946,012)	0% -
Impact of dividend as tax base	5% 1,302,772	1% 409,309
Total income tax expense in income statement	9% 2,616,013	9% 3,535,490

Reconciliation of effective tax rate

For the year ended 31 December <i>In thousands of Naira</i>	Bank 2014	Bank 2013
Profit before income tax	24,413,014	33,250,474
Income tax using the domestic corporation tax rate	30% 7,323,904	30% 9,975,142
NITDA levy	1% 241,713	1% 329,213
Tertiary education tax	0% -	0% 149,933
Non-deductible expenses	35% 8,622,190	7% 2,341,757
Capital gains tax	0% -	0% -
Tax exempt income	-65% (15,946,095)	-34% (11,456,738)
Minimum tax	0% -	0% -
Derecognized unrelieved losses	0% -	6% 1,991,213
Permanent differences	0% -	-1% (243,877)
Impact of timing differences	7% 1,757,344	0% -
Tax loss effect	0% -	0% -
Prior year (over)/under provision	-4% (946,012)	0% -
Impact of dividend as tax base	5% 1,302,772	1% 409,309
Total income tax expense in income statement	10% 2,355,816	11% 3,495,952

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 2014 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 2014	Group 2013	Bank 2014	Bank 2013
Profit attributable to equity holders of the Bank (Basic)	25,408,696	28,575,823	22,057,198	29,754,522
Weighted average number of ordinary shares in issue (in million)	15,308,065	14,475,243	15,308,065	14,475,243
Basic earnings per share (expressed in Kobo per share)	166	197	144	206

(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.

<i>For the year ended 31 December</i>	Group 2014	Group 2013	Bank 2014	Bank 2013
Profit attributable to equity holders of the Bank (Basic)	25,408,696	28,575,823	22,057,198	29,754,522
Effect of conversion of potential ordinary shares	994,851	794,359	994,851	794,359
Profit attributable to equity holders of the Bank (diluted)	26,403,547	29,370,182	23,052,049	30,548,881
Weighted average number of ordinary shares in issue (in million)	15,308,065	14,475,243	15,308,065	14,475,243
Additional number of ordinary shares assuming conversion of dilutive potential ordinary shares (in thousands)	3,115,758	2,757,555	3,115,758	2,757,555
Weighted average number of ordinary shares in issue (in million)	18,423,824	17,232,798	18,423,824	17,232,798
Diluted earnings per share (expressed in Kobo per share)	143	170	125	177

19 Cash and balances with central banks

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2014
Cash on hand	31,339,013	45,468,545	27,989,368	29,465,253
Placements with banks and discount houses	8,836	-	-	-
Balances with central banks other than mandatory deposits	15,551,534	30,437,479	12,355,543	26,479,428
Included in cash and cash equivalents (Note 43)	46,899,383	75,906,024	40,344,911	55,944,681
Mandatory reserve deposits with central banks	254,493,697	152,416,104	248,609,021	149,341,468
	301,393,080	228,322,128	288,953,932	205,286,149

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. For the purposes of the statement of cashflow, this balance is excluded from cash and cash equivalents.

20 Financial assets held for trading

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Treasury bills	3,481,299	2,888,023	3,481,299	2,888,023
Government bonds	-	540,825	-	540,825
	3,481,299	3,428,848	3,481,299	3,428,848
Current	3,481,299	2,580,648	3,481,299	2,580,648
Non-current	-	848,200	-	848,200
	3,481,299	3,428,848	3,481,299	3,428,848

21 Derivative assets

<i>In thousands of Naira</i>	2014		2013	
	Asset	Liabilities	Asset	Liabilities
Foreign exchange	50,012	-	70,254	-
	50,012	-	70,254	-

	Group 31 December 2014	Group 31 December 2013
Notational Contract Amount	4,794,442	3,393,717

The time periods in which the cash flows are expected to occur and affect profit or loss are as follows:

	Group 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>		
Current	50,012	70,254
	50,012	70,254

22 Assets pledged as collateral

Treasury bills and bonds are pledged to the Bank of Industry (BOI), ValuCard, Interswitch, Central Bank of Nigeria (CBN), Nigerian Agricultural Cooperation and Rural Development Bank (NACRDB), 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:

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
Government bonds	64,477,647	61,523,294	17,602,867	20,045,727
Treasury Bills	38,920,000	34,938,483	38,920,000	34,938,483
Placements with other banks	-	-	53,252,310	27,291,224
	103,397,647	96,461,777	109,775,177	82,275,434

Assets pledged as collateral contains N53,252,310,000 pledged as collateral for borrowings from financial institutions (December 2013: N15,920,000,000).

As at 31 December 2014, 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 2013: nil).

Current	38,920,000	34,938,483	38,920,000	34,938,483
Non-current	64,477,647	61,523,294	70,855,177	20,045,727
	103,397,647	96,461,777	109,775,177	54,984,210

23 Loans to banks

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
Current balances with banks	133,652,866	74,742,901	133,652,866	70,466,247
Placements with banks and discount houses	162,445,695	54,619,439	80,885,483	34,425,386
	296,098,561	129,362,340	214,538,349	104,891,633

Current balances with banks include N16.12 billion and N10.6 billion for the Group and Bank respectively (December 2013: N13.3 billion and N9.9 billion) which represents the naira value of foreign currency balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see note 36). The amount is not available for the day-to-day operations of the Group.

Current	294,838,661	129,362,340	214,538,349	104,891,633
Non-current	1,259,900	-	-	-
	296,098,561	129,362,340	214,538,349	104,891,633

24 Loans and advances to customers

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
Loans and advances to customers (see note (a) below)	785,691,725	683,765,393	706,661,750	580,550,120
Other loans and receivables (see note (b) below)	5,402,942	5,402,942	5,402,942	5,402,942
	791,094,667	689,168,335	712,064,692	585,953,062

(a) **Loans and advances to customers**
Group

<i>In thousands of Naira</i>	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2014					
Overdrafts	157,809,870	(14,936,913)	(1,099,078)	(16,035,991)	141,773,879
Term loans	645,229,304	(15,895,181)	(5,446,415)	(21,341,595)	623,887,709
Staff loans	6,446,198	-	-	-	6,446,198
Commercial papers ('CP')	2,829,470	-	-	-	2,829,470
	812,314,842	(30,832,094)	(6,545,493)	(37,377,586)	774,937,256
Advances under finance lease (Note 24.2)	10,865,265	(5,497)	(105,299)	(110,796)	10,754,469
	823,180,107	(30,837,591)	(6,650,792)	(37,488,382)	785,691,725

Group

<i>In thousands of Naira</i>	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2013					
Overdrafts	110,905,764	(5,208,338)	(1,269,395)	(6,477,733)	104,428,031
Term loans	560,367,885	(8,320,492)	(12,368,901)	(20,689,393)	539,678,492
Staff loans	5,281,499	-	(2,730)	(2,730)	5,278,769
Commercial papers ('CP')	23,317,252	-	-	-	23,317,252
	699,872,400	(13,528,830)	(13,641,026)	(27,169,856)	672,702,544
Advances under finance lease (Note 24.2)	11,250,796	-	(187,947)	(187,947)	11,062,849
	711,123,196	(13,528,830)	(13,828,973)	(27,357,803)	683,765,393

Bank

<i>In thousands of Naira</i>	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2014					
Overdrafts	141,573,642	(14,936,913)	(1,099,078)	(16,035,991)	125,537,651
Term loans	581,071,066	(12,194,617)	(4,607,494)	(16,802,111)	564,268,955
Staff loans	6,100,675	-	-	-	6,100,675
	728,745,383	(27,131,530)	(5,706,572)	(32,838,102)	695,907,281
Advances under finance lease (Note 24.2)	10,859,768	-	(105,299)	(105,299)	10,754,469
	739,605,151	(27,131,530)	(5,811,871)	(32,943,401)	706,661,750

Bank

<i>In thousands of Naira</i>	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
31 December 2013					
Overdrafts	99,688,298	(5,208,338)	(1,269,395)	(6,477,733)	93,210,565
Term loans	487,158,483	(4,579,345)	(11,152,547)	(15,731,892)	471,426,591
Staff loans	4,868,179	-	(2,730)	(2,730)	4,865,449
	591,714,960	(9,787,683)	(12,424,672)	(22,212,355)	569,502,605
Advances under finance lease (Note 24.2)	11,235,462	-	(187,947)	(187,947)	11,047,515
	602,950,422	(9,787,683)	(12,612,619)	(22,400,302)	580,550,120

	Group 2014	Group 2013	Bank 2014	Bank 2013
Current	491,153,145	279,004,057	417,218,777	240,240,548
Non-current	294,538,580	404,761,336	289,442,973	340,309,572
	785,691,725	683,765,393	706,661,750	580,550,120

24.1 Reconciliation of impairment allowance on loans and advances to customers:

Specific allowances for impairment on loans and advances to customers

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Balance, beginning of year	13,528,830	13,709,907	9,787,683	13,187,211
Impairment loss for the year:				
- Charge for the year	35,084,928	17,256,961	34,211,094	14,039,354
- Write back of impairment charge	-	-	-	-
Net impairment for the year	35,084,928	17,256,961	34,211,094	14,039,354
Write-offs	(17,777,807)	(17,438,882)	(16,867,247)	(17,438,882)
Exchange difference	1,639	844	-	-
Balance end of year	30,837,590	13,528,830	27,131,530	9,787,683

Total specific allowances for impaired loans and advances are analysed as follows:

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
Individually significant impaired loans	23,033,141	6,337,614	20,851,400	4,293,563
Individually insignificant impaired loans	7,804,450	7,191,216	6,280,130	5,494,120
	<u>30,837,591</u>	<u>13,528,830</u>	<u>27,131,530</u>	<u>9,787,683</u>

Collective allowances for impairment on loans and advances to customers

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
Balance beginning of year	13,828,973	11,720,946	12,612,619	10,494,845
Impairment loss for the year:				
- Charge for the year	-	2,117,774	-	2,117,774
- Write back of impairment charge	(7,179,033)	-	(6,800,748)	-
Net impairment for the year	(7,179,033)	2,117,774	(6,800,748)	2,117,774
Write-offs	-	(9,747)	-	-
Exchange difference	852	-	-	-
Balance end of year	<u>6,650,792</u>	<u>13,828,973</u>	<u>5,811,871</u>	<u>12,612,619</u>

24.2 Advances under finance lease may be analysed as follows:

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
Gross investment				
- No later than 1 year	3,376,370	4,747,316	3,370,873	4,732,741
- Later than 1 year and no later than 5 years	7,488,895	8,786,538	7,488,895	8,786,538
- More than 5 years	-	759	-	-
	<u>10,865,265</u>	<u>13,534,613</u>	<u>10,859,768</u>	<u>13,519,279</u>
Unearned future income on finance leases	(1,958,161)	(2,283,817)	(1,957,479)	(2,283,817)
Net investment	<u>8,907,104</u>	<u>11,250,796</u>	<u>8,902,289</u>	<u>11,235,462</u>
Allowance for advances under finance lease	(110,796)	(187,947)	(105,299)	(187,947)
	<u>8,796,308</u>	<u>11,062,849</u>	<u>8,796,990</u>	<u>11,047,515</u>

24.3 The net investment may be analysed as follows:

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
- No later than 1 year	2,019,045	4,050,104	2,014,231	4,034,770
- Later than 1 year and no later than 5 years	6,888,059	7,200,692	6,888,058	7,200,692
	<u>8,907,104</u>	<u>11,250,796</u>	<u>8,902,289</u>	<u>11,235,462</u>

(b) Other loans and receivables

	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
<i>In thousands of Naira</i>				
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)	(2,132,290)	(2,132,290)	(2,132,290)	(2,132,290)
Less collective allowance for impairment	-	-	-	-
	<u>5,402,942</u>	<u>5,402,942</u>	<u>5,402,942</u>	<u>5,402,942</u>
	Group 2014	Group 2013	Bank 2014	Bank 2013
Current	-	-	-	-
Non-current	5,402,942	5,402,942	5,402,942	5,402,942
	<u>5,402,942</u>	<u>5,402,942</u>	<u>5,402,942</u>	<u>5,402,942</u>

b(i) The reconciliation of specific impairment allowance for other loans and receivables is as follows:

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Balance, beginning of year	2,132,290	-	2,132,290	-
Charge for the year	-	2,132,290	-	2,132,290
Balance, end of year	2,132,290	2,132,290	2,132,290	2,132,290

25 Investment securities

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Available-for-sale investments				
Treasury bills	850,722	2,303,090	-	1,806,905
Government bonds	2,434,632	942,427	-	942,427
Other bonds	-	789,386	-	-
Debt securities	3,285,354	4,034,903	-	2,749,332
Equity securities – at fair value:				
- Unlisted	4,829,633	4,537,416	4,768,262	4,473,637
Equity securities – at cost:				
- Unlisted	3,787,884	3,782,440	3,787,884	3,782,440
Specific impairment for unlisted equity securities at cost	(1,590,476)	(1,263,297)	(1,590,476)	(1,263,297)
Equity securities	7,027,041	7,056,559	6,965,670	6,992,780
Total available for sale investments	10,312,395	11,091,462	6,965,670	9,742,112
Held to maturity investments				
Treasury bills	245,080,254	190,121,463	229,208,647	189,625,607
Government bonds	84,838,973	44,627,632	84,838,973	44,473,643
AMCON bonds	-	35,310,507	-	35,310,507
Corporate bonds	517,019	1,783,233	517,019	1,556,244
Other bonds	2,085,996	314,977	2,085,996	-
Total held to maturity investments	332,522,242	272,157,812	316,650,635	270,966,001
Total investment securities	342,834,637	283,249,274	323,616,305	280,708,113
Current	245,930,976	192,424,553	229,208,647	191,432,512
Non-current	96,903,661	90,824,721	94,407,658	89,275,601
	342,834,637	283,249,274	323,616,305	280,708,113

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 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Balance, beginning of year	1,263,297	6,201,344	1,263,297	6,183,595
Write back of impairment charge	-	(17,700)	-	-
Charge for the year	330,653	1,906,661	330,653	1,906,661
Net impairment for the year	330,653	1,888,961	330,653	1,906,661
Allowance written off	(3,474)	(6,827,008)	(3,474)	(6,826,959)
Balance, end of year	1,590,476	1,263,297	1,590,476	1,263,297

26 Investment in subsidiaries

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
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 2014	31 December 2013
Diamond Bank du Benin (S.A) (See note (a) below)	Banking	Benin	31 December	97.07	97.07
Diamond Pension Fund Custodian Ltd (DPFC)	Pension Fund	Nigeria	31 December	100.00	100.00
Diamond Bank UK	Banking	United Kingdom	31 December	100.00	100
Diamond Finance B.V. (see note (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'Ivoire. 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) Financial support given to structured entities

During the year, the Group issued guarantees of \$50,000,000 (2013: nil) to holders of notes issued by Diamond Finance BV that the Group consolidates (for information on judgements made to conclude that the Group controls these entities, see Note 4(h)). These guarantees would require the Group to reimburse the note holders for losses that they incur if the underlying assets do not perform at the specified amount of their contractual cash flows. For information on the accounting for these guarantees, see Note 2.22

(d) 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 N291,556,122,000 and N276,091,714,000 respectively (2013: N168,671,470,000 and N164,565,356,000 respectively).

- (a) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at 31 December, are as follows:

Condensed profit or loss

	31 December 2014						10 months ended 31 December 2014
	Group balances	Elimination entries	Diamond Bank Plc	Diamond Bank du Benin	Diamond Pension Fund Custodian	Diamond Bank UK	
<i>In thousands of Naira</i>							
Operating income	153,754,296	(447,720)	141,094,168	10,356,352	474,588	1,829,189	447,719
Operating expenses	(99,281,958)	447,719	(90,619,473)	(6,853,817)	(403,836)	(1,394,953)	(457,598)
Net impairment on financial assets	(26,371,105)	5,476	(26,061,681)	(314,900)	-	-	-
Profit before tax	28,101,233	5,475	24,413,014	3,187,635	70,752	434,236	(9,879)
Taxation	(2,616,013)	-	(2,355,816)	(238,767)	(21,430)	-	-
Profit for the period	25,485,220	5,475	22,057,198	2,948,868	49,322	434,236	(9,879)

Condensed financial position

	31 December 2014						
	Group balances	Elimination entries	Diamond Bank Plc	Diamond Bank du Benin	Diamond Pension Fund Custodian	Diamond Bank UK	
<i>In thousands of Naira</i>							
Assets							
Cash and balances with central banks	301,393,080	(2,110)	288,953,932	12,430,295	17	-	10,946
Financial assets held for trading	3,481,299	-	3,481,299	-	-	-	-
Derivative assets	50,012	-	-	-	-	50,012	-
Assets pledged as collateral	103,397,647	(53,252,310)	109,775,177	46,874,780	-	-	-
Loans to banks	296,098,561	(21,302,586)	214,538,349	20,450,114	2,669,823	71,085,470	8,657,391
Loans and advances to customers	791,094,667	(30,759,595)	712,064,692	100,324,931	17,922	9,446,717	-
Investment securities	-	-	-	-	-	-	-
-Available-for-sale investments	10,312,395	1	6,965,670	61,371	-	3,285,353	-
-Held to maturity investments	332,522,242	(1)	316,650,635	15,871,608	-	-	-
Investment in subsidiaries	-	(15,841,882)	15,841,882	-	-	-	-
Investments in associates	2,918,000	-	2,918,000	-	-	-	-
Property held for sale	4,333,658	-	4,164,958	-	168,700	-	-
Property and equipment	55,062,140	(1)	51,551,080	3,384,029	37,757	89,275	-
Intangible assets	3,538,556	870,974	2,579,750	63,063	9,659	15,110	-
Deferred taxation	4,987,386	2,998	4,984,388	-	-	-	-
Other assets	23,933,731	(20,247)	15,800,611	7,873,077	29,273	250,919	98
	1,933,123,374	(120,304,759)	1,750,270,423	207,333,268	2,933,151	84,222,856	8,668,435
Financed by:							
Deposits from banks	68,760,427	(63,300,718)	9,686,315	46,217,762	-	76,157,068	-
Deposits from customers	1,493,081,203	(2,676,467)	1,354,814,914	140,900,926	-	41,830	-
Derivative liability	12,608,232	-	12,608,232	-	-	-	-
Current income tax liability	2,448,756	1	2,189,956	234,239	24,560	-	-
Deferred taxation	194,660	2,998	-	187,962	3,700	-	-
Retirement benefit obligations	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-
Other liabilities	40,509,537	(13,020)	30,085,267	10,065,789	23,350	327,376	20,775
Borrowings	74,637,231	(28,729,180)	103,366,411	-	-	-	-
Long term debt	31,858,561	(10,610,235)	31,858,561	1,952,844	-	-	8,657,391
Equity and reserves	209,024,767	(14,978,136)	205,660,767	7,773,744	2,881,541	7,696,582	(9,731)
	1,933,123,374	(120,304,757)	1,750,270,423	207,333,266	2,933,151	84,222,856	8,668,435

(b) Condensed results of consolidated entities

Condensed profit and loss

	31 December 2013					
	Group balances	Elimination entries	Diamond Bank Plc	Diamond Bank du Benin	Diamond Pension Fund Custodian	Diamond Bank UK
	9 Months ended 31 December 2013					
<i>In thousands of Naira</i>						
Operating income	139,560,250	(54,776)	130,552,335	7,946,826	420,073	695,792
Operating expenses	(84,183,592)	-	(76,355,705)	(6,694,572)	(286,221)	(847,094)
Net impairment on financial assets	(23,296,676)	77,667	(20,946,156)	(2,426,129)	(2,058)	-
Profit before tax	32,079,982	22,891	33,250,474	(1,173,875)	131,794	(151,302)
Taxation	(3,535,490)	-	(3,495,952)	-	(39,538)	-
Profit for the period	28,544,492	22,891	29,754,522	(1,173,875)	92,256	(151,302)

Condensed financial position

	31 December 2013					
	Group balances	Elimination entries	Diamond Bank Plc	Diamond Bank du Benin	Diamond Pension Fund Custodian	Diamond Bank UK
<i>In thousands of Naira</i>						
Assets						
Cash and balances with central banks	228,322,128	(2,673,455)	205,286,149	10,283,963	2,673,456	12,752,016
Financial assets held for trading	3,428,848	-	3,428,848	-	-	-
Derivative assets	70,254	-	-	-	-	70,254
Assets pledged as collateral	96,461,777	(27,291,224)	82,275,434	41,477,567	-	-
Loans to banks	129,362,340	(14,085,075)	104,891,633	28,798,507	-	9,757,275
Loans and advances to customers	689,168,335	(2,075,756)	585,953,062	77,611,445	8,397	27,671,187
Investment securities						
-Available-for-sale investments	11,091,462	-	9,742,112	63,779	-	1,285,571
-Held to maturity investments	272,157,812	-	270,966,001	722,845	-	468,966
Investment in subsidiaries	-	(15,841,882)	15,841,882	-	-	-
Investments in associates	2,918,000	-	2,918,000	-	-	-
Property held for sale	4,313,492	-	4,153,492	-	160,000	-
Property and equipment	49,827,333	-	46,501,546	3,249,658	28,688	47,441
Intangible assets	2,842,870	870,974	1,839,709	113,020	4,132	15,035
Deferred taxation	6,745,979	4,247	6,741,732	-	-	-
Other assets	22,145,801	-	14,391,271	7,484,014	25,273	245,243
	1,518,856,431	(61,092,171)	1,354,930,871	169,804,798	2,899,946	52,312,988
Financed by:						
Deposits from banks	54,579,471	(35,642,339)	5,744,996	40,516,969	-	43,959,845
Deposits from customers	1,206,044,003	(2,750,028)	1,093,784,492	115,009,539	-	-
Derivative liability	14,658,250	-	14,658,250	-	-	-
Current income tax liability	2,466,927	-	2,427,389	-	39,538	-
Deferred taxation	194,660	4,247	-	187,962	2,451	-
Retirement benefit obligations	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Other liabilities	33,664,294	7,226	25,933,787	6,801,349	25,739	896,193
Borrowings	47,514,160	(5,683,607)	53,197,767	-	-	-
Long term debt	20,880,966	(2,049,537)	20,880,966	2,049,537	-	-
Equity and reserves	138,853,700	(14,978,133)	138,303,224	5,239,442	2,832,218	7,456,950
	1,518,856,431	(61,092,171)	1,354,930,871	169,804,798	2,899,946	52,312,988

27 Investments in associates

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Balance at beginning of year	2,918,000	3,182,250	2,918,000	3,205,140
Disposal	-	(109,686)	-	(60,000)
Write off	-	(149,473)	-	(227,140)
Share of loss before tax	-	(5,091)	-	-
Share of tax	-	-	-	-
Balance at end of year	2,918,000	2,918,000	2,918,000	2,918,000

The gross investment in associates is shown below.

		Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
	% Holding				
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		(313,161)	(313,161)	(313,161)	(313,161)
		2,918,000	2,918,000	2,918,000	2,918,000

There were no published price quotations for any associate. 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

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Balance, beginning of year	4,313,492	4,070,340	4,153,492	3,910,340
Additional expenditure	11,466	159,144	11,466	159,144
Fair value gain/(loss)	8,700	84,008	-	84,008
Balance, end of year	4,333,658	4,313,492	4,164,958	4,153,492

Property held for sale of N4.165 billion (December 2013 : N4.154 billion) represents the value of property under construction which is 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.

In line with Central Bank of Nigeria's regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010, the Bank is required to dispose of all these properties before the end of June 2015.

29 Property and equipment

GROUP

(a) Reconciliation of carrying amount

<i>In thousands of Naira</i>	<i>Note</i>	Work In Progress	Land	Leasehold Improvement	Building	Motor vehicles	Office equipment	Computer equipment	Furniture, fittings & equipment	Total
Cost										
Balance at 1 January 2014		12,827,140	10,842,313	6,374,158	17,808,035	6,417,579	14,287,726	4,717,042	1,987,927	75,261,920
Additions		5,112,032	133,449	585,835	609,433	1,676,448	3,247,079	786,692	262,197	12,413,165
Reclassifications		(6,696,133)	3,539,843	(12,090)	1,562,806	4,192	505,927	1,515	38,653	(1,055,287)
Disposals		-	-	(7,058)	(3,952)	(1,097,920)	(1,222,734)	(159,551)	(408,706)	(2,899,921)
Write - offs		-	-	-	-	-	-	-	-	-
Exchange difference		(33,537)	-	(117,145)	(11,394)	(35,574)	(11,207)	(43,185)	(17,074)	(269,116)
Balance at 31 December 2014		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
Accumulated depreciation										
Balance at 1 January 2014		-	464,514	3,563,906	3,182,624	3,270,645	9,704,614	3,863,717	1,384,567	25,434,587
Charge for the year		-	134,730	477,161	741,740	1,524,850	1,958,989	604,431	258,038	5,699,939
Reclassification		-	-	(1,421)	-	(21,492)	(48,086)	(35,972)	73,300	(33,671)
Disposals		-	-	(10,821)	(3,139)	(876,157)	(1,152,861)	(157,848)	(401,927)	(2,602,753)
Write-offs		-	-	-	-	-	-	-	-	-
Exchange differences		-	-	(39,590)	(363)	(20,921)	(7,902)	(31,723)	(8,982)	(109,481)
Balance at 31 December 2014		-	599,244	3,989,235	3,920,862	3,876,925	10,454,754	4,242,605	1,304,996	28,388,621
Cost										
At 1 January 2013										
At 1 January 2013		13,525,601	7,965,755	5,272,504	16,295,277	5,118,225	11,941,185	3,979,658	1,692,820	65,791,025
Acquired through business combination		-	-	49,907	-	-	716	7,771	178	58,572
Additions		6,306,921	267,890	802,895	1,273,294	2,141,527	2,076,222	814,230	285,129	13,968,108
Reclassifications		(6,018,880.00)	4,444,394	97,452	833,874	41,045	705,699	(126,943)	23,359	-
Write off		-	(1,835,726)	-	-	(876,036)	(417,411)	(35,534)	(18,581)	(3,183,288)
Disposals		(1,054,610)	-	(40,765)	(613,658)	(61,410)	(36,262)	(11,842)	(28,605)	(1,847,152)
Exchange difference		68,108	-	192,165	19,248	54,228	17,577	89,702	33,627	474,655
At 31 December 2013		12,827,140	10,842,313	6,374,158	17,808,035	6,417,579	14,287,726	4,717,042	1,987,927	75,261,920
Accumulated depreciation										
At 1 January 2013		-	-	3,038,266	2,692,763	2,673,108	8,141,829	3,101,614	1,163,109	20,810,689
		-	-	8,251	-	-	716	524	109	9,600
Charge for the year		-	464,514	464,124	646,525	1,348,911	1,704,958	908,563	282,179	5,819,774
Reclassifications		-	-	-	-	-	-	-	-	-
Write off		-	-	-	-	(808,560)	(382,412)	(34,960)	(13,534)	(1,239,466)
Disposals		-	-	(474)	-	(132,991)	131,235	(186,886)	(30,300)	(219,416)
Exchange differences		-	-	53,739	(156,664)	190,177	108,288	74,862	(16,996)	253,406
At 31 December 2013		-	464,514	3,563,906	3,182,624	3,270,645	9,704,614	3,863,717	1,384,567	25,434,587
Carrying amounts :										
Balance at 31 December 2014		11,209,502	13,916,361	2,834,465	16,044,066	3,087,800	6,352,037	1,059,908	558,001	55,062,140
Balance at 31 December 2013		12,827,140	10,377,799	2,810,252	14,625,411	3,146,934	4,583,112	853,325	603,360	49,827,333

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2013 : nil).

The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2014 is N1.93 billion (December 2012 : N856 million)

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, fittings & equipment	Total
Cost									
Balance at 1 January 2014	12,082,646	10,842,313	3,866,098	17,572,982	5,663,362	14,035,863	3,515,274	1,566,519	69,145,057
Additions	4,400,984	133,449	64,238	590,140	1,510,712	3,209,013	505,230	204,760	10,618,527
Reclassifications	(5,909,549)	3,539,844	-	1,562,805	28,920	508,879	28,900	38,695	(201,505)
Disposals	-	-	(2,088)	(1,135)	(1,052,511)	(1,215,913)	(151,003)	(400,538)	(2,823,189)
Write - offs	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	10,574,081	14,515,606	3,928,248	19,724,792	6,150,483	16,537,842	3,898,401	1,409,436	76,738,890
Accumulated depreciation									
Balance at 1 January 2014	-	464,514	2,629,352	3,174,866	2,846,085	9,497,713	2,833,374	1,197,606	22,643,511
Charge for the year	-	134,730	211,873	739,093	1,369,088	1,924,798	488,890	210,499	5,078,971
Reclassification	-	-	-	-	(5,336)	(5,914)	(1,516)	-	(12,766)
Disposals	-	-	(539)	(322)	(830,182)	(1,147,753)	(149,351)	(393,759)	(2,521,907)
Write-offs	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	-	599,244	2,840,686	3,913,637	3,379,655	10,268,844	3,171,397	1,014,346	25,187,810
Cost									
Balance at 1 January 2013	12,804,593	7,950,308	3,635,568	15,465,814	4,607,798	11,719,064	3,233,262	1,398,209	60,814,616
Additions	5,564,984	283,337	133,078	1,273,294	1,899,730	2,036,325	444,489	166,532	11,801,769
Reclassifications	(6,018,880)	4,444,394	97,452	833,874	41,045	705,699	(126,943)	23,359	-
Write off	-	(1,835,726)	-	-	(876,036)	(417,411)	(35,534)	(18,581)	(3,183,288)
Disposals	(268,051)	-	-	-	(9,175)	(7,814)	-	(3,000)	(288,040)
Balance at 31 December 2013	12,082,646	10,842,313	3,866,098	17,572,982	5,663,362	14,035,863	3,515,274	1,566,519	69,145,057
Accumulated depreciation									
Balance at 1 January 2013	-	-	2,405,769	2,530,585	2,429,463	8,063,759	2,490,090	1,015,500	18,935,167
Charge for the year	-	464,514	223,583	644,281	1,227,006	1,656,770	529,361	198,431	4,943,946
Reclassifications	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	(808,560)	(370,673)	(34,960)	(13,534)	(1,227,727)
Disposals	-	-	-	-	(1,824)	147,857	(151,117)	(2,791)	(7,875)
Balance at 31 December 2013	-	464,514	2,629,352	3,174,866	2,846,085	9,497,713	2,833,374	1,197,606	22,643,511
Net book value at 31 December 2014	10,574,081	13,916,362	1,087,562	15,811,155	2,770,828	6,268,998	727,004	395,090	51,551,080
Net book value at 31 December 2013	12,082,646	10,377,799	1,236,746	14,398,116	2,817,277	4,538,150	681,900	368,913	46,501,546

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2013 : nil).

The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2014 is N1.93 billion (December 2012 : N856 million)

30 Intangible assets

(a)

<i>In thousands of Naira</i>	Group				Bank			
	Goodwill	Purchased Software		Total	Goodwill	Purchased Software		Total
		Assets under Construction	Completed			Assets under Construction	Completed	
Cost								
31 December 2014								
Balance at 1 January 2014	870,974	926,266	4,079,305	5,876,545	-	926,266	3,411,515	4,337,781
Additions	-	1,093,593	316,884	1,410,477	-	1,093,593	284,718	1,378,311
Reclassification	-	(158,030)	158,030	-	-	(158,030)	158,030	-
Translation differences	-	-	(21,411)	(21,411)	-	-	-	-
Balance at 31 December 2014	870,974	1,861,829	4,532,808	7,265,611	-	1,861,829	3,854,263	5,716,092
31 December 2013								
Balance at 1 January 2013	-	-	2,866,537	2,866,537	-	-	2,689,242	2,689,242
Acquired through business combination	870,974	-	25,192	896,166	-	-	-	-
Additions	-	926,266	1,141,457	2,067,723	-	926,266	722,273	1,648,539
Translation differences	-	-	46,119	46,119	-	-	-	-
Balance at 31 December 2013	870,974	926,266	4,079,305	5,876,545	-	926,266	3,411,515	4,337,781
Amortisation and impairment losses								
31 December 2014								
Balance at 1 January 2014	-	-	3,033,675	3,033,675	-	-	2,498,072	2,498,072
Charge for the year	-	-	712,644	712,644	-	-	638,270	638,270
Translation differences	-	-	(19,264)	(19,264)	-	-	-	-
Balance at 31 December 2014	-	-	3,727,055	3,727,055	-	-	3,136,342	3,136,342
30 December 2013								
Balance at 1 January 2013	-	-	2,031,723	2,031,723	-	-	1,948,872	1,948,872
Acquired through business combination	-	-	5,322	5,322	-	-	-	-
Charge for the year	-	-	960,575	960,575	-	-	549,200	549,200
Translation differences	-	-	36,054.80	36,055	-	-	-	-
Balance at 31 December 2013	-	-	3,033,675	3,033,675	-	-	2,498,072	2,498,072
Carrying amounts:								
Balance at 31 December 2014	870,974	1,861,829	805,753	3,538,556	-	1,861,829	717,921	2,579,750
Balance at 31 December 2013	870,974	926,266	1,045,630	2,842,870	-	926,266	913,443	1,839,709

There were no capitalised borrowing costs related to the internal development of software during the year. (December 2013: nil)

(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 2013: 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% (2013: 30%). Deferred income tax assets and liabilities are attributable to the following items:

<i>In thousands of Naira</i>	Group			Bank		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax Assets	Deferred tax liabilities	Net
31 December 2014						
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, and software	890,510	(187,962)	702,548	890,510	-	890,510
Property held for sale	-	-	-	-	-	-
Other temporary difference	-	-	-	-	-	-
Derivative liability	1,504,728	-	1,504,728	1,504,728	-	1,504,728
Unrealized exchange gain	-	(1,461,114)	(1,461,114)	-	(1,461,114)	(1,461,114)
Others	2,998	(6,698)	(3,700)	-	-	-
Deferred tax assets/(liabilities) before set off	6,448,500	(1,655,774)	4,792,726	6,445,502	(1,461,114)	4,984,388
Set off of deferred tax	(1,461,114)	1,461,114	-	(1,461,114)	1,461,114	-
Deferred tax assets/(liabilities)	4,987,386	(194,660)	4,792,726	4,984,388	-	4,984,388

<i>In thousands of Naira</i>	Group			Bank		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax Assets	Deferred tax liabilities	Net
31 December 2013						
Allowance for loan losses	3,783,785	-	3,783,785	3,783,785	-	3,783,785
Property and equipment, and software	1,726,037	-	1,726,037	1,726,037	-	1,726,037
Property held for sale	8,401	-	8,401	8,401	-	8,401
Other temporary difference	4,247	-	4,247	-	-	-
Derivative liability	2,114,674	-	2,114,674	2,114,674	-	2,114,674
Unrealized exchange gain	-	(891,165)	(891,165)	-	(891,165)	(891,165)
Others	-	(194,660)	(194,660)	-	-	-
Deferred tax assets/(liabilities) before set off	7,637,144	(1,085,825)	6,551,319	7,632,897	(891,165)	6,741,732
Set off of deferred tax	(891,165)	891,165	-	(891,165)	891,165	-
Deferred tax assets/(liabilities)	6,745,979	(194,660)	6,551,319	6,741,732	-	6,741,732

31 Deferred taxation

(b) Movement in deferred tax balances

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Net balance at 1 January	6,551,319	8,265,354	6,741,732	8,455,767
Recognized in profit or loss	(1,758,593)	(1,714,035)	(1,757,344)	(1,714,035)
Net balance at 31 December	4,792,726	6,551,319	4,984,388	6,741,732

- (c) Recognition of deferred tax assets of N4.98million (2013: N6.74million) is based on the Bank's five year 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:

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Tax losses	3,617,654	-	3,617,654	-
Net balance at 31 December	3,617,654	-	3,617,654	-

32 Other assets

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Prepayments	17,443,799	12,846,359	12,406,089	9,145,136
Accounts receivable	5,951,863	11,226,793	5,796,273	7,148,055
Other receivables	3,169,699	141,062	216,576	141,061
	26,565,361	24,214,213	18,418,938	16,434,252
Specific allowances for impairment on other assets	(2,631,630)	(2,068,413)	(2,618,327)	(2,042,981)
	23,933,731	22,145,801	15,800,611	14,391,271
Specific allowance for impairment on other assets				
Balance, beginning of year	2,068,413	1,360,657	2,042,981	1,360,657
Allowance during the year	1,146,784	1,549,722	704,689	1,524,500
Allowance written off	(541,666)	(842,176)	(129,343)	(842,176)
Exchange difference	(41,901)	210	-	-
Balance, end of year	2,631,630	2,068,413	2,618,327	2,042,981
Current	17,702,320	16,160,216	9,820,119	11,944,476
Non-current	6,231,411	5,985,585	5,980,492	2,446,795
	23,933,731	22,145,801	15,800,611	14,391,271

33 Deposits from banks

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Items in the course of collection	7,232,891	6,549,232	6,586,748	5,744,996
Other deposits from banks	61,527,536	48,030,239	3,099,567	-
	68,760,427	54,579,471	9,686,315	5,744,996

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

Current	68,760,427	54,579,471	9,686,315	5,744,996
Non-current	-	-	-	-
	68,760,427	54,579,471	9,686,315	5,744,996

34 Deposits from customers

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Demand deposits	732,455,959	682,359,825	675,554,040	636,656,395
Term deposits	493,903,516	316,652,614	432,284,609	263,927,369
Savings deposits	266,721,728	207,031,564	246,976,265	193,200,728
	<hr/> 1,493,081,203	<hr/> 1,206,044,003	<hr/> 1,354,814,914	<hr/> 1,093,784,492
Current	1,437,565,611	1,163,562,571	1,341,919,916	1,090,143,183
Non-current	55,515,592	42,481,432	12,894,998	3,641,309
	<hr/> 1,493,081,203	<hr/> 1,206,044,003	<hr/> 1,354,814,914	<hr/> 1,093,784,492

35 Derivative liabilities

The table below analyses derivative liabilities by type of instrument

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Cross Currency Interest Rate Swap (see Note (a) below)	-	16,865	-	16,865
Option in Convertible Debt - IFC see (Note (b) below)	11,378,780	13,270,561	11,378,780	13,270,561
Option in Convertible Debt-Kunnoch Holdings (see Note (c) below)	1,229,452	1,370,824	1,229,452	1,370,824
	<hr/> 12,608,232	<hr/> 14,658,250	<hr/> 12,608,232	<hr/> 14,658,250
Current	-	16,865	-	16,865
Non-current	12,608,232	14,641,385	12,608,232	14,641,385
	<hr/> 12,608,232	<hr/> 14,658,250	<hr/> 12,608,232	<hr/> 14,658,250

(a) Cross Currency Interest Rate Swap

The cross currency interest rate swap is a contractual agreement between the Bank and a deposit money bank in Nigeria to exchange principal and interest payments in Euros for principal and interest payments in US Dollars in 2013. The cross currency interest rate swap is fixed-for-fixed. The fair values of the cross currency swap is as follows:

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Cross Currency Interest Rate Swap	-	16,865	-	16,865
	<hr/> -	<hr/> 16,865	<hr/> -	<hr/> 16,865

The time periods in which the cash flows are expected to occur and affect profit or loss are as follows:

<i>In thousands of Naira</i>	Group 31 December 2013	Bank 31 December 2013
Within 1 year	16,865	16,865
	<hr/> 16,865	<hr/> 16,865

Movement in Cross Currency Interest Rate Swap

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Opening balance	16,865	-	16,865	-
Additions during the year	-	130,087	-	130,087
Liquidations during the year	(16,865)	-	(16,865)	-
Fair value gain	-	(113,222)	-	(113,222)
	-	16,865	-	16,865

(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 N11,378,780,000 (2013: N13,270,561,000) as at reporting date.

Movement in Option in Convertible Debt - IFC

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Opening Balance	13,270,561	13,248,585	13,270,561	13,248,585
Fair value (gain)/loss	(1,891,781)	21,976	(1,891,781)	21,976
	11,378,780	13,270,561	11,378,780	13,270,561

(c) Option in Convertible Debt - Kunnoc Holdings

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by Kunnoc Holding Limited, into shares (see further details in Note 38(b)). The fair value of the derivative liabilities were N1,229,452,000 (2013: 1,370,824,000) as at reporting date.

Movement in Option in Convertible Debt - Kunnoc Holdings

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Opening balance	1,370,824	-	1,370,824	-
Fair value (gain)/loss	(141,372)	1,370,824	(141,372)	1,370,824
	1,229,452	1,370,824	1,229,452	1,370,824

36 Other liabilities

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Customers deposit for letters of credit (note 23)	16,127,000	13,301,639	10,581,414	9,905,560
Accounts payable	4,161,788	3,358,992	2,464,734	1,816,287
Accruals	4,286,712	4,483,402	2,633,684	3,334,251
Other current liabilities	15,934,037	12,520,261	14,405,435	10,877,689
	40,509,537	33,664,294	30,085,267	25,933,787
Current	40,509,537	33,664,294	30,085,267	25,933,787
Non-current	-	-	-	-
	40,509,537	33,664,294	30,085,267	25,933,787

37 Borrowings

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Borrowings comprise:				
Bank of Industry (CBN Intervention Fund) (see note (a))	34,746,901	35,782,648	34,746,901	35,782,648
CBN Commercial Agricultural Credit Scheme (see (b))	2,089,195	2,360,590	2,089,195	2,360,590
Foreign financial institutions (see note (c))	37,801,135	9,370,922	66,530,315	15,054,529
	<u>74,637,231</u>	<u>47,514,160</u>	<u>103,366,411</u>	<u>53,197,767</u>
Current	-	-	28,967,118	10,442,408
Non-current	74,637,231	47,514,160	74,399,293	42,755,359
	<u>74,637,231</u>	<u>47,514,160</u>	<u>103,366,411</u>	<u>53,197,767</u>

- (a) The amount of N34,746,901,000 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 N2,089,195,000 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 N37,801,135,000 represents on-lending facilities granted by multi-lateral and correspondence financial institutions to finance various trade and other transactions. Details of the respective outstanding amounts, interest rates and tenors on these facilities are as follows :

Institutions	December 2014	December 2013	Tenor (Years)	Interest
<i>In thousands of Naira</i>	Amount	Amount		
International Finance Corporation	269,224	633,305	7	2.75% +6M LIBOR
African Export-Import Bank	4,280,270	3,931,500	5	5% + 3M LIBOR
Standard Chartered Bank	-	4,806,117	1	3.12%
Eurobond	33,251,642	-	5	8.75%
	<u>37,801,135</u>	<u>9,370,922</u>		

38 Long term debt

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
African Export-Import Bank	16,976,491	15,733,964	16,976,491	15,733,964
International Finance Corporation (see Note (a))	5,263,504	4,261,390	5,263,504	4,261,390
Kunnoch Holdings (see Note(b))	976,198	885,612	976,198	885,612
Anambra State Government (see Note (c))	8,642,368	-	-	-
Diamond Finance B.V (see Note (c))	-	-	8,642,368	-
	<u>31,858,561</u>	<u>20,880,966</u>	<u>31,858,561</u>	<u>20,880,966</u>
Current	-	-	-	-
Non-current	31,858,561	20,880,966	31,858,561	20,880,966
	<u>31,858,561</u>	<u>20,880,966</u>	<u>31,858,561</u>	<u>20,880,966</u>

Company	Tenor (yrs)	Interest Rate
African Export-Import Bank	7	5.75% + 3M LIBOR
International Finance Corporation (see Note (a))	7	5% + 6M LIBOR
Kunnoch Holdings (see Note(b))	7	5% + 6M LIBOR
Diamond Finance BV (see Note(c))	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:

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Long term debt measured at amortized cost (see Note (a)(i) below)	5,263,504	4,261,390
Derivative liability measured at fair value (see Note 35(b))	11,378,780	13,270,561
Carrying value	16,642,284	17,531,951

(a)(i) Movement in Debt Portion of Convertible subordinated loan with IFC

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Opening balance	4,261,390	3,747,567
Interest expense	1,247,899	1,082,604
Interest paid	(606,926)	(608,205)
Exchange Difference	361,141	39,424
Closing balance	5,263,504	4,261,390

(b) Convertible subordinated loan with Kunnoch Holdings

The Bank obtained a loan of \$7.15 million (N1.21 billion) from the 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:

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Long term debt measured at amortized cost (see Note (b)(i) below)	976,198	885,612
Derivative liability measured at fair value (see Note 35(c))	1,229,452	1,370,824
Carrying value	2,205,650	2,256,436

(b)(i) Movement in Debt Portion of Convertible subordinated loan with Kunnoch Holdings

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Opening balance	885,612	-
Proceeds from Issue	-	872,514
Interest expense	91,803	-
Interest paid	(63,029)	-
Exchange Difference	61,812	13,098
Closing balance	976,198	885,612

(c) Long term loan with Anambra State Government through Diamond Finance BV

The Group issued dollar denominated loan participatory notes of \$50million (N8.48billion) through a structured entity, Diamond Finance BV, Netherlands, to Anambra State Government 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 for the sole purpose of providing a loan to Diamond Bank, which was in turn be 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.

39 Share capital

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Authorised				
30 billion ordinary shares of 50k each	15,000,000	15,000,000	15,000,000	15,000,000
Issued and fully paid				
23.2 billion ordinary shares of 50k each	11,580,195	7,237,622	11,580,195	7,237,622

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 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Movement in share capital during the year:				
Balance, beginning of year	7,237,622	7,237,622	7,237,622	7,237,622
New issues during the year (Rights Issue) (see Note (a) below)	4,342,573	-	4,342,573	-
Balance, end of year	11,580,195	7,237,622	11,580,195	7,237,622

- (a) During the year, the Bank offered a total rights issue of 8,685,145,863 Ordinary shares of 50kobo per share, each issued to interested shareholders at a ratio of three (3) new ordinary shares for every five (5) ordinary shares held as at 13 June 2014. The price of the offer was N5.80 per share. The offer was fully subscribed and the total proceeds from the rights issue was N50.37 billion

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 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Movement in share premium during the year:				
Balance, beginning of year	89,629,324	89,629,324	89,629,324	89,629,324
Premium on shares issued	46,031,273	-	46,031,273	-
Issuing costs	(1,127,623)	-	(1,127,623)	-
Balance, end of year	134,532,974	89,629,324	134,532,974	89,629,324

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. 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:

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013
Diamond Bank du Benin	227,771	153,516
Diamond Finance BV	(9,731)	-
	218,040	153,516

The following table summarises the information relating to the Group's subsidiary that has material NCI
Diamond Bank du Benin

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
NCI percentage	2.93%	2.93%
Total Assets	207,333,267	169,804,798
Total Liabilities	(199,559,523)	(164,565,356)
Net assets	7,773,744	5,239,442
Carrying amount of NCI	227,771	153,516
Revenue	15,779,833	12,352,537
Profit	2,948,867	(1,069,331)
OCI	(414,567)	(195,160)
Total comprehensive income	2,534,301	(1,264,491)
Profit allocated to NCI	86,402	(31,331)
OCI allocated to NCI	(12,147)	(68,431)
Cash flows from operating activities	6,315,360	4,112,558
Cash flows from investing activities	(15,230,769)	16,877,920
Cash flows from financing activities, before dividends to NCI	(96,692)	(9,879,581)
Cash flows from financing activities - cash dividends to NCI	-	-
Net increase in cash and cash equivalents	(9,012,101)	11,110,897

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 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 and amounts due from other banks.

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Cash and balances with central banks (less mandatory reserves) (see Note 19)	46,899,383	75,906,024	40,344,911	55,944,681
Loans to banks (see Note 23)	296,098,561	129,362,340	214,538,349	104,891,633
	342,997,944	205,268,364	254,883,260	160,836,314

44 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:

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Within one year	224,237	780,927	196,077	771,779
Between one and five years	769,115	823,631	675,763	822,446
More than five years	3,301,638	756,071	710,731	756,071
	4,294,990	2,360,629	1,582,571	2,350,296

45 Contingent liabilities and commitments

45.1 Claims and litigations

The Bank, in its ordinary course of business, is presently involved in 225 (December 2013: 99) cases as a defendant and 70 (December 2013: 26) cases as a plaintiff. The total amount claimed in the 225 cases against the Bank is estimated at N20,152,026,024 (December 2013: N7,495,899,539) while the total amount claimed in the 70 cases instituted by the Bank is N41,587,542,078 (December 2013: N 3,438,663,624). The Directors having sought the advice of professional legal counsel are of the opinion that based on the advice received, no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

45.2 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:

<i>In thousands of Naira</i>	Group 31 December 2014	Group 31 December 2013	Bank 31 December 2014	Bank 31 December 2013
Performance bonds and guarantees	77,547,959	54,016,552	53,510,501	32,657,247
Letters of credit	160,434,571	184,763,090	150,598,606	166,665,810
	237,982,530	238,779,642	204,109,107	199,323,057

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.

45.3 Fiduciary Activities

The Group carries out custodial activities through Diamond Pension Fund Custodian Limited. The amount of N97,934,336,000 (December 2013: N53,081,368,000) represents the full amount of the Group's guarantee for the assets held under custody as at year end.

46 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 47 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

<i>In thousands of Naira</i>	December 2014	December 2013
Secured loans and advances	38,333,551	37,955,324
Deposits	5,587,631	4,973,471

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 collateralised by a combination of lien of shares of quoted companies, fixed and floating debentures, 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 2013 : nil).

46.1 Details of loans to related parties

NAME OF LENDER	FACILITY TYPE	RELATIONSHIP	DIRECTOR	DATE GRANTED	EXPIRY DATE	AMOUNT GRANTED	OUTSTANDING BALANCE	STATUS	NATURE OF SECURITY/STATUS
1 DR OGBECHIE CHRIS IKE	TERM LOAN	DIRECTOR	DR CHRIS OGBECHIE	01-02-2014	01-12-2016	19,970,233	13,509,275	Performing	LEGAL MORTGAGE ON LAND & PROPERTY
2 MEDIA MONITORING SERV NIG LTD	LEASE	DIRECTOR	DR CHRIS OGBECHIE	14-05-2014	14-05-2016	5,663,000	4,281,386	Performing	LEGAL OWNERSHIP OF THE LEASED EQUIPMENTS
3 GEOMETRIC POWER LIMITED	TERM LOAN	DIRECTOR	UZOMA DOZIE	14-11-2011	20-01-2026	37,230,000,000	35,026,456,130	Performing	MORTGAGE DEBENTURE MANAGED BY FIRST TRUSTEE
4 ALUM. EXTRUSION IND. PLC	OVERDRAFT	DIRECTOR	UZOMA DOZIE	21-03-2014	20-03-2015	310,000,000	112,241,332	Performing	FIXED & FLOATING CHARGE, DOMICILIATION, OWNERSHIP OF LEASED ASSETS
5 ALUM. EXTRUSION IND. PLC	LEASE	DIRECTOR	UZOMA DOZIE	14-03-2012	14-03-2015	87,166,400	3,126,661	Performing	FIXED & FLOATING CHARGE, DOMICILIATION, OWNERSHIP OF LEASED ASSETS
6 SUMMIT HEALTHCARE HOSP. LTD	TERM LOAN	DIRECTOR	DR. OLUBUKOLA HASSAN	27-03-2013	27-03-2015	150,000,000	22,335,935	Performing	THIRD PARTY LEGAL MORTGAGE
7 SUMMIT HEALTHCARE PHARMA LTD	TERM LOAN	DIRECTOR	DR. OLUBUKOLA HASSAN	13-10-2014	30-09-2017	7,128,000	6,534,000	Performing	LIEN ON VEHICLES PURCHASED
8 LANDMARK 2007 GLOBAL REALITY LTD	TERM LOAN	DIRECTOR	UZOMA DOZIE	30-11-2013	30-08-2019	3,094,000,000	2,575,717,350	Performing	LIEN ON FCY DEPOSIT, LEGAL MORTGAGE ON PROPERTY
9 SPECIAL BRANDS LIMITED	TERM LOAN	DIRECTOR	UZOMA DOZIE	03-07-2012	03-07-2017	250,000,000	129,166,863	Performing	LIEN ON CURRENT ACCOUNT RECEIVABLES, IRREVOCABLE DOMICILIATION OF PROCEEDS FROM 19 UAC RESTAURANTS, TITLE TO 99% SHAREHOLDING OF KAIZEN VENTURES IN SPECIAL BRAND
10 HRM IGWE NNAEMEKA A. ACHEBE	TERM LOAN	DIRECTOR	HRM IGWE NNAEMEKA A. ACHEBE	07-08-2012	08-04-2018	216,772,710	167,182,343	Performing	LEGAL MORTGAGE ON LAND & PROPERTY
11 ONE MICROFINANCE BANK LIMITED	OVERDRAFT	DIRECTOR	UZOMA DOZIE	27-03-2014	26-03-2015	300,000,000	272,999,636	Performing	LIEN ON KAIZEN PARTNERS' HOLDINGS OF 100,000 UNITS OF MTN LINKED SHARES WITH STANBIC IBTC ASSET MANAGEMENT
TOTAL						41,670,700,343	38,333,550,910		

46.2 Transactions with Geometric Power Limited

The Group has various transactions with Geometric Power Limited Group, a related party, as shown below:

<i>For the year ended 31 December In thousands of Naira</i>		Outstanding Balance	Impairment	Net Balance	
		Type of Transaction			
Geometric Power Limited		Loans and advances to customers	35,026,000	(209,000)	34,817,000
		Investment in Redeemable adjustable convertible preference			
Geometric Power Limited, Aba	24(b)	shares	7,535,232	(2,132,290)	5,402,942
Geometric Power Limited, Aba	27	Investment in associates	2,491,413	-	2,491,413
APL Electric Limited	27	Investment in associates	426,587	-	426,587
Total Exposure			45,479,232	(2,341,290)	43,137,942

Subsequent to the end of the reporting period (17 February 2015), the Bank together with other creditors ("the Senior Creditors") to Geometric Power Project ("Aba IPP") entered into an agreement-in-principle with a potential buyer to restructure the total project debt of N73.99 billion in order to facilitate the buyer's equity investment in Aba IPP.

Under the terms and conditions of the proposed restructuring exercise, Diamond Bank will receive a total value of N 45.312 billion analyzed as follows:

<i>In thousands of Naira</i>	31 December 2014
Senior Debt	38,762,000
Cash Payment	3,350,000
Convertible Loan Notes	3,200,000
	45,312,000

47 Key management personnel compensation

Group

Remuneration paid to the Bank's directors was:

<i>For the year ended 31 December In thousands of Naira</i>	31 December 2014	31 December 2013
Fees and sitting allowances	145,450	127,650
Short term employee benefits:		
Executive compensation	108,030	113,975
Other allowances	56,314	91,749
Post-employment benefits	12,228	10,442
	322,022	343,816

Fees and other emoluments disclosed above include amounts paid to:

Chairman	19,050	16,300
Highest paid director	23,526	24,952

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	
	31 December 2014	31 December 2013
Below N1,600,000	1	1
N3,400,001 and above	16	16
	17	17

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 (2013: Nil). Mortgage loans amounting to N910,735,119 are secured by underlying assets (December 2013: N1,179,664,015). All other loans are unsecured.

48 Employees

The average number of persons employed during the year was as follows:

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Executive directors	5	6	5	6
Management	171	209	152	148
Non-management	5,057	4,151	4,411	3,651
	<u>5,233</u>	<u>4,366</u>	<u>4,568</u>	<u>3,805</u>

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and other benefits) were:

<i>In thousands of Naira</i>	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
N300,000 - N2,000,000	126	345	-	-
N2,000,001 - N2,800,000	40	87	10	11
N2,800,001 - N3,500,000	2,345	1,511	2,325	1,497
N3,500,001 - N4,000,000	374	28	-	-
N4,000,001 - N5,500,000	728	1,033	695	1,003
N5,500,001 - N6,500,000	15	9	-	-
N6,500,000 - N7,800,000	762	540	746	529
N7,800,001 - N9,000,000	329	339	327	332
N9,000,001 and above	514	474	465	433
	<u>5,233</u>	<u>4,366</u>	<u>4,568</u>	<u>3,805</u>

49 Statement of Prudential Adjustments

	Note	Group 31 December 2014	Group 31 December 2013
Loans and advances to customers			
Specific impairment allowance on loans to customers	25.1	30,837,590	13,528,830
Specific impairment allowance on other loans and receivables	25b	2,132,290	2,132,290
Collective impairment allowance on loans to customers	25.1	6,650,792	13,828,973
Collective impairment allowance on other loans and receivables	25b	-	-
Total impairment allowance on loans to customers (a)		39,620,672	29,490,094
Other financial assets:			
Specific impairment allowance on unlisted equity securities	26	1,590,476	1,263,297
Specific impairment allowance on investment in associates	28	313,161	313,161
Specific impairment allowance on other assets	33	2,631,630	2,068,413
Total impairment allowance on other financial assets (b)		4,535,267	3,644,871
Total impairment allowance c = a + b		44,155,940	33,134,965
Total impairment based on prudential guidelines (d)		39,407,462	29,677,362
Difference (e) = c - d		4,748,478	3,457,603

	Note	Bank 31 December 2014	Bank 31 December 2013
Loans and advances to customers			
Specific impairment allowance on loans to customers	25.1	27,131,530	9,787,683
Specific impairment allowance on other loans and receivables	25b	2,132,290	2,132,290
Collective impairment allowance on loans to customers	25.1	5,811,871	12,612,619
Collective impairment allowance on other loans and receivables	25b	-	-
Total impairment allowance on loans to customers (a)		35,075,691	24,532,592
Other financial assets:			
Specific impairment allowance on unlisted equity securities	26	1,590,476	1,263,297
Specific impairment allowance on investment in associates	28	313,161	313,161
Specific impairment allowance on other assets	33	2,618,327	2,042,981
Total impairment allowance on other financial assets (b)		4,521,964	3,619,439
Total impairment allowance c = a + b		39,597,655	28,152,031
Total impairment based on prudential guidelines (d)		34,849,175	27,175,347
Difference (e) = c - d		4,748,480	976,684

As the impairment based on IFRS is higher than the provisions based on prudential guidelines, no regulatory risk reserve is required.

50 Compliance with banking regulations

During the year, the Bank was penalised by the Central Bank of Nigeria (CBN) for the following infractions;

Contraventions	Penalties
- Fine imposed on the Bank by the Central Bank of Nigeria (CBN) as a result of the Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) spot check as at March 31, 2014 (Chief Compliance Officer headed by a staff lower than General Manager)	2,000,000
- Penalty imposed on the Bank by the Central Bank of Nigeria for having a staff whose grade is lower than a General Manager as Chief Compliance Officer	2,000,000
- Penalty for the disbursement of 10 billion term loan to Zamfara State Government from September 20 to October 12, 2012	2,000,000
- Fine imposed on the Bank because the credit printout did not comply with the requirements of section 3.8 for the prudential guidelines for Deposit Money Banks	2,000,000
	8,000,000

51 Events after the end of the reporting period

Subsequent to the end of the reporting period, the Bank along with other creditors to the Geometric Power Project ("Aba IPP") entered into an agreement-in-principle with a potential buyer to restructure the total project debt to facilitate purchase by the buyer (See Note 46.2). There were no other post balance sheet events that require disclosure in these consolidated financial statements.

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Value added statement

For the period ended 31 December 2014

<i>For the year ended 31 December</i>	Group		Group		Bank		Bank	
<i>In thousands of Naira</i>	2014	%	2013	%	2014	%	2013	%
Gross earnings	208,402,153		181,154,780		190,952,742		168,015,252	
Interest expense	(51,553,435)		(38,500,219)		(46,809,732)		(34,395,847)	
	<u>156,848,718</u>		<u>142,654,561</u>		<u>144,143,010</u>		<u>133,619,405</u>	
Group's share of associates profit	-		(5,091)		-		-	
Net impairment loss on financial assets	(26,371,105)		(23,296,676)		(26,061,681)		(20,946,156)	
Bought-in-materials and services (local)	(60,928,802)		(48,325,396)		(55,943,333)		(44,883,223)	
Value added	<u><u>69,548,810</u></u>		<u><u>71,027,398</u></u>		<u><u>62,137,996</u></u>		<u><u>67,790,026</u></u>	
Distribution of Value Added		%		%		%		%
To Employees:								
Employees costs	33,340,434	48	29,429,342	41	29,820,943	48	26,603,688	43
To government								
Government as taxes	2,616,013	4	3,535,490	5	2,355,816	4	3,495,952	6
To providers of finance								
Interest on borrowings	2,186,798	3	2,442,718	3	2,186,798	4	2,442,718	4
Retained in business:								
- For replacement of property and equipment	5,699,939	8	5,819,775	8	5,078,971	8	4,943,934	8
- For replacement of intangible assets	712,644	1	960,576	1	638,270	1	549,212	1
- For replacement of available for sale financial assets	(274,436)	-	(574,776)	(1)	(396,695)	(1)	(580,153)	(1)
- To augment reserve	25,267,417	36	29,414,273	41	22,453,893	35	30,334,675	48
	<u><u>69,548,810</u></u>	<u><u>100</u></u>	<u><u>71,027,398</u></u>	<u><u>100</u></u>	<u><u>62,137,996</u></u>	<u><u>99</u></u>	<u><u>67,790,026</u></u>	<u><u>109</u></u>

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Financial summary

Group	IFRS				
	December 2014	December 2013	December 2012	December 2011	December 2010
<i>In thousands of Naira</i>					
Assets					
Cash and balances with central banks	301,393,080	228,322,128	132,196,061	55,784,079	27,606,200
Financial assets held for trading	3,481,299	3,428,848	90,111,236	8,041,618	1,345,552
Derivative assets	50,012	70,254	-	-	-
Loans to banks	296,098,561	129,362,340	139,803,281	90,648,011	72,155,340
Loans and advances to customers	791,094,667	689,168,335	585,200,158	388,136,486	307,212,457
Investment securities					
-Available-for-sale investments	10,312,395	11,091,462	10,601,609	85,990,731	19,891,359
-Held to maturity investments	332,522,242	272,157,812	65,762,681	61,712,761	56,977,064
Assets pledged as collateral	103,397,647	96,461,777	79,302,531	34,940,000	37,820,000
Insurance receivables	-	-	-	-	705,659
Investments in associates	2,918,000	2,918,000	3,182,250	3,184,549	3,502,339
Investment properties held for sale	4,333,658	4,313,492	4,070,340	3,833,335	3,755,064
Property and equipment	55,062,140	49,827,333	44,980,333	39,664,459	36,954,186
Intangible assets	3,538,556	2,842,870	834,815	819,076	596,025
Deferred taxation	4,987,386	6,745,979	8,265,354	12,363,242	7,681,076
Other assets	23,933,731	22,145,801	13,793,105	10,663,445	16,649,442
Assets classified as held for sale	-	-	-	450,000	-
Total assets	1,933,123,374	1,518,856,431	1,178,103,754	796,231,792	592,851,763
Liabilities					
Deposits from banks	68,760,427	54,579,471	31,207,298	20,982,788	15,347,216
Deposits from customers	1,493,081,203	1,206,044,003	910,234,444	603,003,229	412,992,754
Derivative liabilities	12,608,232	14,658,250	13,248,585	-	-
Provision for insurance contracts	-	-	-	-	2,219,578
Current income tax liability	2,448,756	2,466,927	1,972,540	1,346,904	1,995,250
Deferred tax liabilities	194,660	194,660	-	-	-
Retirement benefit obligations	-	-	99,574	51,607	29,366
Provisions	-	-	1,056,378	-	-
Other liabilities	40,509,537	33,664,294	42,095,096	29,988,365	26,691,492
Borrowings	74,637,231	47,514,160	49,966,360	54,877,883	28,265,428
Long term debt	31,858,561	20,880,966	19,367,757	-	-
Total liabilities	1,724,098,607	1,380,002,731	1,069,248,032	710,250,776	487,541,084
Equity					
Share capital	11,580,195	7,237,622	7,237,622	7,237,622	7,237,622
Share premium	134,532,974	89,629,324	89,629,324	89,629,324	89,629,324
Retained earnings	35,240,967	17,483,423	(6,629,221)	(24,112,701)	(8,387,489)
Other components of equity	27,452,591	24,349,815	18,364,719	13,001,838	16,375,561
Non controlling interest	218,040	153,516	253,278	224,932	455,661
Total equity	209,024,767	138,853,700	108,855,722	85,981,015	105,310,679
Total liabilities and equity	1,933,123,374	1,518,856,431	1,178,103,754	796,231,791	592,851,763
Commitments and contingents	237,982,530	238,779,642	193,684,399	139,147,719	155,424,498

Group	IFRS			
	December 2014	December 2013	December 2012	December 2011
Financial Summary				
Gross earnings	208,402,153	181,154,780	138,848,669	107,288,626
Profit/(loss) before taxation	28,101,232	32,079,982	27,481,541	(17,964,929)
Profit/(loss) after taxation	25,485,219	28,544,492	22,108,084	(13,940,985)
Non controlling interest	76,523	(31,331)	(33,294)	6,319
Profit attributable to equity holders	25,408,696	28,575,823	22,141,378	(13,730,106)
Basic earnings per share (kobo)	166	197	153	(92)
Diluted earnings per share (kobo)	143	170	153	(92)

OTHER FINANCIAL INFORMATION

Financial Summary

Bank	IFRS				
	December 2014	December 2013	December 2012	December 2011	December 2010
<i>In thousands of Naira</i>					
Assets					
Cash and balances with central banks	288,953,932	205,286,149	123,224,590	54,396,524	17,871,129
Financial assets held for trading	3,481,299	3,428,848	90,111,236	8,041,618	1,109,079
Assets pledged as collateral	109,775,177	82,275,434	57,438,896	34,940,000	37,820,000
Loans to banks	214,538,349	104,891,633	113,384,200	72,098,846	61,620,185
Loans and advances to customers	712,064,692	585,953,062	523,374,608	344,397,331	299,534,692
Investment securities					
-Available-for-sale investments	6,965,670	9,742,112	10,555,061	76,762,310	11,095,806
-Held to maturity investments	316,650,635	270,966,001	64,751,769	52,253,105	43,978,424
Investments in subsidiaries	15,841,882	15,841,882	7,865,622	7,865,622	17,442,980
Investments in associates	2,918,000	2,918,000	3,205,140	3,205,140	-
Investment Properties held for sale	4,164,958	4,153,492	3,910,340	3,686,335	-
Property and equipment	51,551,080	46,501,546	41,879,449	36,276,819	34,645,547
Intangible assets	2,579,750	1,839,709	740,370	624,139	596,025
Deferred taxation	4,984,388	6,741,732	8,455,767	12,536,874	7,720,257
Other assets	15,800,611	14,391,271	10,240,209	6,529,297	8,664,365
Assets classified as held for sale	-	-	-	450,000	-
Total assets	1,750,270,423	1,354,930,871	1,059,137,257	714,063,960	542,098,489
Liabilities					
Deposits from banks	9,686,315	5,744,996	8,173,286	3,939,956	4,104,098
Deposits from customers	1,354,814,914	1,093,784,492	823,090,787	545,161,145	379,344,019
Derivative liability	12,608,232	14,658,250	13,248,585	-	-
Current income tax liability	2,189,956	2,427,389	1,878,880	1,249,616	1,649,557
Provisions	-	-	1,056,378	-	-
Retirement benefit obligations	-	-	99,574	20,141	21,948
Other liabilities	30,085,267	25,933,787	34,939,235	24,678,784	17,682,674
Borrowings	103,366,411	53,197,767	49,966,360	54,877,883	28,031,831
Long term debt	31,858,561	20,880,966	19,367,757	-	-
Total liabilities	1,544,609,656	1,216,627,647	951,820,842	629,927,525	430,834,127
Equity					
Share capital	11,580,195	7,237,622	7,237,622	7,237,622	7,237,622
Share premium	134,532,974	89,629,324	89,629,324	89,629,324	89,629,324
Retained earnings/(accumulated deficit)	32,845,896	18,439,851	(6,851,491)	(25,310,234)	(270,693)
Other components of equity	26,701,702	22,996,427	17,300,960	12,579,722	14,668,110
Total equity	205,660,767	138,303,224	107,316,415	84,136,434	111,264,363
Total liabilities and equity	1,750,270,423	1,354,930,871	1,059,137,257	714,063,959	542,098,490
Commitments and contingents	204,109,107	199,323,057	184,180,984	130,370,083	155,424,498

Bank Financial Summary	IFRS			
	December 2014	December 2013	December 2012	December 2011
<i>In thousands of Naira</i>				
Gross earnings	190,952,742	168,015,252	131,166,141	101,504,943
Profit/(loss) before taxation	24,413,014	33,250,472	28,364,965	(27,132,209)
Profit/(loss) after taxation	22,057,198	29,754,520	23,073,427	(22,868,254)
Total comprehensive income	22,453,893	30,986,809	22,183,668	(25,976,197)
Basic earnings per share (kobo)	144	206	159	(158)
Diluted earnings per share (kobo)	125	177	159	(158)