



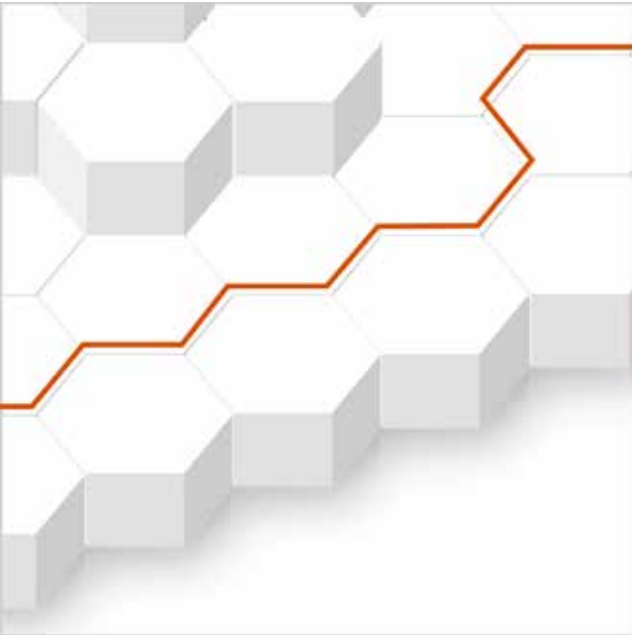
GTBank

Guaranty Trust Bank plc
RC 152321

2017

Annual Report

#EnrichingLives



INTRODUCTION

Guaranty Trust Bank's Consolidated Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding Annual Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the financial year ended 31 December, 2017. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior year figures have been presented in line with current year figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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|----------------|-------------------|------------------|
| ¥419.23billion | ¥200.24billion | ¥170.47billion |

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www.gtbank.com



VISION AND MISSION STATEMENTS

VISION

We are a team driven to deliver the utmost in customer service.

We are synonymous with innovation, building excellence and superior financial performance and creating role models for society.

MISSION

We are a high quality financial services provider with the urge to be the best at all times whilst adding value to all stakeholders.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

| DIRECTORS | | |
|-----------|--------------------|---|
| 1 | Mrs. O. A. Demuren | Chairman, Board of Directors |
| 2 | Mr. J.K.O. Agbaje | Managing Director/CEO |
| 3 | Mr. K. A. Adeola | Non-Executive Director |
| 4 | Mr. O. M. Augusto | Non-Executive Director |
| 5 | Mr. I. Hassan | Non-Executive Director |
| 6 | Mr. H. A. Oyinlola | Non-Executive Director |
| 7 | Ms. I. L. Akpofure | Non-Executive (Independent) Director |
| 8 | Mr. B. T. Soyoye | Non-Executive (Independent) Director |
| 9 | Mrs. V. O. Adefala | Non-Executive (Independent) Director (Appointed with effect from September 12, 2017) |
| 10 | Mr. A. A. Odeyemi | Executive Director |
| 11 | Mrs. O. O. Omotola | Executive Director |
| 12 | Mr. A. A. Oyedeji | Executive Director |
| 13 | Mr. H. Musa | Executive Director |
| 14 | Mr. J. M. Lawal | Executive Director |

Company Secretary

Mr. E. E. Obebeduo
FRC/2017/NBA/00000016024

Registered Office

Plot 635, Akin Adesola Street
Victoria Island, Lagos State.

Auditors

PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road
Victoria Island, Lagos State.

Registrar & Transfer Office

Datamax Registrars Limited
2c, Gbagada Expressway
Gbagada Phase 1, Lagos State.
Tel: +234 1 7120008-11
Fax: +234 1 7120012
Email: datamax@datamaxregistrars.com

RESULT AT A GLANCE

| | | |
|----------------------------|----------------------------|----------------------------|
| GROSS EARNINGS | PROFIT BEFORE TAX | PROFIT AFTER TAX |
| ₦ 419.23billion | ₦ 200.24billion | ₦ 170.47billion |

| Major Income Statement Items | Group Dec-2017 ₦'million | Group Dec-2016 ₦'million | Increased/ (Decreased) % | Parent Dec-2017 ₦'million | Parent Dec-2016 ₦'million | Increased/ (Decreased) % |
|--|--------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Gross Earnings | 419,226 | 414,616 | 1.1 | 360,237 | 365,917 | -1.6 |
| Profit before income tax | 200,242 | 165,136 | 21.3 | 186,205 | 154,005 | 20.9 |
| Profit after income tax | 170,470 | 132,281 | 28.9 | 161,285 | 126,837 | 27.2 |
| Earnings Per Share (Kobo) | 603 | 467 | 29.1 | 548 | 431 | 27.1 |
| Major Statement of Financial Position Items | | | | | | |
| Loans and advances to customers | 1,448,533 | 1,589,430 | -8.9 | 1,265,972 | 1,417,218 | -10.7 |
| Deposits from customers | 2,062,048 | 1,986,246 | 3.8 | 1,697,561 | 1,681,185 | 1.0 |
| Total assets | 3,351,097 | 3,116,393 | 7.5 | 2,824,929 | 2,613,340 | 8.1 |
| Total equity | 625,168 | 504,903 | 23.8 | 584,344 | 476,918 | 22.5 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-eighth Annual General Meeting of GUARANTY TRUST BANK PLC will hold at the Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State, on Tuesday, April 10, 2018, at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2017, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon;
2. To declare a dividend;
3. To elect a Director;
4. To authorise Directors to fix the remuneration of the Auditors;
5. To elect Members of the Statutory Audit Committee.

PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member of the Company. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar, Datamax Registrars Limited, No. 2c, Gbagada Express Road, Gbagada Phase 1, Lagos State, not less than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.



ERHI OBESEDUO
Company Secretary
FRC/2017/NBA/00000016024
Plot 635, Akin Adesola Street
Victoria Island, Lagos

BY THE ORDER OF THE BOARD

NOTES

1. Dividend

If approved, dividend will be payable on Tuesday, April 10, 2018, at the rate of N2.40 Kobo per every 50 Kobo ordinary share, to shareholders whose names appear in the Register of Members at the close of business on Tuesday, March 27, 2018 (bringing total Dividend paid for the 2017 financial year to N2.70 Kobo). Shareholders who have completed the e-Dividend Mandate Forms will receive a direct credit of the dividend into their bank accounts on the date of the Annual General Meeting. Note however, that holders of the Company's Global Depository Receipts listed on the London Stock Exchange will receive their dividend payments subsequently.

2. E-Dividend Mandate

Shareholders are kindly requested to update their records and advise Datamax Registrars Limited of their updated records and relevant bank accounts for the payment of their dividends. Detachable forms in respect of mandate for e-dividend payment, unclaimed/stale dividend payment and shareholder data update are attached to the Annual Report for convenience. The aforementioned forms can also be downloaded from the Bank's website at www.gtbank.com or from Datamax Registrars Limited's website at www.datamaxregistrars.com.

The duly completed forms should be returned to Datamax Registrars Limited, No. 2c, Gbagada Express Road, Gbagada Phase 1, Lagos State, or to the nearest Guaranty Trust Bank plc branch.

3. **E-Annual Report**

The electronic version of the Annual report is available at www.gtbank.com. Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual Report via email. Furthermore, Shareholders who are interested in receiving the electronic version of the Annual Report are kindly required to request via email to annualreports@datamaxregistrars.com.

4. **Closure of Register**

The Register of Members will be closed on Wednesday, March 28, 2018, to enable the Registrar prepare for payment of dividend.

5. **Statutory Audit Committee**

In accordance with section 359(5) of the Companies and Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Statutory Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

Kindly note that the provisions of the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC) indicate that some of the members of the Statutory Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

In view of the foregoing, nominations to the Statutory Audit Committee should be supported by the Curricula Vitae of the nominees.

6. **Election of a Director**

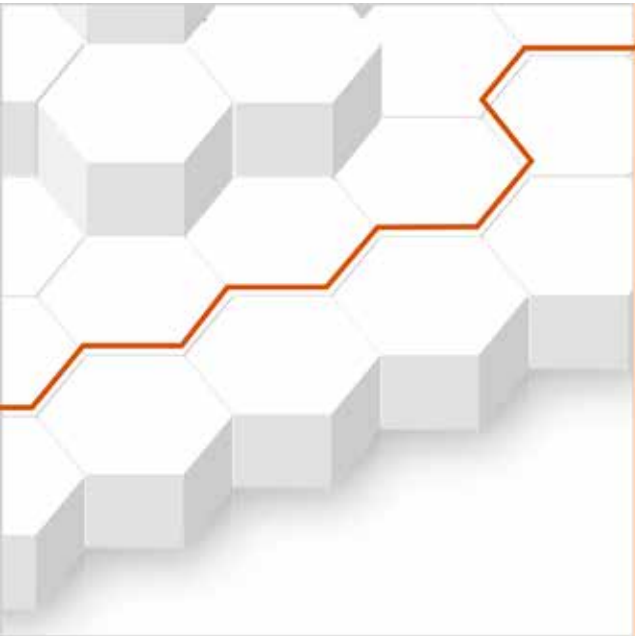
Mrs. Victoria Osondu Adefala is being proposed for election as a Non-Executive Director (Independent).

The appointment of Mrs. Victoria Osondu Adefala has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at the 28th Annual General Meeting.

The profile of the aforementioned Director is available in the Annual Report and also on the Bank's website at www.gtbank.com.

7. **Shareholders' Questions**

Shareholders reserve the right to ask questions at the Annual General Meeting. Shareholders may also submit questions prior to the Meeting in writing to the Company, in line with Rule 19.12(c) of the Listing Rules of The Nigerian Stock Exchange. Such questions should be addressed to the Company Secretary and reach the Company at its Head Office or by electronic mail at investorsenquiries@gtbank.com not later than 7 days to the date of the Meeting.



CORPORATE GOVERNANCE

Introduction

In Guaranty Trust Bank Plc (“the Bank”), we recognize that adherence to the highest standards of corporate governance ensures and contributes to the long term success of a company. In light of this recognition, we continuously ensure that we subject our operations to the highest standards of corporate governance in order to create and deliver sustainable value to shareholders and achieve continuous corporate success. We believe good corporate governance practices enhance the confidence placed in the Bank by our shareholders, customers, business partners, employees, the financial markets in which we operate and all stakeholders. The Bank’s commitment to upholding the tenets and principles of good Corporate Governance is the bedrock of strong public trust and confidence reposed in us and the key to our continued long-term success.

In view of rapid globalization, digitalization and increased adoption of artificial intelligence in the Banking industry, maintaining good corporate governance practices has become even more important to us as a Bank, thus enshrining our belief in one of our core principles that success is only worth celebrating when achieved the right way through a process supported and sustained with the right values.

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

The Bank’s Code of Corporate Governance is continuously reviewed to align with additional legal and regulatory requirements and global best practices, in order to remain a pace setter in the area of good corporate

governance practices. In addition to the Code, the Bank aggressively promotes its core values to its employees through its Code of Professional Conduct, its Ethics Policy as well as Communications Policy, which regulate employee relations with internal and external parties. This is a strong indicator of the Bank’s determination to ensure that its employees remain professional at all times in their business practices. The Bank also has an entrenched culture of openness in which healthy discourse is encouraged and employees are mandated to report improper activities.

The Bank complies with the requirements of the Central Bank of Nigeria (“CBN”) in respect of internal review of its compliance status with defined corporate governance practices and submits reports on the Bank’s compliance status to the CBN and the Nigeria Deposit Insurance Corporation. The Bank also conducts an Annual Board and Directors’ Review/Appraisal covering all aspects of the Boards’ structure, composition, responsibilities, processes and relationships, in compliance with the requirement of the CBN Code. To conduct the Annual Board Appraisal for the financial year ended December 31, 2017, the Board engaged the consultancy firm of Ernst and Young LP. The independent consultants carried out a comprehensive review of the effectiveness of the Board by assessing the performance of the Board, the Board Committees and Directors. The report of the Appraisal will be presented to Shareholders at the 28th Annual General Meeting of the Bank.

The Bank continues to serve customers, clients, communities and create value for stakeholders. Entrenched in the fibre of the Bank is the culture of openness which promotes healthy discourse and encourages employees to report improper activities. The belief that success is only worth celebrating when achieved the right way with the right values remains a guiding principle of the Bank. Our commitment to this principle is for us, the key to keeping public trust and confidence in our Bank.

Governance Structure

The Board

The Board of Directors is responsible for the governance of the Bank and is accountable to shareholders for creating and delivering sustainable value through the management of the Bank’s business.

The Board is committed to the highest standards of

business integrity, ethical values and governance; it recognises the responsibility of the Bank to conduct its affairs with transparency, prudence, fairness, accountability and social responsibility, thereby safeguarding the interests of all stakeholders.

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

The Board determines the overall strategy of the Bank and follows up on its implementation, supervises the performance of the Bank and ensures adequate management, thus actively contributing to developing the Bank as a focused, sustainable and global brand.

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

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

Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including; Banking, Accounting, Engineering, Oil and Gas, Manufacturing as well as Law. They possess the requisite integrity, skills and experience to bring to bear

independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors right to earn Directors fees and hold interest in shares). Directors have a good understanding of the Bank's businesses and affairs to enable them properly evaluate information and responses provided by Management, and to provide objective challenge to Management.

Directors are prepared to challenge each other's assumptions, beliefs or viewpoints as necessary for the good of the Bank and question intelligently, debate constructively and make decisions dispassionately.

Three (3) of the Non-Executive Directors are "Independent Directors", appointed based on the core values enshrined in the Bank's Code of Corporate Governance and the criteria laid down by the CBN for the appointment of Independent Directors. The Independent Directors do not have any significant shareholding interest or any special business relationship with the Bank.

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

The Board met four (4) times during year ended December 31, 2017.

Responsibilities of the Board

The Board has ultimate responsibility for determining the strategic objectives and policies of the Bank to deliver long-term value by providing overall strategic direction within a framework of rewards, incentives and controls.

The Board has delegated the responsibility for day-to-day operations of the Bank to Management and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board acknowledges the relationship between good governance and risk management practices, in relation to the achievement of the Bank's strategic objectives and good financial performance.

Notwithstanding the delegation of the operation of the

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

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

Roles of Chairman and Chief Executive

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

Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors, both inside and outside the Boardroom.

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

Director Nomination Process

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

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

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

Induction and Continuous Training

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

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

to their fiduciary duties and responsibilities.

The Bank attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong. All the Bank's Non-Executive Directors attended foreign and/or local courses in the year ended December 31, 2017.

Changes on the Board

In the course of the financial year ended December 31, 2017, Mrs Cathy Echeozo retired from the Board with effect from March 16, 2017, having served as an Executive Director for three (3) terms of four (4) years each (i.e. twelve years) which is the maximum term stipulated for Executive Directors in line with the Bank's Code of Corporate Governance. In view of Mrs. Echeozo's retirement, the Board appointed Mr. Mobolaji Jubril Lawal as an Executive Director, with effect from March 17, 2017, to fill the vacancy.

The appointment of Mr. Lawal has been approved by the Central Bank of Nigeria (CBN) and the Shareholders' at the 27th Annual General Meeting of the Bank.

Also in the course of the year, the Board appointed Mrs. Victoria Osondu Adefala as an Independent Non-Executive Director, effective from September 12, 2017. The appointment of Mrs. Adefala has been approved by the CBN and will be presented to Shareholders at the Bank's 28th Annual General Meeting.

With the appointment of Mrs. Adefala, the Bank has three (3) Independent Non-Executive Directors, appointed based on the criteria laid down by the CBN for the appointment of Independent Directors.

Profile of Mrs. Victoria Osondu Adefala

Mrs. Victoria Osondu Adefala holds a Bachelor of Laws (LL.B) degree (1987) from the University of Lagos, Lagos State, Nigeria and a Master's degree in International Law (LL.M) from the University of Houston Bates Law School, Houston, Texas. She was called to the Nigerian Bar in 1988. Mrs. Victoria Osondu Adefala is a seasoned professional with over twenty-four (24) years work experience in diverse industries including Manufacturing, Finance and Transportation as well as the Legal

profession, having worked with the African Chamber of Commerce, Houston, Texas, Michelin Nigeria Limited and Alstom Nigeria Limited (Alstom).

Mrs. Adefala served as the Country President and Managing Director of Alstom up till 2016. Prior to working at Alstom, Mrs. Victoria Osondu Adefala was an Executive Director at Michelin Nigeria Limited and sits on the Board of both local and international companies.

Mrs. Adefala is the Managing Partner of WHITGIFT Law firm. She is in her early fifties and is primarily resident in Nigeria.

Retirement by Rotation

The provisions of Article 84(b) of the Articles of Association of the Bank provides that one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, should retire from office at each biennial Annual General Meeting. In view of the fact that we had two Directors retire by rotation at the 27th Annual General Meeting, in compliance with this section, no Director would be retiring by rotation at the 28th Annual General Meeting.

Non-Executive Directors' Remuneration

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

Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 47i of this report.

Board Committees

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

Through these Committees, the Board is able to effectively carry out its oversight responsibilities, and take advantage of individual expertise to formulate strategies for the Bank. The Committees make recommendations to the Board, which retains responsibility for final decision making.

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

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

Board Risk Management Committee

This Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: Credit Risk, Reputational Risk, Operations Risk, Technology Risk, Market Risk, Liquidity Risk and other pervasive risks as may be posed by the events in the industry at any point in time.

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

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

and business environment, including emerging trends and other factors relevant to the Bank's risk profile;

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

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the financial year ended December 31, 2017.

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

| S/NO | NAME | STATUS | DESIGNATION |
|------|---------------------------------|--------------------------------------|-------------|
| 1. | Mr. H. A. Oyinlola | Non-Executive Director | Chairman |
| 2. | Mr. J. K. O. Agbaje | Managing Director | Member |
| 3. | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Member |
| 4. | Mr. B. T. Soyoye ¹ | Non-Executive (Independent) Director | Member |
| 5. | Mrs. V. O. Adefala ² | Non-Executive (Independent) Director | Member |
| 6. | Mr. A. A. Odeyemi | Executive Director | Member |
| 7. | Mrs. O. O. Omotola | Executive Director | Member |

¹Appointed as a member of the Committee at the Board Meeting held in January, 2017

²Appointed as a member of the Committee at the Board Meeting held in October, 2017

Board Credit Committee

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

- To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time;
- To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;
- To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;
- To notify all Director related loans to the Board;
- To monitor and notify the top debtors to the attention of the Board;

- To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;
- To review the Asset and Liability Management of the Bank;
- To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;
- To handle any other issue referred to the Committee from time to time by the Board.

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

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the financial year ended December 31, 2017.

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

| S/No | Name | Status | Designation |
|------|---------------------------------|--------------------------------------|-------------|
| 1 | Mr. O. M. Agosto | Non-Executive Director | Chairman |
| 2 | Mr. K. A. Adeola | Non-Executive Director | Member |
| 3 | Mr. I. Hassan | Non-Executive Director | Member |
| 4 | Mrs. V. O. Adefala ¹ | Non-Executive (Independent) Director | Member |
| 5 | Mr. A. A. Oyediji | Executive Director | Member |
| 6 | Mr. H. Musa | Executive Director | Member |
| 7 | Mr. J. M. Lawal ² | Executive Director | Member |

¹Appointed as a member of the Committee at the Board Meeting held in October, 2017

²Appointed as a member of the Committee at the Board Meeting held in April, 2017

Board Human Resources and Nominations Committee

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

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

The membership of the Committee is as follows:

| S/No | Name | Status | Designation |
|------|-------------------------------|--------------------------------------|-------------|
| 1 | Mr. I. Hassan | Non-Executive Director | Chairman |
| 2 | Mr. J.K.O. Agbaje | Managing Director | Member |
| 3 | Mr. H.A. Oyinlola | Non-Executive Director | Member |
| 4 | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Member |
| 5 | Mr. B. T. Soyoye ¹ | Non-Executive (Independent) Director | Member |
| 6 | Mrs. O. O. Omotola | Executive Director | Member |

¹Appointed as a member of the Committee at the Board Meeting held in January, 2017

The Committee is required to meet at least once a year, and additional meetings are convened as the need arises. The Committee met three times during the financial year ended December 31, 2017.

Board Remuneration Committee

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

employees of the Bank.

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

| S/No | Name | Status | Designation |
|------|------------------|------------------------|-------------|
| 1 | Mr. O. M. Agosto | Non-Executive Director | Chairman |
| 2 | Mr. K.A Adeola | Non-Executive Director | Member |

The Committee is required to meet at least once a year, and additional meetings are convened as the need arises. The Committee met once during the year under review.

Board Information Technology Strategy Committee

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

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

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

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

| S/No | Name | Status | Designation |
|------|---------------------------------|--------------------------------------|-------------|
| 1 | Mr K. A. Adeola | Non-Executive Director | Chairman |
| 2 | Mr J. K. O. Agbaje | Managing Director | Member |
| 3 | Mr. H.A. Oyinlola ¹ | Non-Executive Director | Member |
| 4 | Ms. I. L. Akpofure ¹ | Non-Executive (Independent) Director | Member |
| 5 | Mr A. A. Odeyemi | Executive Director | Member |
| 6 | Mr. J. M. Lawal ¹ | Executive Director | Member |

¹Appointed as a member of the Committee at the Board Meeting held in April, 2017

The Committee is required to hold its Meetings twice in

a year. The Committee met two (2) times in the financial year ended December 31, 2017.

Board Audit Committee

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

The Terms of Reference of the Board Audit Committee include:

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

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

| S/No | Name | Status | Designation |
|------|--------------------|--------------------------------------|-------------|
| 1. | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Chairman |
| 2. | Mr. O. M. Agosto | Non-Executive Director | Member |
| 3. | Mr. I. Hassan | Non-Executive Director | Member |

The Committee is required to hold its Meetings once

every quarter. The Committee met four (4) times during the year under review.

Statutory Audit Committee of the Bank

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

The Committee also reviews the Bank's annual and interim financial statements, particularly the effectiveness of the Bank's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation

of the Bank's results. The Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

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

The Internal and External Auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the meetings upon invitation.

The Statutory Audit Committee of the Bank met four (4) times during the year under review. The following members served on the Committee during the year ended December 31, 2017:

| S/No | Name | Status | Designation | Attendance | Date of Meetings |
|------|---------------------------------|--------------------------------------|-----------------|------------|---|
| 1 | Alhaji M. O. Usman ¹ | Shareholders' Representative | Chairman | 4 | 23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017 |
| 2 | Mr. A. B. Akisanmi ² | Shareholders' Representative | Former Chairman | 1 | 23-Jan-2017 |
| 3 | Mrs. S. O. J. Mbagwu-Fagbemi | Shareholders' Representative | Member | 4 | 23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017 |
| 4 | Mrs. A. Kuye ³ | Shareholders' Representative | Member | 3 | 24-Apr-2017 24-July-2017 16-Oct-2017 |
| 5 | Mr. I. Hassan | Non-Executive Director | Member | 4 | 23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017 |
| 6 | Mr. O. M. Augusto | Non-Executive Director | Member | 4 | 23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017 |
| 7 | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Member | 4 | 23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017 |

¹ Appointed as the Chairman of the Committee at the Meeting which held in April, 2017

² Ceased to be a member of the Committee in April 2017

³ Elected as a member of the Committee by Shareholders at the Bank's 27th Annual General Meeting held in April, 2017

Attendance of Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the year ended December 31, 2017:

| S/NO | DIRECTORS | BOARD | BOARD CREDIT COMMITTEE | BOARD RISK MANAGEMENT COMMITTEE | BOARD HUMAN RESOURCES & NOMINATIONS COMMITTEE | BOARD REMUNERATION COMMITTEE | BOARD INFORMATION TECHNOLOGY STRATEGY COMMITTEE | BOARD AUDIT COMMITTEE |
|------|---------------------------------|---|---|---|---|------------------------------|---|---|
| | DATE OF MEETINGS | 25-Jan-2017 26-Apr-2017 26-July-2017 18-Oct-2017 | 24-Jan-2017 25-Apr-2017 25-July-2017 17-Oct-2017 | 24-Jan-2017 25-Apr-2017 25-July-2017 17-Oct-2017 | 23-Jan-2017 24-Apr-2017 24-July-2017 | 25-Jan-2017 | 24-Apr-2017 16-Oct-2017 | 23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017 |
| | NUMBER OF MEETINGS | 4 | 4 | 4 | 3 | 1 | 2 | 4 |
| 1 | Mrs. O. A. Demuren ¹ | 4 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2 | Mr. J. K. O Agbaje | 4 | N/A | 4 | 3 | N/A | 2 | N/A |
| 3 | Mrs. C. N. Echeozo ² | 1 | 1 | N/A | N/A | N/A | N/A | N/A |
| 4 | Mr. O. M. Agosto | 4 | 4 | N/A | N/A | 1 | N/A | 4 |
| 5 | Mr. K. A. Adeola | 4 | 4 | N/A | N/A | 1 | 2 | N/A |
| 6 | Mr. I. Hassan | 4 | 4 | N/A | 3 | N/A | N/A | 4 |
| 7 | Mr. H. A. Oyinola | 4 | N/A | 4 | 3 | N/A | 1 | N/A |
| 8 | Ms. I. Akpofure | 4 | N/A | 4 | 3 | N/A | 1 | 4 |
| 9 | Mr. B. T. Soyoye | 3 | N/A | 2 | 2 | N/A | N/A | N/A |
| 10 | Mrs. V. O. Adefala ³ | 1 | N/A | N/A | N/A | N/A | N/A | N/A |
| 11 | Mr. A. A. Odeyemi | 4 | N/A | 4 | N/A | N/A | 2 | N/A |
| 12 | Mrs. O. O. Omotola | 4 | N/A | 4 | 3 | N/A | N/A | N/A |
| 13 | Mr. A. Oyedéji | 4 | 4 | N/A | N/A | N/A | N/A | N/A |
| 14 | Mr. H. Musa | 4 | 4 | N/A | N/A | N/A | N/A | N/A |
| 15 | Mr. J. M. Lawal ⁴ | 3 | 2 | N/A | N/A | N/A | 1 | N/A |

¹ The Chairman is not a member of any Committee in compliance with the CBN Code which prohibits the chairman of the Board from being a member of any Committee;

² Retired from the Board with effect from March 16, 2017, having served the maximum term for an Executive Director as prescribed by the Bank's Code of Corporate Governance;

³ Did not attend any Committee Meeting during the December 31, 2017 financial year having been appointed to two Board Committees at the Board Meeting which held on October 16, 2017;

⁴ Was appointed to two Board Committees at the Board Meeting held on April 26, 2017.

N/A -Not Applicable

The Committee is required to meet quarterly and additional meetings are convened as the need arises.

Tenure of Directors

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

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

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, Ernst and Young LP, to carry out the annual Board and Directors appraisal for the 2017 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

The Annual Board and Director Review/Appraisal

Report for the 2017 financial year will be presented to shareholders at the 28th Annual General Meeting of the Bank.

Shareholders

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

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

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

Protection of Shareholders Rights

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

Communication Policy

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

updated with information as events occur.

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

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

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

- (i) **Compliance with Rules and Regulations:** The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (2004) (CAMA), the codes of Corporate Governance issued by the Central Bank of Nigeria as well as the Securities and Exchange Commission, the United Kingdom Listing Authority (UKLA) (by virtue of the listing of Global Depositary Receipts by the Bank on The London Stock Exchange in July 2007);
- (ii) **Efficiency:** The Bank uses modern communication techniques in a timely manner to convey its messages to its target groups. Synergies are sought when it comes to using different communication channels. The Bank replies without unnecessary delay to information requests by the media and the public;
- (iii) **Transparency:** As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Bank and its customers and bank secrecy. This contributes to maintaining a high level of accountability;
- (iv) **Pro-activity:** The Bank proactively develops contact with its target groups and identifies topics of possible mutual interest;
- (v) **Clarity:** The Bank aims at clarity, i.e. to send

uniform and clear messages on key issues;

- (vi) **Cultural awareness:** As an international financial institution, the Bank operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;
- (vii) **Feedback:** The Bank actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine-tune communication activities.

Information Flow

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

The Company Secretary

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

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

Independent Advice

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

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

Insider Trading and price sensitive information

The Bank has in place a policy regarding trading in its shares by its Directors and employees on the terms and conditions similar to the standards set out by The Nigerian Stock Exchange. The policy is periodically circulated on the Bank's internal communication network ("Intranet") to serve as a reminder to staff of their obligations thereunder.

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

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

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

Management Committees

These are Committees comprising senior management staff of the Bank. The Committees are risk driven as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs

for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as necessary to immediately take action and decisions within the confines of their powers.

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

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

The mandate of the Committee includes:

- The review of the effectiveness of GTBank's overall risk management strategy at the enterprise level;
- The follow-up on management action plans based on the status of implementation compiled by the Management Risk Committee;
- The identification and evaluation of new strategic risks including corporate matters involving regulatory, business development issues, etc., and the suitability of mitigants;
- The review of the enterprise risk scorecard and determination of the risks to be escalated to the Board on a quarterly basis.

Management Credit Committee

This is the Committee responsible for ensuring that

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

The Secretary of the Committee is the Head of the Credit Administration Unit of the Bank.

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. **Planning, Budgeting and Monitoring**

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

2. **Ensuring Operational Excellence**

- Making recommendations to Management on strategies for new technology and systems.
- Review and approval of changes to IT structure, key accountabilities and practices.
- Ensuring project priorities and success measures are clearly defined, and effectively monitored.
- Conducting a review of exceptions and projects on selected basis.
- Performing service catalogue reviews for continued strategic relevance.
- Review and approval of current and future technology architecture for the Bank.
- Monitoring service levels, improvements and IT service delivery.
- Assessing and improving the Bank's overall IT competitiveness.

3. **IT Risk Assurance**

- Review and approve governance, risk and control framework.
- Monitoring compliance with defined standards and agreed performance metrics.
- Ensuring that vulnerability assessments of new technologies are performed.
- Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
- Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.

- Reviewing key IT risk and security issues relevant to the Bank's IT processes/systems.
- Ensuring that the Bank complies with relevant laws and regulations.

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance Chief Compliance Officer

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

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

Whistle Blowing procedures

In line with the Bank's commitment to instill the best corporate governance practices, the Bank has established a whistle blowing procedure that ensures anonymity for whistle-blowers. The Bank has two (2) hotlines and a direct link in the Bank's website provided for the purpose of whistle-blowing. The hotline numbers are 01-4480905 and 01-4480906, and the Bank's website is www.gtbank.com.

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

Code of Conduct

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

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

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 66 of this Annual Report.

Employee Share-ownership Scheme

The Bank has in place an employee share ownership scheme called the Staff Investment Trust (SIT) scheme. Under the Bank's Articles of Association, the Scheme

is authorized to hold up to a specified percentage of ordinary shares of the Bank for the benefit of eligible employees of the Bank.

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

Internal Management Structure

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



SUBSIDIARY GOVERNANCE

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

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

As at December 31, 2017, the Group had eight (8) international banking subsidiaries and two (2) sub-subsidiaries. The operations and management of these subsidiaries are monitored and controlled by GTBank Plc as described below:

Oversight function

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

Subsidiary Board Representation

GTBank Plc has controlling representation on the Board of each subsidiary. The Board representatives are seasoned professionals with high level of integrity and proven track records in their respective fields. The Subsidiaries' Board of Directors are responsible for the governance of the Bank and accountable for creating and delivering sustainable value through the management of the Subsidiaries.

Subsidiary Board Committees

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

- Board Audit Committee (BAC) reviews accounting policies and practices, controls and procedures established by management for compliance with regulatory and financial reporting requirements.
- Board Risk Management Committee (BRC) oversees and advises the Board on risk-related matters and

risk governance.

- Board Credit Committee (BCC) decides on requests for the extension of existing or new credit facilities with a proposed aggregate exposure above a limit fixed by the Board of Directors.
- Board Asset and Liability Committee (BALC) oversees a variety of risks arising from the Subsidiaries' business including market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies.

Furthermore, the Subsidiary Boards and their respective Committees are responsible for creating, evaluating and managing the subsidiaries throughout their lifecycles and promoting best practice corporate governance standards. Each of these Board Committees meet at least once per quarter to review the affairs of the bank.



Local Board and Board Committees

A minimum of two non-executive directors representing GTBank Plc sit on the board/board committees of the subsidiaries. The Board Committees are responsible for defining capital structure, approving appropriate risk management policies necessary for the effective management of subsidiaries, providing advisory and strategic guidance on the direction of the bank and suitable technology required to effectively dominate the local markets.

Management of Subsidiaries

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

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

Existence of Group Co-ordination Unit

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

Monthly Management Reporting

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

Business Performance Review Session

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

Annual System and Control Audit

An annual audit is carried out by the system and control

group of GTBank Plc to review all operational areas of the offshore banks. This exercise is distinct from the daily operations audit carried out by the respective Internal Audit units within the subsidiaries.

Annual Risk Management Audit

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

Group Compliance Function

To ensure an effective and consistent compliance culture across all entities, the Group Compliance team determines the scope of parental oversight required to manage compliance risk, promote awareness and implement industry best practices across our subsidiaries, thereby affirming the group's commitment to a zero tolerance for regulatory breach.

Group Treasury Function

The Group Treasury function is responsible for providing required guidance in optimizing the deployment of resources in the subsidiaries except GTBank UK. The key focus is efficiency of the Balance Sheet. Monthly Assets and Liabilities review meetings are held with the Group treasury team to create synergies and facilitate transfer of knowledge, skills and competencies. The report is presented to the Board Assets and Liabilities or Risk Committee where applicable.

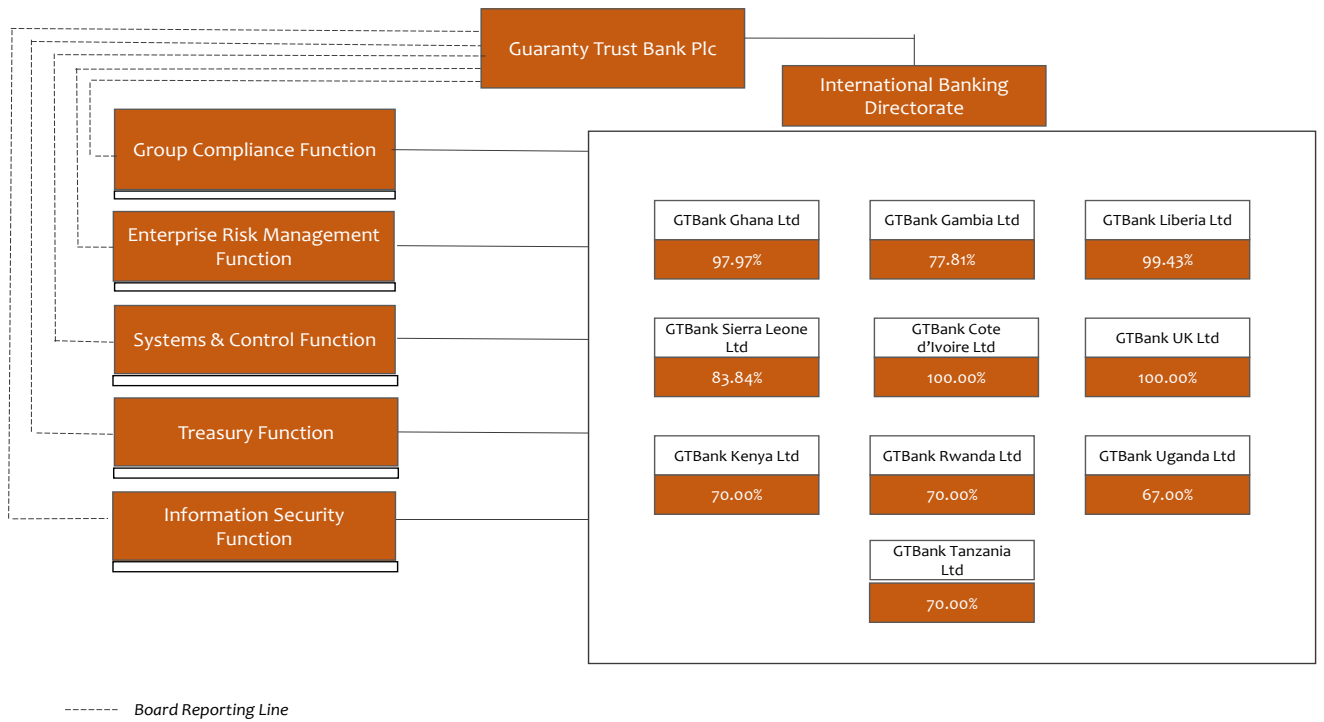
Group Information Security Assurance

The Group Information Security team is responsible for rendering requisite guidance to subsidiaries on the security of their information assets and infrastructure. They conduct regular off-site and on site reviews of the adequacy of the existing information security infrastructures in all the Subsidiaries. They also guide the subsidiaries on all cybersecurity related issues.

External Auditors' Report

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

SUBSIDIARY GOVERNANCE





SUSTAINABILITY REPORT

Introduction

At Guaranty Trust Bank, we are aware that profitability and sustainability are interconnected. Hence, we know that it is imperative to develop and continuously improve the framework in which we manage financial, social and environmental risks. This is referred to as the triple bottom line and is often referred to as profits, people and planet in the sphere of business sustainability.

In alignment with the United Nations Environmental Program Financial Initiative, we strive to improve our understanding and management of these risks which may affect the continuity of our business. This means taking the possible adverse environmental and social impact of our operations and projects financed into consideration as well as actively seeking opportunities that meet the needs of the present, without compromising the ability of future generations to meet their own needs.

The 2017 Sustainability Report is a reflection of our journey over the last six months and it highlights various initiatives targeted at ensuring that we are an economically and financially sustainable organisation. The scope of our report covers the Marketplace, Community, Environment, and workplace as well our scorecard in the implementation of the Central Bank of Nigeria's Sustainable Banking Principles.

Market Place

In the drive to continually provide financial services to the under-banked and unbanked demography, we increased the number of Agent Banking locations across Nigeria from 39 to 45 in the second half of the year. Through these locations we opened over 240,000 accounts. We have continued to develop other services under the 'Bank 737' with the aim of providing simple but effective financial services to a diverse demography in the urban and grassroots locations.

To support our strategic intent and also drive growth and economic development, we continue to provide various tailored services to Small and Medium Businesses in Nigeria. Our SME Market Hub provides a platform for businesses to showcase their products and e-payment solutions tailored to meet their business needs. To further reaffirm our commitment and belief in SMEs as a major tool for unlocking national economic growth,

GTBank hosted the Fashion Weekend which brought

together budding, talented and recognised fashion designers, brands and retail enterprises from across Nigeria and overseas to showcase the latest trends and products to a large and diverse audience of consumers, press and industry enthusiasts. The event was held on the 11th and 12th of November, 2017.

In our business investment and lending activities, GTBank is aware of the need to advance economic growth and development. We support the government's efforts to diversify the economy through active funding and investment in the real sector of the economy such as agriculture, manufacturing and power. Our exposure in the Agriculture and Construction sectors grew by 12 percent and 11 percent respectively from December 2016 to 2017. Facilities granted were utilised for the purchase of grains, development of an Aqua Feed Mill, plantation expansions, construction of a fertilizer plant etc. These projects provide a means of livelihood, economic empowerment and indirectly impact the development of the nation.

The Bank approved the integration of Environmental & Social Risk Management (ESRM) into our credit approval process last year to ensure that our lending activities do not have adverse environmental and social implications on the community. Over the review period we conducted Further Due Diligence Assessment to 19 customers within the Oil & Gas, Agriculture, Power Sector and select projects with the objective of reviewing their E&S practices against key national regulations and international best practices. The customers were assessed under indices such as the existence of Environmental Management Plan, availability of necessary environmental-related permits, waste management practices, Community Development Initiatives in their host communities. As at the end of the Financial Year we had conducted Assessments for NGN 603.77Bn which accounts for 73 percent of facilities which require a further Due Diligence Assessment. We also developed 72 Action Plans under areas of concern and we will monitor same throughout the lifecycle of the projects.

Community

As part of our commitment to enriching lives, GTBank actively embarks on Community Development Initiatives, to reward our customers and also empower the communities we operate in. During the second half of the year, the bank executed various projects which revolves around Education/Literacy, Healthcare, Arts and Women's Economic Empowerment.

The table below provides an overview of some of the projects executed by the bank. These are discussed in detail in the CSR Section of the Financials:

| Area of Focus | Project Description | Beneficiaries |
|----------------------------|--|---|
| Arts | <p>An Art workshop for young artists to learn from more experienced artists.</p> <p>A free online Art Gallery created to support the arts in Africa.</p> <p>GTBank works with the Tate Gallery to promote the value of African Artists and Art at local and international levels by bringing the work of African Artists before an International audience.</p> <p>Artmosphere, an on-the-spot creation of art inspired by Yinka Shonibare’s Wind Sculpture Victoria Island which had been on display at the Ndubuisi Kanu Park, Ikeja, Lagos</p> | <p>72 participants per workshop</p> <p>57 Artists</p> <p>An Estimated 5.8 Million visits per year</p> <p>440 participants; 4.6 Million visits per year.</p> |
| Education | <p>You Read Initiative: An initiative to increase reading among Africans and promote adult literacy.</p> <p>Book N Gauge: A series of Book readings in accessible spaces to promote the African reading culture.</p> <p>Adopt-A-School: This is a child focused programme introduced by the bank in 2004, to improve the quality of public education available to the Nigerian child.</p> <p>GTBank staff volunteer to teach Financial Literacy skills to secondary school students annually on Financial literacy day.</p> <p>GTBank Donates a monetary sum of ₦150,000.00 to 72 different students as a scholarship contribution every year.</p> | <p>An average of 140 readers daily.</p> <p>200 participants/month</p> <p>2,100 Children</p> <p>2,816 students trained on savings</p> <p>72 undergraduates</p> |
| Healthcare | <p>An annual seminar to raise awareness for Autism and how to live with it.</p> <p>A day of walking and cycling to raise awareness for Autism.</p> <p>Working with St Kizito Clinic, the bank provided extensive assistance to pregnant women living with HIV.</p> <p>GTBank provided uninterrupted power supply for the Niger-wives Braille Book production centre to support the production of braille books for visually impaired children of primary and secondary schools.</p> | <p>207 people received free consultation on Autism related issues.</p> <p>120 participants</p> <p>70,000 patients/year</p> |
| Sports/Youth Development | <p>Principals Cup for public secondary schools in Lagos and Ogun State.</p> <p>GTBank Masters Cup: An annual football tournament for private secondary schools in Lagos State.</p> <p>An annual football training camp for the best football players of all tournaments.</p> | <p>61,000 youths</p> <p>8,000 youths</p> <p>40 Players participated</p> |
| Women Economic Empowerment | <p>The bank sponsored the She Leads Africa Accelerator Programme which helps young female entrepreneurs acquire basic business skills and grow their business.</p> | <p>19 Female entrepreneurs</p> |

Through our various projects which primarily focuses on Arts, Education, Healthcare and Youth Development, GTBank has positively affected the lives of thousands of Nigerians in various communities across the country. We will continue to explore opportunities to positively impact the lives of all our stakeholders.

Environment

As part of our drive to become a more sustainable financial institution, GTBank tracks its environmental impact by monitoring its carbon footprints through active tracking of its energy and paper usage as a Bank. Although our paper consumption increased during the reporting year 5.5 percent, our diesel consumption reduced by 8 percent. We also developed a methodology using online resources and a formula to calculate our carbon emissions based on our electricity use.

As a result of this, fuel consumed by our vehicles was moderate during the year. This was attributed to our resource sharing of our vehicle assets in a centralized pool system and reduced travels by conducting meetings via video conferencing.

The scope of the Bank's Whistle Blowing Policy covers environmental and social incidents relating to Health and Safety risks to the public and damage to the environment. When these are reported via our Whistle Blowing Platform, the bank takes steps to investigate and resolve complaints of this category. We did not receive any complaints related to the adverse environmental impact of our branches or lending activities during the reporting year.

Also in our drive to become a more environmentally responsible organisation, we developed and commenced the use of a tool to track our water and waste disposal as a bank. Select branches are being monitored in the pilot phase and we intend to deploy this bankwide upon satisfactory testing.

Workplace

At GTBank, we continuously enhance the skills of our workforce both internally and through specialized trainings. During the reporting year, our E&S Team in collaboration with the International Finance Corporation (IFC) facilitated a training on Environmental & Social Risk Management for Relationship Managers in our Corporate Bank, Risk Management Professionals from both Nigeria

and Ghana, and our legal team. To reach a wider group, we developed an online module of the training to replicate the training bankwide. 333 employees had completed the course as at the end of the financial year. We also participated in the quarterly Sustainability Champions Meeting with other E&S officers in the industry where they were trained on Carbon Measurement.

For the total staff complement, we provided training on subject matters ranging from Corporate Governance to Risk Management while continuous awareness on various health related issues via "Wellness Wednesdays" was circulated on the intranet and education on personal finance management via the "Finance Fridays" series. The bank conducted the Anti-Money Laundering and Combating Terrorist Financing Training during the year under review. This was completed by 93% of our staff complement.

In 2017, a total of 148 employees joined the workforce across 23 states. In line with GTBank's continuous commitment to gender equality and women economic empowerment, the ratio of women in the employment of the Bank remained stable at 45 percent while that of women in the Senior Management positions remained stable at 37 percent.

Assessment against the Nigerian Sustainable Banking Principles (NSBP):

GTBank committed to the Nigerian Sustainable Banking Principles in 2012 along with all banks, discount houses and development finance institutions in Nigeria. The nine principles were developed by the Central Bank of Nigeria and the Bankers' Committee to integrate sustainability banking policies and practices across the Nigerian banking landscape. The principles are tailored to the Sustainable Development Goals which replaced the Millennium Development Goals in 2015.

Over the last two years, we have made significant progress of integrating sustainability into our operating model. The table below highlights our progress made in 2017 across the 9 principles.

| NSBP PRINCIPLES | DEFINITION | PROGRESS UPDATE |
|-----------------|--|---|
| Principle 1 | <p>Our Business Activities:</p> <p>Environmental & Social Risk Management:</p> <p>Integration of environmental and social consideration into our lending activities.</p> | <ul style="list-style-type: none"> • We modified the checklists and scoring template used to assess the Environmental & Social risks inherent in the Oil & Gas, Power, and Agriculture sector and developed a generic Impact Assessment checklist to assess risks inherent in other sectors. • We designed a template to track and monitor Action Plans developed for customers. • As at the end of the financial year, we had conducted Due Diligence Assessment for 73 percent of eligible customer and developed 72 Action Plans. |
| Principle 2 | <p>Our Business Operations:</p> <p>Environmental & Social Footprint. Avoidance of the negative impact of our Business Operations.</p> | <ul style="list-style-type: none"> • During the review period, GTBank developed a methodology using online tools from the Greenhouse Gas Protocol and information provided from business supporting units to calculate our carbon emissions from electricity consumption. • We also developed a template to calculate the amount of water consumed and waste generated by the bank. We commenced a pilot to test the template on a select number of branches. This would be replicated to other branches in phases in the next financial year. • The bank's use of fossil fuels was moderate during the year. This is attributed to adherence to shut down time and using a carpool resource for managing our vehicles. • Business Trips decreased in the second half of the year over by an estimated 10 percent. This is attributed to the use of Skype to conduct meetings instead of conventional travel for meetings. • The Bank presently has 5 Main Branches, 5 e-branches and 17 offsite locations which are powered by a hybrid of solar and conventional energy supply (Grid and Diesel Generators). These branches have ATMs and Communication devices powered by solar panels. |
| Principle 3 | <p>Human Rights: Respect for the rights of all in Business Operations.</p> | <ul style="list-style-type: none"> • We have espoused human rights in our business operations and activities, as well as dealing with employees and host communities. • GTBank is an equal opportunity employer and does not discriminate on the basis of race, ethnicity, religion, disability nor marital status in its recruitment and promotion exercises. • We maintain a grievance mechanism channel for our employees, customers and other stakeholders to channel their complaints about projects, branch operations, products etc. • The bank ensures that lending activities is screened against the exclusion list which covers issues relating to child and forced labour. |

| | | |
|-------------|---|--|
| Principle 4 | <p>Women’s Economic Empowerment: Promote economic empowerment through a gender inclusive workplace culture and provide products and services for women.</p> | <ul style="list-style-type: none"> • The female gender remained 45 percent of the staff strength during the reporting year. • We observed a significant increase of about 79 percent in the expenditure on capacity building for Women Employees in the second half of the year. • We sponsored 19 female entrepreneurs under an accelerator program that seeks to empower women in Africa during the year under review. |
| Principle 5 | <p>Financial Inclusion: Promotion of financial inclusion and provision of financial services to individuals and communities that have limited or no access to the formal financial sector.</p> | <ul style="list-style-type: none"> • The number of Agent Banking locations which offer banking services to the unbanked and under-banked demography increased by 6. We were able to open 246,707 accounts through these locations. • During the year under review, the bank conducted a Financial Literacy day and taught Financial Literacy Skills to Secondary School Students across Nigeria. 2,816 students were trained on savings culture; the Bank also provided scholarships for 4 students who won the financial literacy competition. |
| Principle 6 | <p>E&S Governance: Implementation of a transparent E&S governance practices within the institution and assess the E&S governance of our clients.</p> | <ul style="list-style-type: none"> • The bank has developed an E&S governance and structure that supports our strategy. This is clearly defined in our Sustainability and ESRM Policy. • We provide updates on GTBank’s Sustainability strategy to the Board Risk Committee on a quarterly basis. • We are able to glean the E&S Governance structure of our companies |
| Principle 7 | <p>Capacity Building: Development of capacity to identify, assess and manage E&S risks and opportunities associated with the bank’s business activities and operations</p> | <ul style="list-style-type: none"> • We conducted a 2 day training on Environmental and Social Risk Management in collaboration with the IFC for employees in Corporate Bank Teams, Risk Management and Legal. • The Bank participated in a training on Carbon Measurement and Management Training. • Desktop walkthrough on Environmental & Social Risk Management for Executive Trainees on job rotation was conducting on an ongoing basis. • The E&S Team developed presentation slides during the review period. They were learning points for assessing E&S Risks in the Oil & Gas Industry as well as key regulations and relevant permits. • An ESRM online training was conducted in collaboration with Human Resources. |

| | | |
|-------------|--|---|
| Principle 8 | <p>Collaborative Partnerships: Collaboration across the sector and leveraging on international partnerships and move the financial sector as one and ensure consistency with international standards.</p> | <ul style="list-style-type: none"> • The Bank remains a member of the network of Sustainability Champions for all members of Sustainable Bankers in Nigeria. • We are presently partnering with the Africa Agriculture and Trade Investment Fund to provide funding for agriculture related projects in Nigeria. |
| Principle 9 | <p>Reporting: Regularly review and report our progress in meeting the principles/</p> | <ul style="list-style-type: none"> • The Bank reports twice yearly to the Central Bank on the implementation of the Nigerian Sustainable Banking Principles. • We also provide periodic updates to the IFC, PROPARCO and DEG on the integration Environmental and Social Risk Management in the Bank's framework. |



COMPLAINTS AND FEEDBACK

Introduction

At Guaranty Trust Bank plc (“the Bank”), our vision is to deliver the utmost in customer service. We understand the importance of our customers’ satisfaction to the achievement of our set goals. Hence, we have incorporated the ‘treating customers fairly’ principles into our business strategy to enable us deliver on our promises to our stakeholders.

We recognize that customer feedback is an important tool in monitoring and responding to customer expectations hence we continued to embed good conduct practice across our business, with a range of initiatives to further improve the service and experience we offer to customers. In a bid to improve our products and services, we analyze data and feedback received to identify recurring issues. The information gathered is used for detailed analysis which is reviewed by the relevant stakeholders for learning purposes and to prevent a reoccurrence of identified issues.

The Feedback Channels/ Customer Touch points

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

- The Complaints received via emails, letters and the portal on the Bank’s website;
- GTConnect (our 24 hours self-service interactive call center);
- Social Media feedback platform;
- The Customer Information Service desk at any of our branches;
- The Whistle Blowing portal on the Bank’s website.

Customers’ opinion on products, services and processes

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

The review and evaluation is conducted using various methods including:

- Customer feedback survey on the Bank’s website, in-branch and on Internet banking Application;

- One-on-one focus/ business review meetings with customers;
- Business review sessions/ Interviews with randomly picked customers.
- Our ‘Call the MD’ sessions

Complaints Handling and Resolution Structure

The Bank is committed to effective complaint handling and values feedback through complaints if and when they arise. The complaints and feedback structure ensures the prompt resolution of customers’ complaints.

The Complaints Unit of the Bank is charged with the responsibility for receipt, prompt investigation and resolution of customers’ complaints. It also serves as the liaison between the Bank and its customers as well as regulatory authorities.

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

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

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

Reports to the Central Bank of Nigeria

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

COMPLAINTS AND FEEDBACK

Below is a breakdown of Complaints received and resolved by the Bank between January and December 2017 pursuant to CBN circular dated August 16, 2011:

| Description | Number | | Amount Claimed (N'000) | | Amount Refunded (N'000) | |
|--|---------|-------|------------------------|---------|-------------------------|---------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| 1 Pending Complaints brought forward from prior year | 150 | 114 | 926,590 | 876,776 | - | - |
| 2 Received Complaints | 371,159 | 6,047 | 602,180 | 557,585 | - | - |
| 3 Resolved Complaints * | 371,203 | 6,011 | 675,605 | 507,771 | 455,409 | 328,921 |
| 4 Unresolved Complaints escalated to CBN for intervention | - | - | - | - | - | - |
| 5 Unresolved Complaints pending with the Bank carried forward ** | 106 | 150 | 853,165 | 926,590 | - | - |

* The huge increase in Complaints is as a result of the introduction of a new Complaints Management Application which ensures customers Complaints/feedback are properly captured; Refund of 314, 235 and 34,023 customers for Current Account Maintenance fee and Token refund fee respectively in April and December 2017.

** Some of the outstanding complaints include complaints on loans and facilities availed by the Bank, excess charges etc

The table below show Complaints received and resolved by the Bank in other currencies for the year ended December 2017 and December 2016 respectively.

RECEIVED COMPLAINTS (Per Currency)

| Currency | Amount Claimed | |
|-------------------------|----------------|-----------|
| | 2017 | 2016 |
| 1 United States Dollars | \$96,643 | \$115,594 |
| 2 Great Britain Pounds | £13,601 | £7,909 |
| 3 Euros | € 6,890 | € 39,516 |

RESOLVED COMPLAINTS (Per Currency)

| Currency | Amount Claimed | | Amount Refunded | |
|-------------------------|----------------|-----------|-----------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| 1 United States Dollars | \$97,221 | \$116,494 | \$52,231 | \$96,727 |
| 2 Great Britain Pounds | £13,601 | £7,909 | £13,450 | £3,099 |
| 3 Euros | € 6,890 | € 39,516 | € 2,620 | € 22,012 |

UNRESOLVED COMPLAINTS (Per Currency)

| Currency | Amount Claimed | |
|-------------------------|----------------|-------|
| | 2017 | 2016 |
| 1 United States Dollars | \$0 | \$578 |
| 2 Great Britain Pounds | £0 | £0 |
| 3 Euros | €0 | €0 |



AML/CFT FRAMEWORK

Anti-Money laundering and combating the Financing of Terrorism (AML/CFT) framework

At Guaranty Trust Bank plc (“The Bank”), we are completely committed to the fight against all forms of financial crime, which includes, money laundering and terrorist financing. To this end, the Bank has continually implemented a framework for Anti-Money Laundering (“AML”), Combating the Financing of Terrorism (“CFT”) and the prevention of the financing and proliferation of weapons of mass destruction.

The framework, ensures compliance with AML/CFT legislation and regulations in Nigeria and has incorporated the leading best practices including, but not limited to the Financial Action Task Force (FATF) 40 Recommendations.

Structure of the framework

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

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

Scope of the framework

The scope of the Bank’s AML/CFT framework includes the following:

(i) Board and Management responsibilities:

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

(ii) Reports to Senior Management and the Board:

AML & CFT reports are submitted monthly and quarterly to senior management and the Board respectively. These reports provide the Board and senior management with information to enable them assess the Bank’s

compliance with its regulatory obligations. The reports also ensures that Directors and senior management are kept abreast on current trends and developments in the financial industry, particularly in the area of AML/CFT risk management.

(iii) Know Your Customer (KYC) procedures:

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

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

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

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

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

(iv) Transaction Monitoring:

Transaction monitoring occurs on a manual and automated basis. The former is performed by all members of staff, who are regularly provided with red flags to look out for and the latter resides within the Compliance Unit. All members of staff are aware of the fact that suspicious activities/ transactions should immediately be referred to the Compliance Unit.

To properly monitor transactions passing through the Bank’s systems, the SAS AML tool, has been fully deployed in the Bank, providing an advancement in the means by

which transactions are monitored and investigated.

(v) Transaction Reporting:

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

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

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

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

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

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

(vi) Relationship with Regulators and Law Enforcement Agencies:

The Bank understands that part of its corporate and social responsibility is to cooperate with law enforcement agencies in the fight against financial crime. To this end, the Bank maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Bank promptly complies with all requests made, pursuant to the law, and provides information to regulators including the NFIU, the CBN and other relevant agencies. The Bank is also at the forefront of cooperating with regulators to give feedback on new regulations and means to mitigate the risks that are being encountered in the financial industry brought on by new innovations and developing trends.

(vii) Sanctions Compliance Management:

The Bank as a policy, does not enter into any relationship with sanctioned individuals/entities. All employees, as applicable to their functions, are required to screen

names of individuals and organizations who have or plan to enter a business relationship or carry out a transaction with/through the Bank against the Bank's internal watch list.

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

(viii) Politically Exposed Persons (PEPs)

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

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

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

(ix) AML/CFT principles for Correspondent Banking:

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

(x) AML/CFT Training:

The Bank as a policy, places a high premium on the training of its employees. Trainings are carried out to ensure employees are well informed about the AML/CFT laws, KYC principles and other AML/CFT related

information. Annual Compliance training is mandatory for all members of staff, including Senior Management and Directors. Trainings are done via e-learning or face to face media. Ad hoc training also takes place by way of the dissemination of topical national and international findings to employees.

(xi) AML/CFT Audits:

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

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

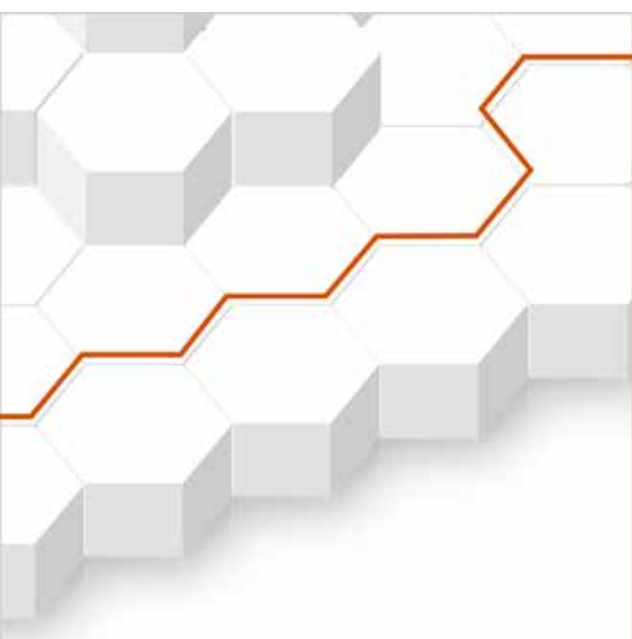
(xii) Record Retention:

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

(xiii) Subsidiaries:

In compliance with international best practice, the Bank ensures that its foreign subsidiaries AML/CFT provisions are consistent with the Bank's framework which is based on global best practices. These measures are applied to the extent that the respective subsidiary's local laws and regulations permit; however, where there are discrepancies the stricter will always apply.

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



INTERNAL CONTROL & RISK MANAGEMENT SYSTEM

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

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

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

The internal control and risk Management systems comprise the following area

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

Control Environment

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

The Bank's Management committees are responsible for implementing risk Management policies set out by the Board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal

control systems. They ensure proper books of accounts are kept and accounting policies are in conformity with: International Financial Reporting Standards; Prudential Guidelines for licensed Banks; Circulars issued by the Central Bank of Nigeria; The requirements of the Banks and Other Financial Institutions Act; and The requirements of the Companies and Allied Matters Act.

Risk Assessment

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

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

Control Activities

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

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

Top Management Reviews

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

Activity Control

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

Physical Controls

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

Compliance with Limits

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

Approval and Authorisation Limits

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

Verifications and Reconciliations

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

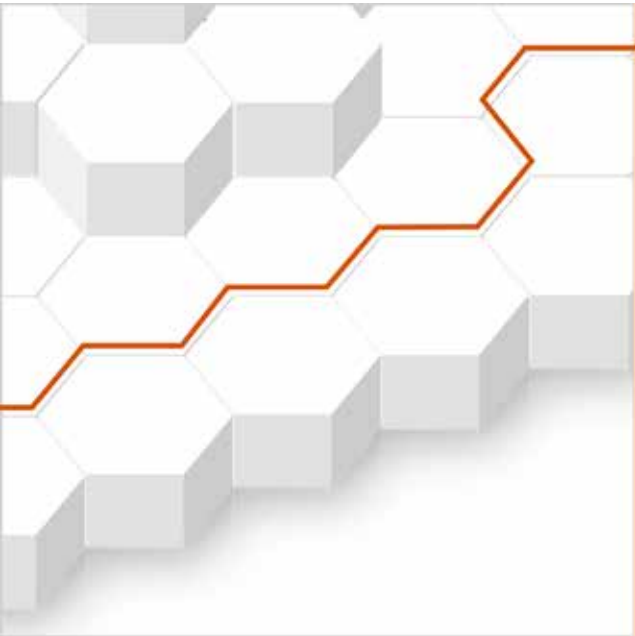
Whistle Blowing

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

Information and Communication/ Monitoring

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

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



CHAIRMAN'S STATEMENT

Chairman's Statement

BUILDING FOR THE FUTURE

MRS. OSARETIN DEMUREN



Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen, welcome to the 28th Annual General Meeting of our Bank

In line with the dictates of my office, I will give an overview of the macroeconomic environment, outline some of our major achievements in the course of the year and conclude with our outlook for 2018.

Ladies and Gentlemen, it is my pleasure to report to you that in spite of the challenging economic environment, we strengthened our leadership position in all the market segments and economies we operate, grew revenue and recorded a significant increase in our customer base. We achieved all of these by remaining nimble, investing in our digital capabilities to improve service delivery and expanding the scope of the value that we offer to our customers and communities. Indeed, our achievements were only made possible by the support that we continue to enjoy from our stakeholders, the hard work and commitment of all our employees and the strong leadership from our management team.

Our strategy of differentiating ourselves through innovative solutions, service quality and high corporate governance standards did not only yield a strong financial performance, it also led to numerous awards from local and international organizations. Our Managing Director/CEO, Mr Segun Agbaje was the recipient of several international accolades such as the 2017 Banker of the Year by World Finance Magazine, Ai 100 CEO of the Year by African Investor and 2017 CEO of the Year by EMEA Finance.

MACROECONOMIC REVIEW

The Nigerian economy rebounded strongly in the 2017 fiscal year from 2016 where the economy slid into recession on account of acute dollar shortage caused by the decline in both crude oil price and production, and significant decrease in portfolio flows owing to a lack of liquidity in the Foreign Exchange (FX) market. Although the Naira depreciated significantly in the first six weeks of 2017, thereby heightening macroeconomic uncertainty and anxiety, the Central Bank promptly responded to the plea from the National Economic Council (NEC) to review its exchange rate policy with a view to increasing supply to genuine users. The response of the CBN through sustained aggressive FX intervention sales, proved to be profoundly effective as system liquidity improved, thereby facilitating trade transactions and strengthening the Naira. Owing to the improvement in FX supply,

which facilitated imports and gradually revived economic activities, headline inflation began to moderate as prices of imported items and factor inputs fell.

In February 2017, the federal government successfully issued a \$1.5bn sovereign Eurobond to finance capital projects while a rise in crude oil price and boost in crude oil production resulted in improved oil export earnings, which boosted foreign reserves and further strengthened the capacity of the CBN to defend the local currency. Another positive development was the introduction of the Importers & Exporters (I&E) window, otherwise known as the NAFEX market in April. The commencement of the NAFEX market coupled with high yield on treasury bills helped attract foreign portfolio investors resulting in further improvement in FX liquidity. As a result of the improvement in the FX situation, headline inflation further moderated while exchange rates at the parallel market and the NAFEX market effectively converged at N365/\$.

The big story of 2017—the exit of the economy from recession—came in the second quarter of the year, exactly on the first anniversary of the recession. The impact of the improvement in the economy trickled down to the capital market as the Nigerian stock exchange posted a strong performance during the review period, delivering a return of 42%—the third highest in the world in 2017. Furthermore, the Federal Government (FG) released the Economic Recovery and Growth Plan 2017 – 2020, a four-year macro-economic blueprint designed to achieve sustained and inclusive growth. The release of the blueprint was complemented by the operationalization of the 60-day National Action Plan (NAP)—a framework designed to improve ease of doing business. The implementation of the NAP yielded results as Nigeria moved up 24 places from 169th to 145th in the World Bank Ease of Doing Business.

In 2017, the Federal Government also introduced the Voluntary Asset and Income Declaration Scheme (VAIDS) in order to expand the tax bracket by granting forbearance to individuals and companies who voluntarily regularize their tax status. As of December 2017, the Federal Government had realized ₦17bn from the scheme. In addition to the \$1.5bn sovereign Eurobond raised early in the year, the Federal Government raised ₦106bn through a sovereign Sukuk bond offering to finance 25 road projects across the six geopolitical zones of the country, while it also raised another \$3bn Eurobond to replace maturing expensive domestic debt. The \$3bn Eurobond is the first tranche of the approved \$5.5bn Eurobond

issuance program targeted at reducing debt service cost currently estimated at 34% of total government revenue.

To cap the positive macroeconomic developments in 2017, the GDP figures recently released by the National Bureau of Statistics showed that the Nigerian economy grew by 0.83% in 2017 which is in line with the estimate of the International Monetary Fund and also reflects an improvement over the contraction of -1.58% in 2016.

FINANCIAL SCORECARD

It was another good year for our Bank; we are making progress on our strategy with our results showing a strong performance across key financial indices. Gross earnings for the year grew by 1.1% to ₦419.2billion from ₦414.6billion reported in the December 2016; driven primarily by growth in interest income as well as e-payment revenues. Profit before tax stood at ₦200.2billion, representing a growth of 21.3% over ₦165.1billion recorded in the corresponding year ended December 2016. The Bank's loan book dipped by 8.9% from ₦1.590trillion recorded as at December 2016 to ₦1.449trillion in December 2017 while customer deposits increased by 3.8% to ₦2.062trillion from ₦1.986trillion in December 2016.

The Bank's balance sheet remained strong with a 3.9% growth in Total Assets and Contingents as the Bank closed the year ended December 2017 with Total Assets and Contingents of ₦3.845trillion and Shareholders' Funds of ₦625.2Billion. In terms of Assets quality, NPL ratio increased to 7.7% in December 2017 from 3.7% in December 2016 largely as a result of classification of a single exposure within the Nigerian Telecommunications Industry. However, non-performing loans would moderate to 4.6%, (which is below regulatory threshold), if we exclude this name from the NPL ratio computation. Overall, asset quality remains stable with adequate coverage of 119.6%, while Capital remains strong with CAR of 25.7%. On the backdrop of this result, Return on Equity (ROAE) and Return on Assets (ROAA) closed at 35.4% and 6.2% respectively. The Bank is proposing a final dividend of 240k per unit of ordinary share held by shareholders in addition to interim dividend of 30k per unit of ordinary share bringing total dividend for 2017 financial year to ₦2.70 per unit of ordinary share.

PRODUCT AND SERVICE CHANNEL IMPROVEMENTS

Digital is key to how we provide our customers with a superior banking experience, and at the heart of our

digital transformation strategy is our commitment to deepening financial inclusion by making banking simpler, faster and readily accessible to anyone, anywhere. This year, we stepped up the pace of innovation to not only improve customer experience and service delivery, but also to transform our value proposition to meet distinct and emerging customer needs.

We leveraged partnerships and collaborations to extend the services available on our 737 USSD banking channel, enabling customers to withdraw cash at Fuel Stations across Nigeria, pay utility bills and shop in retail stores and online by simply dialing *737# from their mobile phones. We also expanded our mobile banking offering through the launch of the GTWorld Mobile App and the 737 Mobile App, both of which deepen our digital interaction with our customers and extends our digital banking services to non-customers regardless of where they choose to bank.

Part of what makes us a great service organization is how we provide our customers with personalised services that add real value to their lives. In 2017, we commenced the Personalised Card Delivery service, through which customers can have their debit cards delivered to their homes. We also introduced iRequire Cache Boxes that allow customers pre-order what they want from our branches—such as cash, cheque books, account statements, etc.—and pickup at any time that is convenient for them. To ensure that our branches are not just comfortable for our customers, but also the perfect environment to do business, we created Personal Banking Lounges in some branches in Lagos, the commercial hub of Nigeria, and the Federal Capital Territory.

Addressing the personal banking needs of our customers also involves designing targeted products that speak to the peculiar needs and lifestyle of our various customer segments. An example of this is our GTPatriot Account, a unique Salary Account Package which offers Nigeria's servicemen and servicewomen subsidized banking products and dedicated value added services. Created as our own way of applauding and appreciating the invaluable service that women and men in military and paramilitary institutions offer to our great nation, the GTPatriot Account offers our customers zero minimum opening balance and automatically entitles them to life insurance, amongst other benefits.

BOARD OF DIRECTORS

In the course of the financial year ended December 31,

2017, Mrs Cathy Echeozo retired from the Board with effect from March 16, 2017, having served as an Executive Director for three (3) terms of four (4) years each (i.e. twelve years) which is the maximum term stipulated for Executive Directors in line with the Bank's Code of Corporate Governance. In view of Mrs. Echeozo's retirement, the Board appointed Mr. Mobolaji Jubril Lawal as an Executive Director, with effect from March 17, 2017, to fill the vacancy.

The appointment of Mr. Lawal has been approved by the Central Bank of Nigeria (CBN) and by the Shareholders' at the 27th Annual General Meeting of the Bank.

Also, in the course of the year, the Board appointed Mrs. Victoria Osondu Adefala as an Independent Non-Executive Director, effective from September 12, 2017. Mrs. Victoria Osondu Adefala is a seasoned professional with over twenty-four (24) years work experience in diverse industries including Manufacturing, Finance and Transportation as well as the Legal profession, having worked with the African Chamber of Commerce, Houston, Texas, Michelin Nigeria Limited and Alstom Nigeria Limited (Alstom). She served as the Country President and Managing Director of Alstom up till 2016. Prior to working at Alstom, Mrs. Victoria Osondu Adefala was an Executive Director at Michelin Nigeria Limited, and sits on the Board of both local and international companies. She is the Managing Partner of WHITGIFT Law firm.

The appointment of Mrs. Victoria Osondu Adefala has been approved by the CBN and will be presented to Shareholders at this Meeting.

With the appointment of Mrs. Victoria Osondu Adefala, the Bank has three (3) Independent Non-Executive Directors, appointed based on the criteria laid down by the CBN for the appointment of Independent Directors.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility remained a key part of our operating model during the year, as we continued to support high impact initiatives with tangible benefit to our societies. A detailed summary of our Corporate Social Responsibility interventions for the year which cuts across four major developmental pillars: Community Development, Education, The Arts and The Environment is contained in the CSR section of this annual report.

As a platform for enriching lives, we are going beyond the traditional definition of CSR to intervene in key economic sectors by creating consumer-focused initiatives and free business platforms to help our SME customers expand their

business frontiers and build capacity. In May 2017, we held the 2nd edition of the GTBank Food and Drink Fair, where we provided free stalls to more than 133 small businesses in the food sector and hosted over 160,000 people over a two-day period.

In November 2017, we also hosted over 120,000 guests and gave dozens of small businesses in the fashion industry the opportunity to attract new customers and expand into new markets locally and internationally at the second edition of our GTBank Fashion Weekend. In recognition of our commitment and determination to help SMEs, we were recently awarded the Best Bank for SMEs by the Euromoney Magazine.

SUBSIDIARIES

Africa offers immense opportunities for our business and remains integral to our growth strategy. During the year, our African businesses continued to positively impact the Group's profitability just as we continued to expand our footprints across the continent. In December, we commenced business operations in GTBank Tanzania and we ended the year with our subsidiaries contributing 8.7% of the Group's PBT in 2017 compared to 8.3% in 2016.

Guaranty Trust Bank (Ghana) Limited received five awards at the Banker Africa - West Africa Awards- 2017. They include: "Most Innovative Bank - West Africa", "Best Commercial Bank - West Africa & Ghana", "Best Online Platform - Ghana" and "Best Corporate Bank - Ghana". This adds to the host of awards the bank received during the year within the areas of Innovation and Technology. The Bank grew its profit impressively by 30.5% from N7.1billion in 2016 to N9.3billion in 2017. The Bank's balance sheet remained strong with 22.3% growth in Total Assets, from N114.9billion in 2016 to N140.6 billion in 2017. Customer Deposit grew by 33.2% from N82.6billion in 2016 to N110.1billion in 2017.

Guaranty Trust Bank (Sierra Leone) Limited received in year 2017 "Best Digital Bank of the Year" award by the European Global Banking & Finance Award. The bank also received "Bank of the Year Award" from Bankers Award for the year 2017. The Bank's balance sheet grew slightly by 1.29% in Total Assets, from N37.4billion in 2016 to N37.8billion in the year under review. Year-on-Year, loans to customers and customer deposits declined by 2.9% and 10% respectively. However, the bank maintained a strong financial performance by recording a 19.9% growth in Profit Before Tax from N2.4billion in 2016 to N2.9billion in 2017.

Guaranty Trust Bank (UK) Limited grew its profit significantly by 163.2% from N0.35billion in 2016 to N0.93billion in 2017. Total assets remained strong with 38.0% growth from N148.4billion in 2016 to N204.8billion in 2017. Loan to customers for the year stood at N38.0billion, which is a 36.3% growth from N27.9billion reported in 2016. Customer deposit also grew by 24.8% from N56.5billion in 2016 to N70.5billion in 2017.

Guaranty Trust Bank (Gambia) Limited operated from sixteen strategic branches and made a Profit Before Tax of N1.63billion, an increase of 3.0% over the N1.58billion reported in December 2016. Total Assets fell by 15.8% from N41.6billion in 2016 to N35.1billion in 2017 while Customer Deposits grew by 21.1% from N23.8billion in 2016 to N28.8billion in 2017.

Guaranty Trust Bank (Liberia) Limited was awarded "Best Internet Bank of the year" and "Best Retail Bank" for the year 2017 by the Global Banking and Finance Award. The bank also received the "Best Bank of the Year award" by Liberian Business Awards. In terms of financial performance, the Bank recorded growth across all financial indices. Profits Before Tax grew significantly by 115.7% from N0.82billion in 2016 to N1.77billion in 2017. The Bank's balance sheet grew by 18.2% with growth in Total Assets from N30.9billion in 2016 to N36.5billion in 2017. Customer Deposits also grew by 23.1% from N22.3billion in 2016 to N27.5billion in 2017. Loan to customers for the year stood at N24.6billion, which is a 68.6% growth from N14.6billion reported in 2016.

Guaranty Trust Bank (Cote D'ivoire) Limited continued operations in four strategic branches. In terms of financial performance, the Bank recorded a PBT of N0.14billion in 2017 from a loss of N0.41billion in 2016. The bank's balance sheet grew significantly by 39.3% from N13.2billion in 2016 to N18.3billion in the year under review. Customer Deposit remained strong growing at 75.5% from N6.87billion in 2016 to N12.1billion in 2017 while Loan to Customers grew by 23.1% from N5.6billion in 2016 to N6.9billion in 2017.

Guaranty Trust Bank (Kenya) Limited has both GTBank Uganda and GTBank Rwanda as its subsidiaries. The bank won the "Best Bank in Kenya Tier III" at the 2017 Banking Award. During the year, the consolidated PBT figure for East Africa Bank declined by 37.2% from N1.7billion in 2016 to N1.0billion in 2017. The Bank's balance sheet

remained strong with 5.2% growth in Total Assets, from N122.7billion in 2016 to N129.1billion in 2017. Customer Deposit grew by 6.8% from N82.9billion in 2016 to N88.5billion in 2017.

STAFF

Our people are always at the centre of everything that we do. Their ability to deliver as a team remains the driving force for our sustained growth and is at the core of driving business value. It is for this reason that we continue to provide employees with the resources and opportunities to build their careers, reach their full potential and remain effective and motivated. As physical embodiments of all that our brand stands for, we also continue to engage staff with our core values —Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation, which are the foundation of our success.

In 2017, we continued to invest in people-development initiatives at all levels to ensure that we build a strong succession pipeline of present and future leaders. We also expanded on our wellness programs, such as the Orange Walk and Health Week, in order to aim to promote a healthy workforce and improve the productivity of our employees.

Beyond the several initiatives to motivate employees and enhance organizational performance, we also promoted amongst staff the culture of giving. During the year, our members of staff took on a nationwide social responsibility challenge by championing of over 100 social projects and causes across the 36 States of Nigeria and the Federal Capital Territory. Among these projects were the building of blocks of classrooms for children in rural areas, the installation of Solar Power in the children's ward of a public hospital and the remodeling of a barbing salon in a federal prison.

The Staff Social Responsibility Campaign demonstrates the commitment of staff to our organization's strong belief that of far greater importance to us, beyond providing first class financial service, is the role we play in developing our host communities.

MACRO-ECONOMIC OUTLOOK

Given the gains recorded in 2017 and continuing improvements in key macro-economic indicators, it is widely expected that the monetary and fiscal authorities will consolidate on the 2017 gains in 2018. In line with

CHAIRMAN'S STATEMENT

this expectation, the Federal Government has tagged the draft 2018 budget, "The Budget of Consolidation". The record 2018 budget of ₦8.6tn reflects a growth of 16% over the 2017 budget of ₦7.4tn. The 2018 budget is predicated on a benchmark crude oil price of \$45pbl, exchange rate of ₦305/\$ and crude oil production of 2.3mbpd, inflation rate of 12.4% and real GDP growth of 3.5%.

The breakdown of the budget shows that 28% (₦2.4tn) of the total sum would be spent on capital expenditure while 23% (₦2.0tn) will be spent on debt service and the balance of ₦4.2tn on salaries, overheads and statutory transfers. We hope that the National Assembly and the Executive will complete the budget process as soon as possible so as to pave the way for accelerated execution. The implementation of the budget is expected to stimulate economic activities and create investing and financing opportunities.

On our part, we are optimistic about the future and will continue to position ourselves to take advantage of the immense opportunities in all the markets in which we operate in order to grow our earnings, improve profitability and deliver returns to our esteemed shareholders.

Thank you for your loyalty and continued support.



Mrs. Osaretin Demuren

Chairman, Guaranty Trust Bank



MANAGING DIRECTOR'S STATEMENT

LEADING FROM THE FUTURE

SEGUN AGBAJE



Dear Shareholders,

I am delighted to welcome you to the 28th Annual General Meeting of Guaranty Trust Bank Plc and present your Bank's scorecard for the 2017 financial year.

2017 was a pivotal year for the Bank, in which we focused on three core objectives - deliver strong, high-quality results for our shareholders; enhance our service experience across our digital channels; and develop products and initiatives that enable us provide our customers with benefits beyond banking. We were determined that our every action would enrich the lives of our stakeholders and the communities in which we operate, and, having repositioned our retail business to take advantage of the opportunities birthed by the digital revolution, we focused on transforming our organization into a platform through which our customers can build their businesses and access all the resources that they need to make their lives better.

Ladies and Gentlemen, I am happy to report to you that we recorded good progress on each of these objectives, despite the tough operating environment characterized by slow economic growth and political uncertainties. We consolidated our position as one of the most efficient and profitable Banks in Africa, improved the efficiency of our digital channels whilst growing customer adoption of these channels, and expanded the support we offer to small businesses through our Free Business Initiatives. In the paragraphs below, I will explain each of these successes in detail and share with you how we plan to do more to grow our business whilst helping our customers and communities thrive.

DELIVERING FOR OUR SHAREHOLDERS

Our growth strategy delivered in 2017. A review of the results shows positive performance across all financial indices, reaffirming the Bank's position as one of the most profitable and well managed financial institutions in Nigeria. Gross earnings for the year grew by 1.1% to ₦419.2billion from ₦414.6billion reported in the December 2016; driven primarily by growth in interest income as well as e-payment revenues. Profit before tax stood at ₦200.2billion, representing a growth of 21.3% over ₦165.1billion recorded in the corresponding year ended December 2016. The Bank's loan book dipped by 8.9% from ₦1.590trillion recorded as at December 2016 to ₦1.449trillion in December 2017 while customer deposits increased by 3.8% to ₦2.062trillion from ₦1.986trillion in December 2016.

The Bank's balance sheet remained strong with a 3.9% growth in Total Assets and Contingents as the Bank closed the year ended December 2017 with Total Assets and Contingents of ₦3.845trillion and Shareholders' Funds of ₦625.2Billion. In terms of Assets quality, NPL ratio increased to 7.7% in December 2017 from 3.7% in December 2016 largely as a result of classification of a single exposure within the Nigerian Telecommunications Industry. However, non-performing loans would moderate to 4.6%, which is below regulatory threshold, if we exclude this name from the NPL ratio computation. Overall, asset quality remains stable with adequate coverage of 119.6%, while Capital remains strong with CAR of 25.7%. On the backdrop of this result, Return on Equity (ROAE) and Return on Assets (ROAA) closed at 35.4% and 6.2% respectively.

Although our strong performance across all financial indices is depicted in numbers, its true value is underpinned by the relationships we build with our customers and stakeholders. In 2017 we demonstrated the strength of our relationships by not only adding more than 1.5 million customers to our customer base in the calendar year, but also by making great strides in reconnecting with existing customers whose accounts had gone dormant.

If our strong financial performance reflects the fundamental strength of our businesses to deliver sustainable long-term growth, then our non-financial highlights during the year showcase the attractiveness of our brand. 2017 marked the 10th anniversary of the Bank's listing on the London Stock Exchange whereby we became the first Nigerian Bank to list on the London Stock Exchange, the first to dual list on an international exchange, and the first Nigerian company to raise international capital using listed Global Depository Receipts. The memories of that pioneering feat remain fresh in our minds and characterizes our successes over the past 10 years, during which we have grown to become one of Africa's foremost financial institutions. It also inspires us to continue to lead the banking industry especially during this time when digital technologies are radically changing our competitive landscape.

BUILDING OUR DIGITAL CAPABILITIES

Technology is transforming the financial services sector, significantly impacting customer expectations and fundamentally changing the banking industry as we know it. For example, two of the biggest payment applications in the world are operated by non-banks, demonstrating the threat posed by these digital players on traditional

retail banking revenues. However, the digital revolution has also birthed amazing opportunities, many of which we have begun to unlock. Our investment in our digital capabilities have allowed us to offer our customers banking services that are not only faster, easier and cheaper, but also more personal, smarter and readily accessible anywhere, anytime and from any device.

Given that the needs of our more than 11 million customers are constantly evolving and just as diverse as the customers themselves, the importance of data cannot be overstated; it empowers us with the information on how, and what, we should serve our customers and guides us in making the important decisions that drive the success of the Bank. During the year, we launched our new Data Centre, a state of the art facility with the best in class equipment that enhances the Bank's operational and processing capabilities. Our new Data Centre, running on a 10G network capacity and powered by a substation and 3 XKVA standby generators, greatly reduces the risk of losing our data either to power outages, fire outbreaks or system shutdowns. More importantly, it increases our ability to optimize data for product development and business growth and provides a solid base for our drive to lead the future of digital banking in Africa.

One of the first things we learned from our customer-centric approach is that as diverse as our customers' needs and lifestyles may be, they all want us to be there when they really need us, wherever that may be—on the road and without access to a bank branch or in remote communities without internet access. That is why we are continuously enhancing our digital banking products to make banking services on-demand, simpler and faster for our customers. During the course of the year, we expanded the offering on our *737# platform to ensure that we are able to offer full banking services to our customers from their mobile phones. We partnered with retailers to allow customers withdraw cash at select petrol stations and retail outlets by simply dialling *737#. We also extended the *737# platform to non-GTBank customers through the launch of the 737 App, which allows any Nigerian use the 737 platform for their financial transactions regardless of where they bank.

Building a strong digital banking platform also entails giving our customers the freedom to choose the channel on which they would like to be served. That is why we launched GTWorld, our new mobile banking app that breaks all market conventions, to offer a cutting-edge banking solution to our customers who are at the edge of the digital curve. Featuring biometric authentication,

such as facial recognition and fingerprint technology, the GTWorld Mobile App also offers another layer of security for financial transactions and at the same time guarantees a greater level of efficiency and convenience when banking with us via Smartphones. Futuristic in its functionalities and disruptive in its design, the GTWorld Mobile App is the first step of our leap into the future of financial technology.

While we continue to build our digital capabilities to include a rich variety of channels and services, we are also working to ensure that our customers enjoy the same superior experience across all touch points. Hence, we have improved the customer experience across all our touch points; from expanding the range of functionality we offer on our internet, mobile and USSD banking platforms, to ensuring better experience in our branches and providing more intelligent Automated Teller Machines (ATM) to allow our customers save time and money through efficient self-service.

Surely, offering customers a superior banking experience entails much more than improving our existing products and services. It involves the digital transformation of, not just our products and services, but also the value we offer customers; it is the reason we have redefined ourselves as a "Platform for Enriching Lives" focused on integrating value adding services into our core banking offerings.

PROVIDING OUR CUSTOMERS WITH BENEFITS BEYOND BANKING

It is often said that great service and great value lead to loyal customers. This is certainly true. However, with the seismic shift in business models, powered by the internet and a generation of connected users, what constitutes great service and great value is changing radically, especially for our Retail and SME customers, whose demands are now more than just access to basic financial services. This is the reason we strongly believe that the future of banking is a single integrated platform which connects customers not just to core banking offerings, but also to everything that they need to thrive whether as business owners, service providers or end-consumers. At GTBank we are determined to lead this future.

During the year, we continued to transform our Bank into a single integrated platform, expanding our free business platforms to connect businesses to businesses as well as consumers, and integrating additional services into our value offering. In May, 2017 we held the second edition of the GTBank Food and Drink Fair, which brought together

more than 160,000 people to patronize over 133 small businesses in the food sector. The fair also featured Food and Entrepreneurial Masterclasses, facilitated by renowned international and indigenous chefs, to help build the requisite capacity for business development.

The second edition of our GTBank Fashion Weekend, held in November 2017 was much bigger than the first. We hosted over 120,000 guests and gave dozens of small businesses in the fashion industry the space and opportunity to attract new customers and expand into new markets locally and internationally. Beyond the massive impact of these events on the businesses of our SMEs, the GTBank Food and Drink and Fashion Weekend have become major events in the social calendars of our customers and non-customers, across the country and abroad, further positioning our organization as not just a bank, but also a destination for amazing experiences.

Our innovative approach to supporting SMEs has not gone unnoticed. During the year we were recognized by the Euromoney magazine as the Best Bank in Africa for SMEs for strengthening small businesses through our non-profit consumer-focused fairs and the SME MarketHub, our free e-commerce platform which connects over 12,000 small businesses to millions of consumers online.

Apart from the accolades from reputable international organizations, it is the thousands of personal testimonials we receive from our SME customers that speak to the true value of our approach to supporting small businesses. Behind these small businesses are hard-working fathers, enterprising mothers and incredibly passionate youths creating brilliant products and services in the face of tough socio-economic challenges; and when they share their remarkable stories of record sales and new business frontiers that they achieved due to our free business platforms, we see not just the impact of our efforts at Promoting Enterprise but the immense capacity of our organization as a Platform for Enriching Lives.

As a platform for enriching lives, we are also fully integrating corporate social responsibility into our business model such that our CSR initiatives now form a core part of the normal way we go about our business. Every year we expand on our longstanding CSR initiatives, such as the Orange Ribbon Initiative, through which we have, in the last 6 years, offered more than 14,000 people training on how to manage Autism Spectrum Disorders, provided free one-on-one consultation services to over 3,200 children and led a sustained campaign to tackle the stigma facing people living with Autism. Our annual

football education programmes have also helped us engage over 70,000 youths in sports, inculcating in them the values of excellence and fair play whilst creating an avenue for the discovery of young talents and future professional footballers.

In 2017, we developed new and innovative CSR initiatives to support our communities. One of these is the YouRead Initiative, which we created to rekindle people's interest in reading whilst connecting individuals and communities to all the information and knowledge that they need to thrive. Under the YouRead initiative, we remodelled the Herbert Macaulay Library Yaba, one of Nigeria's foremost libraries, from its state of disrepair into a state of the art digital library equipped with internet facilities. We did this because we understand the fundamental role that public libraries play in the lifelong mental and intellectual development of individuals as well as in enabling broad societal development. Since our remodelling of the Herbert Macaulay Library, the facility has re-emerged as a vibrant centre for personal learning and group interactions, and we have continued to leverage the space to host book readings, art activations and other programmes aimed at providing a platform for people to read.

In recognition of the value we bring to the communities we serve in terms of our core banking business and our CSR efforts, we received numerous international awards for product and service innovation and sound corporate governance principles. Some of the international awards received include the Best Corporate Governance – Financial Services – Africa from Ethical Boardroom, African Bank of the Year from the African Banker Magazine, the Best Bank in Nigeria from The Euromoney Magazine, the Best Bank for CSR in Africa by the EMEA Finance Magazine and the Best Digital Bank by the International Finance Magazine, amongst several others.

Locally we were recognized by the Central Bank of Nigeria Electronic Payment Incentive Scheme (EPIS) Efficiency Awards as the Best Bank for Customer Experience (Electronic Platform Experience), Instant Payments Transaction Efficiency, Cashless Drive, Point of Sale Card Transaction Efficiency and Electronic Data Rendition Compliance and Integrity. To give you some context; these awards meant we were the highest recipient of the CBN EPIS awards for the second consecutive year, reflecting our position as Nigeria's leading financial institution on e-payments and digital banking solutions.

MANAGING DIRECTOR'S STATEMENT

We know that some of the challenges in our macroeconomic environment that made 2017 a tough year will persist in 2018. This is joined by the rapid pace of change, driven by technology, which is making it increasingly difficult to anticipate the future and easier for others to compete. However, we are confident that we have the strategy and exceptionally talented people to consolidate our leading position as the most profitable and best-run financial institution in Africa.

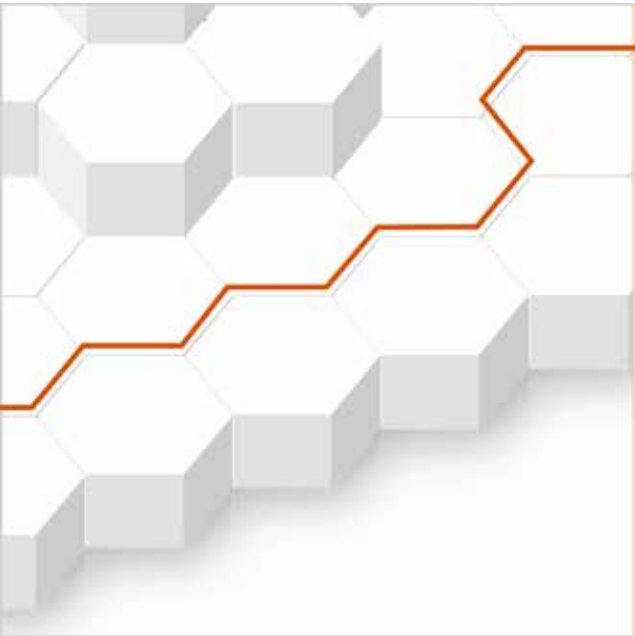
We will also continue to lead the future of banking, not just because we will continue to pursue technological advancements and digital capabilities that keep us ahead

of the curve, but because we will always stay true to the values of hard work, transparency, integrity and putting the customer at the centre of everything that we do. These values, which have propelled us to becoming a Proudly African and Truly International financial institution will also guide our transformation into a platform that enables economic growth, serves society and creates value for our customers, our people, the communities we serve and for you, our shareholders.

Thank you for your continued support.



Segun Agbaje
Managing Director/CEO
Guaranty Trust Bank plc



DIRECTORS' REPORT



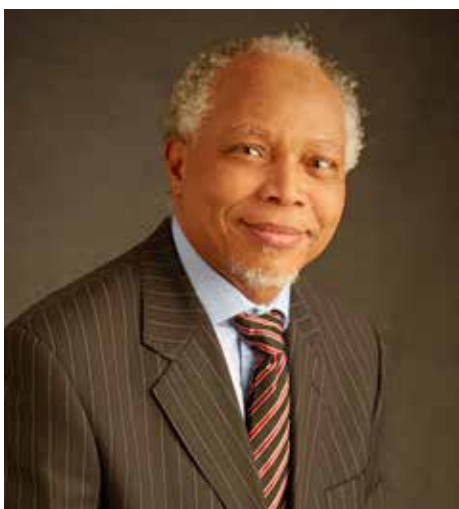
Mrs. O.A. Demuren
CHAIRMAN, BOARD OF DIRECTORS



Mr. J.K.O. Agbaje
MANAGING DIRECTOR/CEO



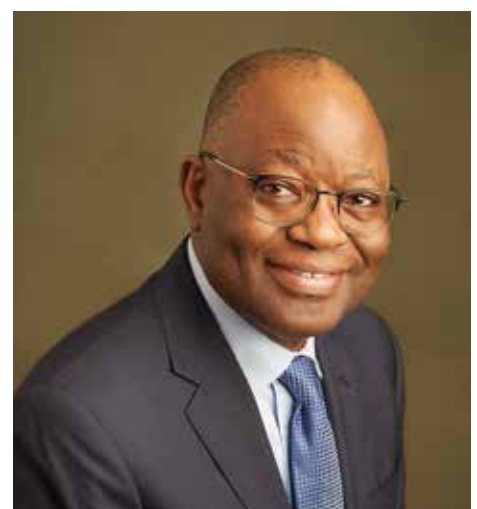
Mr. O.M. Augusto
NON-EXECUTIVE DIRECTOR



Mr. K.A. Adeola
NON-EXECUTIVE DIRECTOR



Mr. I. Hassan
NON-EXECUTIVE DIRECTOR



Mr. H.A. Oyinlola
NON-EXECUTIVE DIRECTOR



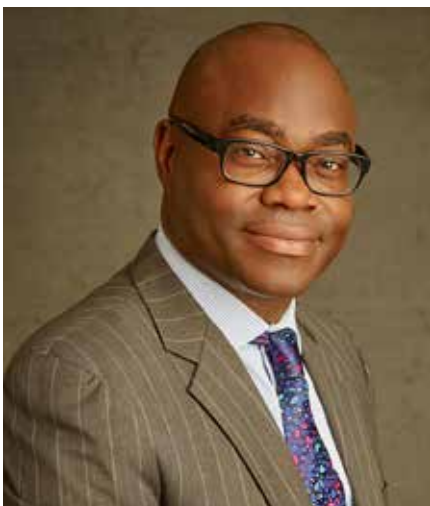
Ms. I. L. Akpofure
NON-EXECUTIVE
(INDEPENDENT) DIRECTOR



Mr. B.T. Soyoye
NON-EXECUTIVE
(INDEPENDENT) DIRECTOR



Mrs. V.O. Adefala
NON-EXECUTIVE
(INDEPENDENT) DIRECTOR
(Appointed with effect from September 12, 2017)



Mr. A.A Odeyemi
EXECUTIVE DIRECTOR



Mrs. O.O. Omotola
EXECUTIVE DIRECTOR



Mr. A.A. Oyedeji
EXECUTIVE DIRECTOR



Mr. H. Musa
EXECUTIVE DIRECTOR



Mr. J.M. Lawal
EXECUTIVE DIRECTOR



Mr. E.E. Obebeduo
COMPANY SECRETARY

For the financial year ended December 31, 2017

The Directors of Guaranty Trust Bank Plc ("the Bank") are pleased to present their report on the affairs of the Bank and its subsidiaries ("the Group"), together with the Group audited financial statements and the Auditor's report for the financial year ended December 31, 2017.

Legal form and principal activity

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

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

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

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

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

Operating results

The Group's Gross earnings increased by 1.1%. Highlights of the Group's operating results for the financial year ended December 31, 2017, are as follows:

| | Group Dec-17 N'000 | Group Dec-16 N'000 | Parent Dec-17 N'000 | Parent Dec-16 N'000 |
|-------------------------------------|--------------------------|--------------------------|---------------------------|---------------------------|
| Gross Earnings | 419,226,271 | 414,615,587 | 360,237,308 | 365,916,859 |
| Profit before income tax | 200,242,020 | 165,136,461 | 186,204,604 | 154,005,487 |
| Income tax expense | (29,772,387) | (32,855,806) | (24,919,924) | (27,168,695) |
| Profit for the year | 170,469,633 | 132,280,655 | 161,284,680 | 126,836,792 |
| Profit attributable to: | | | | |
| Equity holders of the parent entity | 169,602,315 | 131,341,742 | 161,284,680 | 126,836,792 |
| Non-controlling interests | 867,318 | 938,913 | - | - |
| Earnings Per Share (Kobo) - Basic | 603 | 467 | 548 | 431 |
| Earnings Per Share (Kobo) - Diluted | 603 | 467 | 548 | 431 |

Dividend

During the 2017 financial year, Directors declared and paid an interim dividend of 30 Kobo per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each, for the half-year period ended June 30, 2017.

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

The Directors recommend the payment of a final dividend of ₦2.40k (Two Naira and Forty Kobo only) per ordinary

share of 50 Kobo (bringing the total dividend for the financial year ended December 31, 2017, to ₦2.70k (2016: ₦2.00k per share). Withholding tax would be deducted at the point of payment.

Directors and their interest

The Directors who held office during the year under review, together with their direct and indirect interests in the issued share capital (including the Global Depository Receipts (GDRs)) of the Company as recorded in the register of Directors Shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act 2004 and the listing requirements of The Nigerian Stock Exchange is noted below:

| | Names | Direct Holding | Indirect Holding | Direct Holding | Indirect Holding |
|----|---------------------------------|--------------------|------------------|--------------------|------------------|
| | | December 2017 | December 2017 | December 2016 | December 2016 |
| | | Shares of 50k each | | Shares of 50k each | |
| 1 | Mrs. O. A. Demuren | 356,581 | - | 356,581 | - |
| 2 | Mr. J. K. O. Agbaje | 32,146,651 | 9,481,350 | 32,146,651 | 9,481,350 |
| 3 | Mrs. C. N. Echeozo ² | 2,108,118 | 2,940,300 | 5,608,118 | 2,940,300 |
| 4 | Mr. K. A. Adeola | 3,181,640 | - | 3,181,640 | - |
| 5 | Mr. O. M. Agosto | 200,000 | - | 1,000,000 | - |
| 6 | Mr. I. Hassan | 630,838 | - | 630,838 | - |
| 7 | Mr. H. A. Oyinlola | - | - | - | - |
| 8 | Ms. I. L. Akpofure | - | - | - | - |
| 9 | Mr. B. T. Soyoye | - | - | - | - |
| 10 | Mrs. V. O. Adefala ³ | 160,000 | - | 160,000 | - |
| 11 | Mrs. O. O. Omotola | 452,331 | 234,350 | 452,531 | 234,350 |
| 12 | Mr. A. A. Odeyemi | 7,661,601 | 1,688,550 | 7,661,601 | 1,688,550 |
| 13 | Mr. A. A. Oyedeji | 492,787 | 508,000 | 492,787 | - |
| 14 | Mr. H. Musa | 2,875 | 12,500 | 2,875 | - |
| 15 | Mr. J. M. Lawal ⁴ | 137,382 | 116,400 | 20,195 | - |

¹Indirect shareholding includes underlying shares of GDRs (Global Depository Receipts)

²Retired with effect from March 16, 2017

³Appointed to the Board with effect from September 12, 2017

⁴Appointed to the Board with effect from March 17, 2017

There has been no material change to Directors' shareholdings within the year under review.

Directors' Remuneration

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

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

| Type of package Fixed | Description | Timing |
|-------------------------------|--|---|
| Basic Salary | <ul style="list-style-type: none"> Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year. | Paid monthly during the financial year. |
| 13 th month salary | <ul style="list-style-type: none"> Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year. | Paid last month of the financial year. |
| Directors fee | <ul style="list-style-type: none"> Paid annually on the day of the Annual General Meeting ('AGM') to Non-Executive Directors only. | Paid annually on the day of the AGM. |
| Sitting allowance | <ul style="list-style-type: none"> Allowance paid to Non-Executive Directors only for attending Board and Board Committee Meetings. | Paid after each Meeting |

Changes on the Board

In the course of the financial year ended December 31, 2017, Mrs Cathy Echeozo retired from the Board with effect from March 16, 2017, having served as an Executive Director for three (3) terms of four (4) years each (i.e. twelve years) which is the maximum term stipulated for Executive Directors in line with the Bank's Code of Corporate Governance. In view of Mrs. Echeozo's retirement, the Board appointed Mr. Mobolaji Jubril Lawal as an Executive Director, with effect from March 17, 2017, to fill the vacancy.

The appointment of Mr. Lawal has been approved by the Central Bank of Nigeria (CBN) and by the Shareholders' at the 27th Annual General Meeting of the Bank.

Also in the course of the year, the Board appointed

Mrs. Victoria Osondu Adefala as an Independent Non-Executive Director, effective from September 12, 2017. The appointment of Mrs. Adefala has been approved by the CBN and will be presented to Shareholders at the 28th Annual General Meeting.

Following the appointment of Mrs. Adefala, the Bank now has three (3) Independent Non-Executive Directors, appointed based on the criteria laid down by the CBN for the appointment of Independent Directors.

Profile of Mrs. Victoria Osondu Adefala

Mrs. Victoria Osondu Adefala holds a Bachelor of Laws (LL.B) degree (1987) from the University of Lagos, Lagos State, Nigeria and a Master's degree in International Law (LL.M) from the University of Houston Bates Law School, Houston, Texas. She was called to the Nigerian Bar in 1988.

Mrs. Victoria Osondu Adefala is a seasoned professional with over twenty-four (24) years work experience in diverse industries including Manufacturing, Finance and Transportation as well as the Legal profession, having worked with the African Chamber of Commerce, Houston, Texas, Michelin Nigeria Limited and Alstom Nigeria Limited (Alstom).

Mrs. Adefala served as the Country President and Managing Director of Alstom up till 2016. Prior to working at Alstom, she was an Executive Director at Michelin Nigeria Limited, and sits on the Board of both local and international companies.

Mrs. Adefala is the Managing Partner of WHITGIFT Law firm. She is in her early fifties and is primarily resident in Nigeria.

Retirement by Rotation

The provisions of Article 84(b) of the Articles of Association of the Bank provides that one-third of the

Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one-third, should retire from office at each biennial Annual General Meeting. In view of the fact that we had two Directors retire by rotation at the 27th Annual General Meeting, in compliance with this section, no Director would be retiring by rotation at the 28th Annual General Meeting.

Directors Interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act (2004), Mr. K. A. Adeola disclosed to the Board his indirect interest in Touchdown Travels Limited, a company in which his brother serves as director. Touchdown Travels Limited provided airline tickets to the Bank in the course of the year on an ad-hoc basis.

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

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at December 31, 2017, is as follows:

| Share Range | Number Of Shareholders | % of Shareholder | Number Of Holdings | % Shareholding |
|-------------------------------------|------------------------|------------------|-----------------------|-----------------|
| 1 - 10,000 | 250,665 | 76.3331 | 763,622,921 | 2.5946 |
| 10,001 - 50,000 | 58,736 | 17.8864 | 1,266,405,297 | 4.3029 |
| 50,001 - 100,000 | 9,164 | 2.7906 | 644,379,900 | 2.1894 |
| 100,001 - 500,000 | 7,782 | 2.3698 | 1,580,624,716 | 5.3706 |
| 500,001 - 1,000,000 | 902 | 0.2747 | 628,482,968 | 2.1354 |
| 1,000,001 - 5,000,000 | 863 | 0.2628 | 1,723,300,894 | 5.8554 |
| 5,000,001 - 10,000,000 | 107 | 0.0326 | 706,941,691 | 2.4020 |
| 10,000,001 - 50,000,000 | 113 | 0.0344 | 2,719,153,014 | 9.2390 |
| 50,000,001 - 100,000,000 | 23 | 0.0070 | 1,681,941,488 | 5.7148 |
| 100,000,001 - 500,000,000 | 19 | 0.0058 | 4,147,024,209 | 14.0906 |
| 500,000,001 - 1,000,000,000 | 3 | 0.0009 | 2,591,074,257 | 8.8038 |
| 1,000,000,001 - 2,000,000,000 | 4 | 0.0012 | 5,310,409,469 | 18.0435 |
| 2,000,000,001 - 5,000,000,000 | 1 | 0.0003 | 2,756,279,013 | 9.3652 |
| SUB TOTAL | 328,382 | 99.9997 | 26,519,639,837 | 90.1073 |
| GTBANK GDR UNDERLYING SHARES | 1 | 0.0003 | 2,911,539,387 | 9.8927 |
| TOTAL | 328,383 | 100.0000 | 29,431,179,224 | 100.0000 |

According to the Register of Members as at December 31, 2017, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

| SHAREHOLDER | NO. OF SHARES HELD | PERCENTAGE OF SHAREHOLDING |
|----------------------------------|--------------------|----------------------------|
| GTBank GDR (underlying shares) | 2,911,539,387 | 9.8927 |
| Stanbic Nominees Nigeria Limited | 9,482,159,399 | 32.2181 |

Citibank Nigeria Limited ("Citibank") held the 2,911,539,387 units of shares in its capacity as custodian for the underlying shares of the Global Depository Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. The role merely confers legal responsibility for the safe custody of the shares on Citibank as custodian. Citibank does not exercise any investor rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.

Stanbic Nominees Nigeria Limited ("Stanbic") held

32.22% of the Bank's shares largely in trading accounts on behalf of various investors. Stanbic does not exercise personal voting rights on the said shares.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of ₦867,113,525 (December 31, 2016: ₦449,616,533) as donations and charitable contributions during the year under review. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others.

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

| SECTOR | BENEFICIARY/PROJECT | AMOUNT (N) |
|------------------------------|--|--------------------|
| Arts | Workshops for Artists - Art 635 | 5,179,215 |
| | Support for African Artists - Tate Partnership | 6,388,000 |
| | Yinka Shonibare Art Exhibition | 2,215,000 |
| Community Development | Future Awards | 15,000,000 |
| | Maternal & Child Health Support | 1,741,475 |
| | Nigerian Police Force | 300,000,000 |
| | Nominate A Service Champ | 725,375 |
| | Sickle Cell Staff Support - Orange Heart | 7,500,200 |
| | Support for people living with Autism - Orange Ribbon | 49,432,555 |
| | Security Trust Fund | 50,000,000 |
| | She Leads Africa- Entrepreneurship Support | 5,040,000 |
| | Support for children affected by war & conflicts - Swiss Red Cross Partnership | 66,301,793 |
| Education | Adopt-a-School | 6,546,850 |
| | Camp GTBank | 11,674,944 |
| | Financial Literacy in Secondary Schools | 8,633,126 |
| | Masters Cup | 34,571,160 |
| | Principals Cup (Lagos & Ogun) | 117,620,133 |
| | Super Cup | 10,534,206 |
| | Tertiary Institution Support | 1,756,500 |
| | Re-build of Herbert Macaulay Library - You Read Initiative | 159,453,594 |
| Environment | Roundabout Maintenance | 565,000 |
| Others | Others | 6,234,400 |
| Grand Total | | 867,113,525 |

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at December 31, 2017 and profit attributable to equity holders on the date other than as disclosed in the financial statements.

Research and development

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

Gender Analysis

The average number and percentage of males and females employed during the year ended December 31, 2017, vis-a-vis total workforce is as follows:

| | Male | Female | Total | Male | Female |
|-----------|--------|--------|--------------|------------|--------|
| | Number | | | Percentage | |
| Employees | 1,804 | 1,480 | 3,284 | 55% | 45% |

Gender analysis in average terms of Board and Top Management as at December 31, 2017 is as follows:

| | Male | Female | Total | Male | Female |
|---------------------------|-----------|-----------|-----------|------------|------------|
| | Number | | | Percentage | |
| Board | 10 | 4 | 14 | 71% | 29% |
| Top Management (AGM - GM) | 33 | 21 | 54 | 61% | 39% |
| Total | 43 | 25 | 68 | 63% | 37% |

Detailed Gender analysis in average terms of Board and Top Management as at December 31, 2017 is as follows:

| | Male | Female | Total | Male | Female |
|---------------------------|-----------|-----------|-----------|------------|------------|
| | Number | | | Percentage | |
| Assistant General Manager | 12 | 10 | 22 | 55% | 45% |
| Deputy General Manager | 11 | 7 | 18 | 61% | 39% |
| General Manager | 10 | 4 | 14 | 71% | 29% |
| Executive Director | 4 | 1 | 5 | 80% | 20% |
| Managing Director | 1 | 0 | 1 | 100% | 0% |
| Non-Executive Directors | 5 | 3 | 8 | 62.5% | 37.5% |
| Total | 43 | 25 | 68 | 63% | 37% |

Human Resources Policy

(1) Recruitment

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

(2) Diversity and Inclusion

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

The Bank seeks to achieve a minimum of 30% and 40% female representation at Board and Top Management levels respectively, subject to identification of candidates

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

(3) Employment of Physically Challenged Persons

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

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

(4) Employee Involvement and Training

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

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

(5) Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike.

Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense. In line with the status of the Bank as a family-friendly organization, we operate a crèche facility at our Head Office and Ilupeju Branch and have plans to expand to other locations in due course. There is a state-of-the-art gymnasium for staff at our Head Office. This is in addition to the registration of staff members at fitness centres (within their vicinity) and social clubs towards achieving employee wellness.

The Bank has in place a number of training programmes, workshops and enlightenment programmes/publications designed to equip staff members with basic health management tips, first aid, fire prevention and other occupational safety skills. Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

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

BY ORDER OF THE BOARD



Erhi Obebeduo

Company Secretary

FRC/2017/NBA/00000016024

Plot 635, Akin Adesola Street, Victoria Island, Lagos

January 24, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended December 31, 2017

The Directors accept responsibility for the preparation of the financial statements set out from pages 78 – 313 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

SIGNED ON BEHALF OF THE DIRECTORS BY:



HARUNA MUSA
FRC/2017/CIBN/00000016515
24 January, 2018

Going Concern:

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

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



SEGUN AGBAJE
FRC/2013/CIBN/00000001782
24 January, 2018

For the year ended December 31, 2017

To the members of Guaranty Trust Bank Plc

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

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended December 31, 2017 were satisfactory and reinforce the Group's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦631,288,000 (31 December, 2016: ₦438,857,000) was outstanding as at 31 December, 2017. The status of performance of insider related credits is as disclosed in Note 47d.
- We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.



Alhaji M.A. Usman

Chairman, Audit Committee¹

January 22, 2018

Members of the Audit Committee are:

1. Mr. A. B. Akisanmi² - Former Chairman
2. Alhaji M.A. Usman³ - Current Chairman
3. Mrs. Sandra Mbagwu-Fagbemi
4. Mrs. A. Kuye
5. Mr. Bode Augusto
6. Ibrahim Hassan
7. Ms. Imoni Akpofure

In attendance:

Mr. Segun Fadahunsi - Secretary } Shareholder's Representatives

¹Waiver has been obtained from Financial Reporting Council (FRC) for Alhaji M. A. Usman the Chairman of Audit Committee to sign the 2017 Annual Accounts pending full registration with FRC.

²Ceased to be a member of the Committee in April 2017

³Appointed as the Chairman of the Committee at the Meeting which held in April, 2017



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Report of External Consultants on the Board Performance Appraisal of Guaranty Trust Bank Plc

We have performed the procedures agreed with Guaranty Trust Bank Plc in respect of the appraisal of the Board of Guaranty Trust Bank Plc for the year ended 31 December, 2017 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures' engagements.

The procedures were performed in accordance with the the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 which mandates an annual appraisal of the Board and individual directors with specific focus on the Board structure and composition, responsibilities, proceedings and relationships, individual director's competences and respective roles in the performance of the Board.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the company or reveal irregularities, if any, in the underlying information.

Our approach included the review of Guaranty Trust Bank Plc's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted face to face interviews and conference calls with the directors and key personnel of the Company. On the basis of our work, the Board of Guaranty Trust Bank Plc has largely complied with the requirements of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 during the year ended December 31, 2017.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board.

Bunmi Akinde
Partner Advisory Services
FRC/2012/ICAN/00000000187

January 15th, 2018



Independent auditor's report

To the Members of Guaranty Trust Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Guaranty Trust Bank Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2017, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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



Key audit matter

Allowance for impairment assessment (N60.2billion)

We focused on this area due to the size of the loans and advances balance net of impairment (N1.2trillion) and because it requires significant judgement both for the timing and recognition of impairment and the estimation of the size of any such impairment.

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

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

We focused on:

- The valuation of collaterals and other evidence of future cash flows used in the impairment calculation for the facilities individually assessed for specific impairment because of their impact on the determination of recoverable amount;
- Internal rating model developed by management to assess the credit quality and measure the default risk of the obligors;
- The incurred loan loss impairment model which is used in arriving at the loan impairment charge because the assumptions used in the model are subjective and highly sensitive to the changes in economic and credit conditions across the different segments and industries.

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

How our audit addressed the key audit matter

We adopted a substantive approach in assessing the allowance for impairment made by management.

We applied a risk based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. Our reviews included checking the details of the borrowers' account history, the nature of the facility, the industry and other factors that could indicate deterioration in the financial condition of the borrowers and their capacity to repay. For other facilities not subjected to detailed review of customer files, we tested for impairment triggers using computer assisted audit techniques. For all facilities we selected, we formed our own judgement as to the classification of the facility and challenged management where our classification differed from theirs.

We obtained and checked evidence supporting estimates of future cash flows used in the specific impairment calculation for significant facilities where impairment triggers were identified. Such evidence include collateral valuation reports and agreed terms of settlement. We confirmed that specific impairment was charged where the carrying value of the facilities exceed their recoverable value. Otherwise, we confirmed that the significant facilities were included in the collective impairment model.

We assessed the reasonableness of management's assumptions with respect to inputs into the collective impairment model. In this regard, we assessed the probability of default (PD) by using the downgrades on obligor ratings between prior year and current year. We evaluated the reasonableness of the Loss Given Default (LGD) by comparing it with the bank's data. We then verified the accuracy of the inputs and recalculated the collective impairment amount.

Assessment for impairment of goodwill (N8.6billion)

We focused on this area because of the significant judgement involved in estimating the carrying amount of goodwill at year end (N8.6billion). See note 32 of the financial statement. In particular, the directors exercised judgement in identifying the Cash Generating Units (CGUs) to which goodwill is allocated, determining the recoverable amounts of the CGUs and the assumptions applied within the value-in-use calculations.

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

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

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

We challenged management's assumptions in the forecasts for long term growth rate and discount rate.

Disclosure of the impact of IFRS 9 transition (N83.36bn – N86.36bn)

On 1 January 2018, the Group transitioned to financial instruments accounting standard IFRS 9 which replaced IAS 39.

The estimated transition impact is disclosed in note 3d and 50 of the consolidated and separate financial statement in accordance with IAS 8.

We focused on this area because of the significant judgement applied in estimating the impairment allowances under an expected credit loss (ECL) model. ECLs are expected to incorporate forward looking information, reflecting management's view of potential future economic environments. The complexity involved requires management to develop new methodologies involving the use of significant judgements. The standard also introduces new requirements around the classification and measurement of financial instruments, potentially resulting in fair value differences. In order to meet the requirements of the new standard, significant changes have also been made to systems, processes and controls with effect from 1 January 2018.

Disclosure of IFRS 9 impact is considered a key audit matter in the consolidated and separate financial statements.

We understood and critically assessed classification and measurement decisions in line with IFRS 9. We tested the ECL model developed by the Group and gained an understanding of various controls around the model.

We used our credit modelling experts in our assessment of the judgements and assumptions supporting the ECL requirements of the standard. We re-performed certain model calculations to confirm the risk parameter outputs. We assessed reasonableness of forward looking information incorporated into the impairment calculations. We also challenged the multiple economic scenarios chosen and the weighting applied to non-linear losses.

We assessed the adequacy of the underlying disclosures related to the transition impact.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Subsidiary Governance Report, Sustainability Report, Reports & Feedback, Anti-money Laundering and Combating Financing Terrorists Framework, Internal Control and Risk Management systems, Directors' Report, Statement of Directors' Responsibilities, Report of the Audit Committee, Regulatory Requirements under the IFRS Regime, Operational Risk Management, Agents and Agent's Location, Activities of cards operations, Value Added Statement, Five Year Financial Summary and Shareholders Information (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's statement, Managing Director's statement, Report of the independent consultants on the appraisal of the board of Guaranty Trust Bank Plc, Branch network, Corporate directory, Corporate Social Responsibility report, Products & services, Corporate information which are expected to be made available to us after that date.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the bank's statement of financial position, income statement and statement of other comprehensive income are in agreement with the books of account.
- iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 47 to the consolidated and separate financial statements; and
- v) except for the contraventions disclosed in Note 48 to the consolidated and separate financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Obioma Ubah

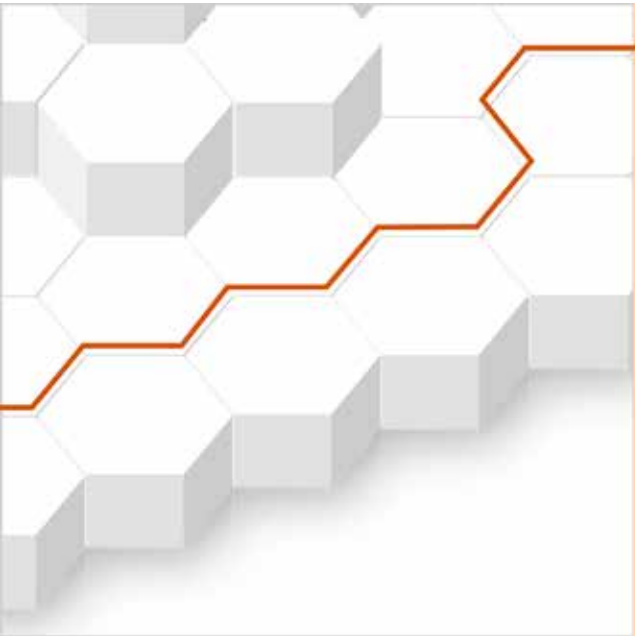
For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Obioma Ubah

FRC/2013/ICAN/00000002002



26 February 2018



FINANCIALS

Statements of financial position

As at 31 December 2017

| In thousands of Nigerian Naira | Notes | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|----------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Cash and cash equivalents | 4, 8, 23 | 641,973,784 | 455,863,305 | 455,296,196 | 233,847,233 |
| Financial assets held for trading | 4, 8, 24 | 23,945,661 | 12,053,919 | 16,652,356 | 6,321,370 |
| Derivative financial assets | 25 | 2,839,078 | 1,042,470 | 2,839,078 | 1,042,470 |
| Investment securities: | | | | | |
| – Available for sale | 4, 8, 26 | 517,492,733 | 448,056,733 | 453,089,625 | 408,246,905 |
| – Held to maturity | 4, 8, 26 | 96,466,598 | 80,155,825 | 2,007,253 | 5,219,262 |
| Assets pledged as collateral | 4, 8, 27 | 58,976,175 | 48,216,412 | 58,961,722 | 48,205,702 |
| Loans and advances to banks | 4, 8, 28 | 750,361 | 653,718 | 43,480 | 29,943 |
| Loans and advances to customers | 4, 8, 29 | 1,448,533,430 | 1,589,429,834 | 1,265,971,688 | 1,417,217,952 |
| Restricted deposits & other assets | 34 | 444,946,897 | 371,995,835 | 433,528,669 | 364,152,777 |
| Investment in subsidiaries | 30 | - | - | 46,207,004 | 43,968,474 |
| Property and equipment | 31 | 98,669,998 | 93,488,055 | 84,979,798 | 81,710,025 |
| Intangible assets | 32 | 14,834,954 | 13,858,906 | 4,501,296 | 3,377,961 |
| Deferred tax assets | 33 | 1,666,990 | 1,578,427 | - | - |
| | | 3,351,096,659 | 3,116,393,439 | 2,824,078,165 | 2,613,340,074 |
| Assets classified as held for sale | 34(b) | - | - | 850,820 | - |
| Total assets | | 3,351,096,659 | 3,116,393,439 | 2,824,928,985 | 2,613,340,074 |
| Liabilities | | | | | |
| Deposits from banks | 4, 8, 35 | 85,430,514 | 125,067,848 | 42,360 | 40,438 |
| Deposits from customers | 4, 8, 36 | 2,062,047,633 | 1,986,246,232 | 1,697,560,947 | 1,681,184,820 |
| Financial liabilities held for trading | 4, 8, 37 | 2,647,469 | 2,065,402 | 2,647,469 | 2,065,402 |
| Derivative financial liabilities | 25 | 2,606,586 | 987,502 | 2,606,586 | 987,502 |
| Other liabilities | 8, 39 | 218,349,244 | 115,682,490 | 197,251,819 | 90,060,440 |
| Current income tax liabilities | 21 | 24,147,356 | 17,928,279 | 24,009,770 | 17,819,039 |
| Deferred tax liabilities | 33 | 18,076,225 | 17,641,384 | 12,814,766 | 11,946,699 |
| Debt securities issued | 4, 8, 38 | 92,131,923 | 126,237,863 | 92,131,923 | - |
| Other borrowed funds | 4, 8, 41 | 220,491,914 | 219,633,604 | 210,671,384 | 332,317,881 |
| | | 2,725,928,864 | 2,611,490,604 | 2,239,737,024 | 2,136,422,221 |
| Liabilities included in assets classified as held for sale | 34(b) | - | - | 847,600 | - |
| Total liabilities | | 2,725,928,864 | 2,611,490,604 | 2,240,584,624 | 2,136,422,221 |

Statements of financial position (Continued)

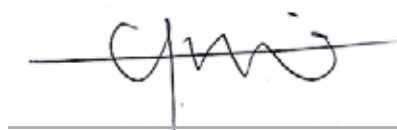
As at 31 December 2017

| In thousands of Nigerian Naira | Notes | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| Equity | | | | | |
| Capital and reserves attributable to equity holders of the parent entity | 42 | | | | |
| Share capital | | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |
| Share premium | | 123,471,114 | 123,471,114 | 123,471,114 | 123,471,114 |
| Treasury shares | | (5,291,245) | (5,291,245) | - | - |
| Retained earnings | | 128,386,206 | 90,273,587 | 115,361,824 | 83,989,499 |
| Other components of equity | | 352,403,527 | 272,891,094 | 330,795,833 | 254,741,650 |
| Total equity attributable to owners of the Parent | | 613,685,192 | 496,060,140 | 584,344,361 | 476,917,853 |
| Non-controlling interests in equity | | 11,482,603 | 8,842,695 | - | - |
| Total equity | | 625,167,795 | 504,902,835 | 584,344,361 | 476,917,853 |
| Total equity and liabilities | | 3,351,096,659 | 3,116,393,439 | 2,824,928,985 | 2,613,340,074 |

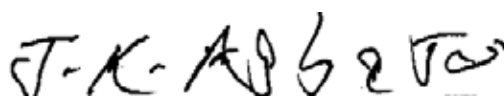
Approved by the Board of Directors on 24 January 2018:



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



Executive Director
Haruna Musa
 FRC/2017/CIBN/00000016515



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

The accompanying notes are an integral part of these financial statements.

Income Statements

For the year ended 31 December 2017

| In thousands of Nigerian Naira | Notes | Group Dec-2017 | Restated' Group Dec-2016 | Parent Dec-2017 | Restated' Parent Dec-2016 |
|---|-------|--------------------|--------------------------------|--------------------|---------------------------------|
| Interest income | 9 | 327,333,512 | 262,494,101 | 284,442,547 | 226,579,479 |
| Interest expense | 10 | (80,670,351) | (67,093,923) | (66,792,928) | (55,551,522) |
| Net interest income | | 246,663,161 | 195,400,178 | 217,649,619 | 171,027,957 |
| Loan impairment charges | 11 | (12,169,120) | (65,290,310) | (10,834,612) | (63,542,640) |
| Net interest income after loan impairment charges | | 234,494,041 | 130,109,868 | 206,815,007 | 107,485,317 |
| Fee and commission income | 12 | 42,921,857 | 39,403,171 | 30,048,147 | 28,527,039 |
| Fee and commission expense | 13 | (2,189,661) | (3,456,257) | (1,561,766) | (2,947,714) |
| Net fee and commission income | | 40,732,196 | 35,946,914 | 28,486,381 | 25,579,325 |
| Net gains on financial instruments classified as held for trading | 14 | 11,338,819 | 5,218,451 | 6,542,636 | 2,248,241 |
| Other income | 15 | 37,632,083 | 107,499,864 | 39,203,978 | 108,562,100 |
| Net impairment loss on financial assets | 16 | (696,680) | - | (696,680) | - |
| Personnel expenses | 17 | (32,832,341) | (29,453,465) | (22,354,351) | (20,704,772) |
| Operating lease expenses | 18 | (1,596,413) | (1,375,228) | (654,665) | (670,172) |
| Depreciation and amortization | 19 | (15,383,697) | (15,249,366) | (13,042,425) | (12,730,298) |
| Other operating expenses | 20 | (73,445,988) | (67,560,577) | (58,095,277) | (55,764,254) |
| Profit before income tax | | 200,242,020 | 165,136,461 | 186,204,604 | 154,005,487 |
| Income tax expense | 21 | (29,772,387) | (32,855,806) | (24,919,924) | (27,168,695) |
| Profit for the year | | 170,469,633 | 132,280,655 | 161,284,680 | 126,836,792 |
| Profit attributable to: | | | | | |
| Equity holders of the parent entity | | 169,602,315 | 131,341,742 | 161,284,680 | 126,836,792 |
| Non-controlling interests | | 867,318 | 938,913 | - | - |
| | | 170,469,633 | 132,280,655 | 161,284,680 | 126,836,792 |

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

| | | | | | |
|--------------------------|----|------|------|------|------|
| – Basic | 22 | 6.03 | 4.67 | 5.48 | 4.31 |
| – Diluted | 22 | 6.03 | 4.67 | 5.48 | 4.31 |
| ¹ See Note 50 | | | | | |

The accompanying notes are an integral part of these financial statements .

Statements of other comprehensive income

For the year ended 31 December 2017

| In thousands of Nigerian Naira | Notes | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| Profit for the year | | 170,469,633 | 132,280,655 | 161,284,680 | 126,836,792 |
| Other comprehensive income: | | | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent years: | | | | | |
| Remeasurements of post-employment benefit obligations | | 839,010 | 1,902,940 | 839,010 | 1,902,940 |
| Income tax relating to remeasurements of post-employment benefit obligations | | (251,703) | (570,882) | (251,703) | (570,882) |
| | | 587,307 | 1,332,058 | 587,307 | 1,332,058 |
| Other comprehensive income to be reclassified to profit or loss in subsequent years: | | | | | |
| Foreign currency translation differences for foreign operations | | 2,937,026 | 22,134,976 | - | - |
| Income tax relating to foreign currency translation differences for foreign operations | 21 | (881,108) | (6,640,493) | - | - |
| Net change in fair value of available for sale financial assets | | 9,739,861 | (6,445,561) | 8,472,052 | (6,878,440) |
| Income tax relating to net change in fair value of available for sale financial assets | 21 | (2,963,957) | 1,982,410 | (2,583,614) | 2,112,274 |
| | | 8,831,822 | 11,031,332 | 5,888,438 | (4,766,166) |
| Other comprehensive income for the year, net of tax | | 9,419,129 | 12,363,390 | 6,475,745 | (3,434,108) |
| Total comprehensive income for the year | | 179,888,762 | 144,644,045 | 167,760,425 | 123,402,684 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent entity | | 177,958,969 | 141,517,020 | 167,760,425 | 123,402,684 |
| Non-controlling interests | | 1,929,793 | 3,127,025 | - | - |
| Total comprehensive income for the year | | 179,888,762 | 144,644,045 | 167,760,425 | 123,402,684 |

The accompanying notes are an integral part of these financial statements .

Consolidated Statement of Changes in Equity December 2017 Group

| In thousands of Nigerian Naira | Share capital | Share premium | Regulatory risk reserve | Other regulatory reserves | Treasury shares | Fair value reserve | Foreign currency translation reserve | Retained earnings | Total equity attributable to parent | Non-controlling interest | Total equity |
|---|-------------------|--------------------|-------------------------|---------------------------|--------------------|--------------------|--------------------------------------|--------------------|-------------------------------------|--------------------------|--------------------|
| Balance at 1 January 2017 | 14,715,590 | 123,471,114 | 55,734,605 | 209,185,386 | (5,291,245) | (663,687) | 8,634,790 | 90,273,587 | 496,060,140 | 8,842,695 | 504,902,835 |
| Total comprehensive income for the year: | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 169,602,315 | 169,602,315 | 867,318 | 170,469,633 |
| Other comprehensive income, net of tax: | | | | | | | | | | | |
| Foreign currency translation difference | - | - | - | - | - | - | 1,871,482 | - | 1,871,482 | 184,436 | 2,055,918 |
| Remeasurements of post-employment benefit obligations (net of tax) | - | - | - | - | - | - | - | 587,307 | 587,307 | - | 587,307 |
| Fair value adjustment | - | - | - | - | - | 5,897,865 | - | - | 5,897,865 | 878,039 | 6,775,904 |
| Total other comprehensive income | - | - | - | - | - | 5,897,865 | 1,871,482 | 587,307 | 8,356,654 | 1,062,475 | 9,419,129 |
| Total comprehensive income | - | - | - | - | - | 5,897,865 | 1,871,482 | 170,189,622 | 177,958,969 | 1,929,793 | 179,888,762 |
| Transactions with equity holders, recorded directly in equity: | | | | | | | | | | | |
| Transfers for the year | - | - | 15,483,586 | 56,259,500 | - | - | - | (71,743,086) | - | - | - |
| Inflow from NCI on acquisition of subsidiary | - | - | - | - | - | - | - | - | - | 960,750 | 960,750 |
| Dividend to equity holders | - | - | - | - | - | - | - | (60,333,917) | (60,333,917) | (250,635) | (60,584,552) |
| Balance at 31 December 2017 | 14,715,590 | 123,471,114 | 71,218,191 | 265,444,886 | (5,291,245) | 5,234,178 | 10,506,272 | 128,386,206 | 613,685,192 | 11,482,603 | 625,167,795 |

Consolidated Statement of Changes in Equity December 2016 Group

| In thousands of Nigerian Naira | Share capital | Share premium | Regulatory risk reserve | Other regulatory reserves | Treasury shares | Fair value reserve | Foreign currency translation reserve | Retained earnings | Total equity attributable to parent | Non-controlling interest | Total equity |
|---|-------------------|--------------------|-------------------------|---------------------------|--------------------|--------------------|--------------------------------------|--------------------|-------------------------------------|--------------------------|--------------------|
| Balance at 1 January 2016 | 14,715,590 | 123,471,114 | 53,793,105 | 169,730,267 | (4,754,156) | 3,938,817 | (4,810,934) | 51,089,585 | 407,173,388 | 6,388,550 | 413,561,938 |
| Total comprehensive income for the year: | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 131,341,742 | 131,341,742 | 938,913 | 132,280,655 |
| Other comprehensive income, net of tax: | | | | | | | | | | | |
| Foreign currency translation difference | - | - | - | - | - | - | 13,445,724 | - | 13,445,724 | 2,048,759 | 15,494,483 |
| Remeasurements of post-employment benefit obligations (net of tax) | - | - | - | - | - | - | - | 1,332,058 | 1,332,058 | - | 1,332,058 |
| Fair value adjustment | - | - | - | - | - | (4,602,504) | - | - | (4,602,504) | 139,353 | (4,463,151) |
| Total other comprehensive income | - | - | - | - | - | (4,602,504) | 13,445,724 | 1,332,058 | 10,175,278 | 2,188,112 | 12,363,390 |
| Total comprehensive income | - | - | - | - | - | (4,602,504) | 13,445,724 | 132,673,800 | 141,517,020 | 3,127,025 | 144,644,045 |
| Transactions with equity holders, recorded directly in equity: | | | | | | | | | | | |
| Transfers for the year | - | - | 1,941,500 | 39,455,119 | - | - | - | (41,396,619) | - | (470,293) | (470,293) |
| Inflow from non-controlling interest (Acquisition)/disposal of own shares | - | - | - | - | - | - | - | - | (537,089) | - | (537,089) |
| Dividends to equity holders | - | - | - | - | (537,089) | - | - | (52,093,179) | (52,093,179) | (202,587) | (52,295,766) |
| Balance at 31 December 2016 | 14,715,590 | 123,471,114 | 55,734,605 | 209,185,386 | (5,291,245) | (663,687) | 8,634,790 | 90,273,587 | 496,060,140 | 8,842,695 | 504,902,835 |

Statement of Changes in Equity December 2017 Parent

| In thousands of Nigerian Naira | Share capital | Share premium | Regulatory risk reserve | Other regulatory reserves ¹ | Fair value reserve | Retained earnings | Total equity |
|---|-------------------|--------------------|-------------------------|--|--------------------|--------------------|--------------------|
| Balance at 1 January 2017 | 14,715,590 | 123,471,114 | 52,324,178 | 203,418,152 | (1,000,680) | 83,989,499 | 476,917,853 |
| Total comprehensive income for the year: | | | | | | | |
| Profit for the year | - | - | - | - | - | 161,284,680 | 161,284,680 |
| Other comprehensive income, net of tax: | | | | | | | |
| Remeasurements of post-employment benefit obligations (net of tax) | - | - | - | - | - | 587,307 | 587,307 |
| Fair value adjustment | - | - | - | - | 5,888,438 | - | 5,888,438 |
| Total other comprehensive income | - | - | - | - | 5,888,438 | 587,307 | 6,475,745 |
| Total comprehensive income | - | - | - | - | 5,888,438 | 161,871,987 | 167,760,425 |
| Transactions with equity holders, recorded directly in equity: | | | | | | | |
| Transfers for the year | - | - | 15,438,501 | 54,727,244 | - | (70,165,745) | - |
| Dividend to equity holders | - | - | - | - | - | (60,333,917) | (60,333,917) |
| Balance at 31 December 2017 | 14,715,590 | 123,471,114 | 67,762,679 | 258,145,396 | 4,887,758 | 115,361,824 | 584,344,361 |

¹ Please refer to Note 42b(ix) for further breakdown

Statement of Changes in Equity December 2016 Parent

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

Statements of Cash flows

For the year ended 31 December 2017

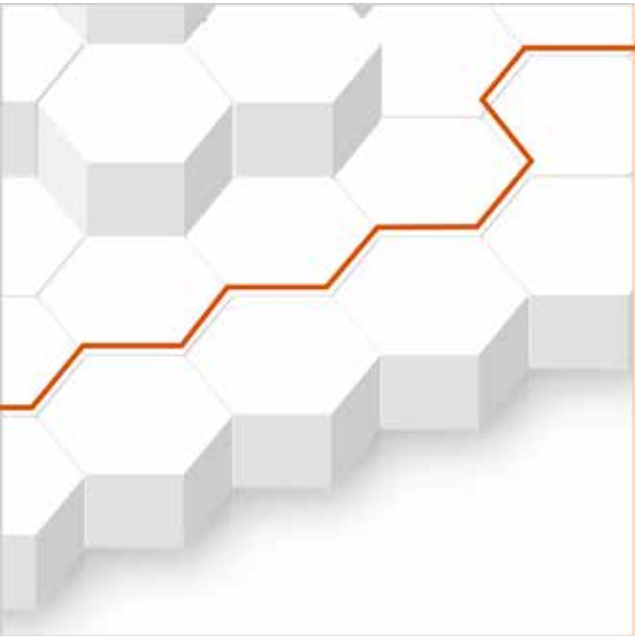
| In thousands of Nigerian Naira | Notes | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-----------|--------------------|--------------------|--------------------|--------------------|
| Cash flows from operating activities | | | | | |
| Profit for the year | | 170,469,633 | 132,280,655 | 161,284,680 | 126,836,792 |
| Adjustments for: | | | | | |
| Depreciation of property and equipment | 19, 31 | 13,420,623 | 13,537,146 | 11,439,516 | 11,461,319 |
| Amortisation of Intangibles | | 1,963,074 | 1,712,220 | 1,602,909 | 1,268,979 |
| Gain on disposal of property and equipment | | (101,587) | (74,948) | (38,594) | (36,266) |
| Gain on repossessed collateral | | (3,476,869) | (7,578,407) | (3,476,869) | (7,578,407) |
| Impairment on financial assets | | 13,713,536 | 66,127,118 | 11,828,151 | 64,026,771 |
| Net interest income | | (246,663,161) | (195,400,178) | (217,649,619) | (171,027,957) |
| Foreign exchange gains | 15 | (25,540,198) | (87,289,532) | (23,926,663) | (86,358,293) |
| Fair value changes for FVTPL | | (7,692) | 7,754 | (7,692) | 7,754 |
| Derivatives fair value changes | | (177,524) | (54,968) | (177,524) | (54,968) |
| Dividend income | | (179,310) | (93,237) | (3,558,832) | (2,546,148) |
| Income tax expense | 21, 34(b) | 29,772,387 | 32,855,806 | 24,919,924 | 27,168,695 |
| Other non-cash items | | 64,036 | (38,212) | 64,036 | (38,212) |
| | | (46,743,052) | (44,008,783) | (37,696,577) | (36,869,941) |
| Net changes in: | | | | | |
| Financial assets held for trading | | (11,834,406) | 26,837,030 | (10,323,294) | 18,746,494 |
| Assets pledged as collateral | | (10,757,398) | 13,742,539 | (10,756,020) | 13,740,568 |
| Loans and advances to banks | | (9,451,025) | (22,730,007) | (5,900,174) | (22,376,554) |
| Loans and advances to customers | | 196,636,958 | 203,461,473 | 192,911,634 | 118,596,170 |
| Restricted deposits and other assets | | (41,857,075) | (52,315,214) | (42,429,700) | (53,342,557) |
| Deposits from banks | | (52,975,050) | 78,759,321 | 1,922 | 497 |
| Deposits from customers | | 34,241,098 | 150,059,142 | (12,411,380) | 113,021,266 |
| Financial liabilities held for trading | | 582,067 | 2,065,402 | 582,067 | 2,065,402 |
| Other liabilities | | 84,117,685 | (11,827,395) | 88,927,171 | (13,730,934) |
| | | 188,702,854 | 388,052,291 | 200,602,226 | 176,720,352 |
| Interest received | | 320,690,405 | 259,818,523 | 277,799,440 | 223,903,900 |
| Interest paid | | (80,488,743) | (66,826,707) | (66,611,320) | (55,284,307) |
| | | 240,201,662 | 192,991,816 | 211,188,120 | 168,619,593 |
| | | 382,161,464 | 537,035,324 | 374,093,769 | 308,470,004 |
| Income tax paid | | (25,001,610) | (26,070,542) | (20,696,442) | (21,585,865) |
| Net cash provided by operating activities | | 357,159,854 | 510,964,782 | 353,397,327 | 286,884,139 |

Statements of Cash flows

For the year ended 31 December 2017

| In thousands of Nigerian Naira | Notes | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|--------------|----------------------|----------------------|----------------------|----------------------|
| Cash flows from investing activities | | | | | |
| Redemption of investment securities | | 625,108,960 | 894,817,978 | 663,770,005 | 894,817,978 |
| Purchase of investment securities | | (697,073,315) | (1,005,131,946) | (697,073,315) | (981,030,167) |
| Dividends received | | 179,310 | 93,237 | 3,558,832 | 2,546,148 |
| Purchase of property and equipment | 31 | (19,003,518) | (15,753,352) | (14,780,301) | (14,049,044) |
| Proceeds from the sale of property and equipment | | 800,706 | 420,630 | 109,606 | 106,714 |
| Purchase of intangible assets | 32 | (2,863,251) | (2,392,426) | (2,726,244) | (2,153,981) |
| Additional investment in subsidiary | 30 | - | - | - | (2,062,693) |
| Net cash provided by/(used in) investing activities | | (92,851,108) | (127,945,879) | (47,141,417) | (101,825,045) |
| Cash flows from financing activities | | | | | |
| Repayment of debt securities issued | | (41,681,921) | (156,447,729) | (40,754,537) | - |
| Repayment of long term borrowings | | (50,018,470) | (138,920,556) | (39,526,457) | (196,959,871) |
| Increase in long term borrowings | | 35,869,527 | 43,770,500 | 35,869,527 | 43,770,500 |
| Finance lease repayments | | (1,513,030) | (1,331,093) | (1,513,030) | (1,331,093) |
| Purchase of treasury shares | | - | (537,089) | - | - |
| Dividends paid to owners | 43 | (60,333,917) | (52,093,179) | (60,333,917) | (52,093,179) |
| Dividends paid to non-controlling interest | | (250,635) | (202,587) | - | - |
| Increase/(decrease) in non-controlling interest | 30 | 960,750 | (470,293) | - | - |
| Net cash used in financing activities | | (116,967,696) | (306,232,026) | (106,258,414) | (206,613,643) |
| Net increase/(decrease) in cash and cash equivalents | | 147,341,050 | 76,786,877 | 199,997,496 | (21,554,549) |
| Cash and cash equivalents at beginning of the year | | 432,548,424 | 254,633,215 | 210,862,662 | 173,133,109 |
| Effect of exchange rate fluctuations on cash held | | 29,285,423 | 101,128,332 | 15,565,338 | 59,284,102 |
| Cash and cash equivalents at end of the year | 23(b) | 609,174,897 | 432,548,424 | 426,425,496 | 210,862,662 |

The accompanying notes are an integral part of these financial statements



ACCOUNTING POLICIES

1. Reporting entity

Guaranty Trust Bank Plc (“the Bank” or “the Parent”) is a company domiciled in Nigeria. The address of the Bank’s registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the financial year ended 31 Dec 2017, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as “Group entities”) respectively. The Parent and the Group entities are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

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

These Consolidated and Separate financial statements have been audited and were authorised for issue by the directors on 24th January, 2018.

3. (a) Significant Accounting Policies

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

a. Functional and presentation currency

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

b. Basis of measurement

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

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Available-for-sale financial assets are measured at fair value through equity. However, when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment.
- Liabilities for cash-settled share-based payment

arrangements are measured at fair value.

- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value.
- Assets and Liabilities held to maturity are measured at amortised cost.
- Loans and Receivables are measured at amortised cost.

c. Use of Estimates and Judgements

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

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

d. Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1st January, 2017. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

- **Amendments to IFRS 12 - Disclosure of Interests in Other Entities**

The amendments to this standard clarify that all disclosure requirements of IFRS 12 other than summarized financial information as contained in paragraphs B10–B16, also apply to any interests that are classified as held for sale, held for distribution to owners or discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This amendment does not have any material impact on the Bank/Group.

- **Amendments to IAS 12 - Income Taxes: Recognition of Deferred tax Assets for Unrealised Losses**

The amendments to IAS 12 sheds more light on the position regarding unrealized loss on debt instruments measured at fair value and the recognition of deferred tax assets for such items. Unrealized losses on debt instruments measured at fair value in the financial statements but measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the holder expects to recover the carrying amount of the debt by sale or by use. Further clarification was made that the carrying amount of an asset does not limit the estimation of probable future taxable profits. Also, when comparing deductible taxable difference with future taxable profits, the future taxable profits should exclude tax deductions resulting from the reversal of those deductible temporary differences. Moreover, an entity is required to assess a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, as long as the tax base remains at the original cost of the asset, there is a temporary difference. This now makes it possible for an entity to recognize deferred tax asset on debt instruments

carried at fair value, where the carrying amount is less than the nominal value because of market changes but where the entity expects to collect all contractual cash flows. Also, deferred tax asset can be recognized on items of property, plant and equipment measured at cost and where the entity expects to generate benefits exceeding that cost. However, there must be sufficient evidence to show that it is probable that the entity will recover an asset for more than its carrying amount.

The Bank/Group currently recognizes deferred tax assets that may arise as a result of fair value changes in debt instruments classified as available-for-sale, as specified in the Bank's accounting policy under Income Tax. Therefore, this amendment has no impact on the group.

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

The amendments to IAS 7 became effective for annual periods beginning on or after 1 January 2017. The aim is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. As such, entities are required to provide further information on changes in liabilities and/or assets arising from financing activities such as changes from financing cash flows; changes arising from obtaining or losing control of subsidiaries or other businesses; effect of changes in foreign exchange rates; changes in fair values; and other changes. Entities are also not required to provide comparatives in the first year of adoption. In fulfilment of this new disclosure requirement, the Bank/Group has provided a reconciliation in Note 41 between the opening and closing balances of all liabilities whose cash flow movements are disclosed as part of financing activities in the cash flow statement, for the year ended December 31, 2017.

- **Standards and interpretations issued/amended but not yet effective**

The following standards have been issued or amended by the IASB but are yet to become effective:

| Standard | Content | Effective Date |
|----------|--|----------------|
| IFRS 15 | Revenue from Contracts with Customers: Clarifications to IFRS 15 | 1-Jan-18 |
| IAS 28 | Amendments to IAS 28 Investment in Associates and Joint Ventures: Clarifications concerning Fair Value Measurements | 1-Jan-18 |
| IFRS 1 | Amendments to IFRS 1 First-time Adoption of International Financial Reporting: Deletion of short-term exemptions for first time adopters | 1-Jan-18 |
| IFRS 2 | Amendments to IFRS 2 Share-based Payment: Clarification and measurement of Share-based payment transactions | 1-Jan-18 |
| IAS 40 | Amendments to IAS 40 Investment Property: Clarification on transfers of property to, or from, investment property | 1-Jan-18 |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | 1-Jan-18 |
| IFRS 4 | Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts | 1-Jan-18 |
| IFRS 9 | Financial Instruments: To replace IAS 39 | 1-Jan-18 |
| IFRS 16 | Leases | 1-Jan-19 |
| IFRS 17 | Insurance Contracts | 1-Jan-21 |

The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on these new standards/amendments are provided below.

- **IFRS 15 - Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers which replaces the existing standard IAS 18 Revenue. IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. The standard introduces a new five step model for revenue recognition to be applied to contracts with customers except for revenue arising from items such as financial instruments, insurance contracts and leases. In April 2016, the IASB issued clarity on revenue recognition relating to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property.

There is no material impact arising from the adoption of IFRS 15 as a significant part of the Bank's revenue is outside the scope of the standard. IFRS 15 becomes effective for 1 January 2018.

- **Amendments to IAS 28 - Investment in Associates and Joint ventures**

The amendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity's associate or joint venture to its interests in subsidiaries. Furthermore, the amendments also clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of the unrelated investors' interests in the associate or joint venture. The IASB published an amendment to IAS 28 on Long-term interests in associates and joint ventures'

in October 2017 to clarify that an entity should apply IFRS 9 (including its impairment requirements) to long-term interests in an associate or joint venture to which it does not apply the equity method.

This amendment does not impact the Group as it does not have long term interests in associates and joint ventures.

- **Amendments to IFRS 1 - First time Adoption of IFRS: Deletion of short-term exemptions for first time adopters**

The IASB deleted short term exemptions granted to first time adopters of IFRS as those reliefs are no longer necessary. This amendment does not have any impact on the Group.

- **Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share based payment transactions**

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

- **Amendments to IAS 40 – Investment Property – Transfers of Investment Property**

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

- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**

The IFRS Interpretation Committee (IFRIC) of the IASB

issued IFRIC 22 which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, when an entity has received or paid advance consideration in foreign currency. The committee explained that the date of transaction for the purpose of determining exchange rate to use on initial recognition of related asset, expense or income is the date on which an entity initially recognizes the non-monetary assets or non-monetary liabilities arising from the payment or receipt of advance consideration. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. These amendments do not have any material impact on the Group.

- **Amendments to IFRS 4 – Insurance Contract, regarding implementation of IFRS 9**

The IASB issued the amendments to IFRS4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is called the overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is called the deferral approach.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. This amendment does not have any impact on the Group as it does not issue any insurance contract within the scope of IFRS 4.

- **IFRS 9 - Financial instruments**

The IASB issued the final version of IFRS 9 Financial Instruments in July 2014 to replace the existing standard IAS 39 Financial Instruments: Recognition and Measurement, effective for periods beginning on or after 1 January 2018. The standard introduces a new approach for classification and measurement, impairment and general hedge accounting requirement.

IFRS 9 adopts a principle-based approach to the classification of financial assets considering entity's business model for managing the asset and contractual cash flow characteristics. Based on these principles, financial assets are measured at fair value through profit or loss, fair value through other comprehensive income or amortized cost. For financial liabilities, there is no fundamental change in the classification and measurement model under IFRS 9. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk will be presented in Other Comprehensive Income.

The standard also requires entities to adopt Expected Credit Loss Impairment (ECL) model for all financial assets not measured at fair value through profit or loss. The ECL model assesses changes in credit quality since initial recognition using a three stage approach. The stages are:

Stage 1 – these are financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk at the reporting date. For these assets, entities are required to recognize a 12 month expected loss allowance on initial recognition. Interest revenue is calculated on the gross carrying amount of the asset.

Stage 2 – these are financial assets that have experienced significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3 – these are financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). Finally, the hedge accounting provisions of the standard requires entities to align the accounting of hedge relationships more closely with an entity's risk management practices, permits hedge accounting to be applied more broadly to a greater variety of hedging instruments and requires additional disclosures. Hedge accounting requirement aspect of the standard does not apply to the Bank as it does not have any financial instrument that qualifies for

measurement in line with the provision.

- **IFRS 16 – Leases**

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

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. The Group is currently evaluating the impact of this new Standard on its Financial Statements.

- **IFRS 17 - Insurance Contracts**

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Group in any way as the Bank and its subsidiary companies do not engage in insurance business.

3. (b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were

prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the comparative period.

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

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

established GTB Finance B.V. Netherlands as a Structured Entity to raise funds from the international financial market. The Bank has, however, substituted the liability and the investment in the Entity, and is now carried as Held For Sale.

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

- Assets and liabilities for each statement of financial

position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each Income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised in other comprehensive income.
Exchange differences arising from the above process are reported in shareholders' equity as 'Foreign currency translation reserve'.

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

(d) Fees and commission

Fees and Commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities. Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided / performed.

(e) Net trading income

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

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

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

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

(g) Dividend income

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

(h) Leases

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

(a) The Group is the lessee

(i) Operating lease

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

(ii) Finance lease

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

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

(b) The Group is the lessor

When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable

is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

(I) Income Tax

(a) Current income tax

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

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

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

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

(b) Deferred income tax

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

However, the deferred income tax is not recognised for:

- temporary differences on the initial recognition

of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

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

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

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

(J) Financial assets and liabilities

(i) Recognition

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

(ii) Measurement

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

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

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

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

(a) Amortised cost measurement

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

(b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE, LSE) and broker quotes from Bloomberg and Reuters.

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

For financial instruments with no readily available quoted market price, fair value is determined using valuation

techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the end of the reporting period.

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

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

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

(iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

(iv) De-recognition

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying

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

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

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

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

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

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

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

(v) Classification

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

(a) Loans and Receivables

The group's loans and receivable comprises loans and advances, cash and cash equivalent and other receivables. Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

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

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

(b) Available-for-sale investments

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

Interest income from debt instruments is recognised in profit or loss using the effective interest method while Dividend income from Equity instrument is recognised in profit or loss when the Group becomes entitled to the

dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised in profit or loss as a reclassification adjustment. A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(c) Held-to-maturity

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

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

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassifications after the Group have collected substantially all the asset's original Principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

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

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

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

- Financial assets and liabilities classified as held for trading

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

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

- Designation at fair value through profit or loss

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

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

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

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

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

(iv) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

- 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 re-organisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national economic conditions that correlate with defaults on the assets in the portfolio.

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed

financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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

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

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

currently exist.

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

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity category) are classified in 'Net gains/ (losses) on investment securities'. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income statement.

(b) Assets classified as available for sale

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

profit or loss, the impairment loss is reversed through the Income statement.

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Repossessed Collateral

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'. Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as assets held for sale and reported in 'Other assets' if the carrying amounts of the assets are recovered principally through sale, the assets are available for sale in their present condition and their sale is highly probable.

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

(n) Investment in subsidiaries

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

A subsidiary not consolidated but is classified as 'held for sale' if it is available for immediate sale in its present condition and its sale is highly probable. A sale is 'highly probable' where: there is evidence of management commitment; there is an active programme to locate a buyer and complete the plan; the asset is actively marketed for sale at a reasonable price compared to its fair value; the sale is expected to be completed within 12 months of the date of classification; and actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn.

(o) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount

of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

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

Depreciation begins when an asset is available for use

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

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

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

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

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

(iv) De-recognition

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

(p) Intangible assets

(i) Goodwill

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

subsidiaries is included in intangible assets.

Subsequent measurement

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

(ii) Software

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

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

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

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

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

(q) Impairment of Non financial assets

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

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses recognised in respect of cash-generating units

are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

(r) Deposits, debt securities issued

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

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

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

(s) Provisions

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

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

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

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

(t) Financial guarantees

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

(u) Employee benefits

(i) Defined contribution plans

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

For defined contribution plans, the Group pays

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

(ii) Defined benefit plans

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

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

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

(iii) Termination Benefits

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

(iv) Short-term employee benefits

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

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

(v) Share-based payment transactions

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

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

At each reporting period, the fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. Any change in the fair value of the liability is recognized as personnel expense in the bank's income statement.

(v) Discontinued operations

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

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

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

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

(w) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(x) Earnings per share

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

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

(y) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for

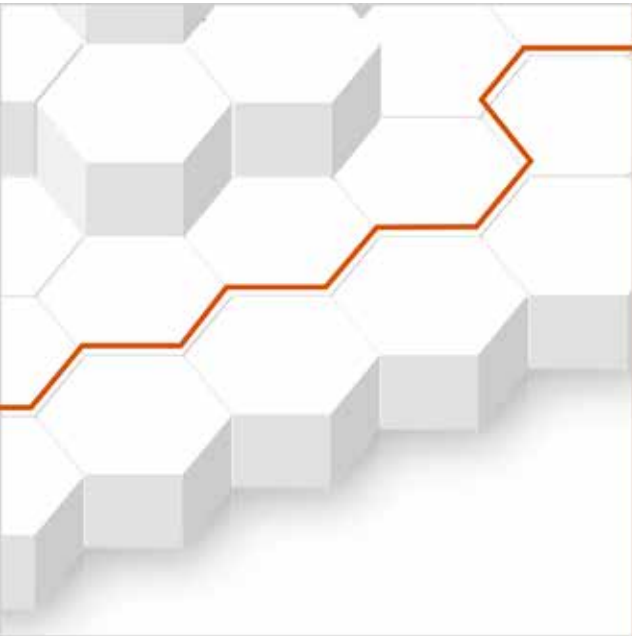
which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect cost are allocated based on the benefits derived from such costs.

(z) Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and regulations), other than:

- Those outflows of resources that are within the scope of other Standards (such as income taxes that are within the scope of IAS 12 Income Taxes); and
- Fines or other penalties that are imposed for breaches of the legislation

The Group recognises a levy when the obligating event that gives rise to a liability as identified by the legislation, occurs. This triggers the obligation to pay the levy and recognise the expense in the period.



FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

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

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

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

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

(b) Risk Management Philosophy

The Bank's risk management philosophy describes its attitude to risk taking. It is the driving force behind all the decisions made in the conduct of business activities and operations from a risk perspective. This is appropriately summarized in the following statement:

"To enhance shareholders' value by creating and maintaining a culture of intelligent risk-taking"

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

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

Risk Appetite

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

Risk Appetite Statement

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

The bank's risk appetite statement expresses the attitude and position of the Board and Management on the approach to risk adopted across all the businesses in relation to the set strategic objectives. This statement is interpreted in quantitative and qualitative risk factors that measure the risk profile. The identified risk factors include:

- Capital Adequacy
- Earnings Growth (Profit Before Tax)
- Earnings Quality (Net Interest Margin)
- Return on Asset
- Issuer Debt Rating
- Return on Equity
- Cost-to-Income
- Asset quality (Non-Performing Loan) and Coverage,
- Cost of Risk
- Liquidity and Coverage Ratio
- Risk Asset Funding
- Obligor and Sector Concentration
- Staff Attrition
- Stop Loss Limit

Risk Tolerance

To achieve the desired impact of the risk appetite statement across all business divisions, the bank defined the risk tolerances applicable to the risk factors for measurement and monitoring purposes to enhance decision making. The tolerances are measured via a three-leg limit system which measures an extreme upper region signifying high risk or unacceptable risk level, a middle range region known as trigger point and a lower region signifying a low risk or acceptable risk level. These classifications establish the acceptable levels of variation relative to the bank's desired objective.

The set risk tolerances levels are subject to the approval of the Board of Directors and can be changed when there are compelling regulatory and operating factors.

The risk tolerance limits are monitored periodically using a dashboard which estimates the status of each risk factor. The result of the dashboard is made available to the Management and Board of Directors for informed decision(s).

(c) Risk Management Framework

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

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

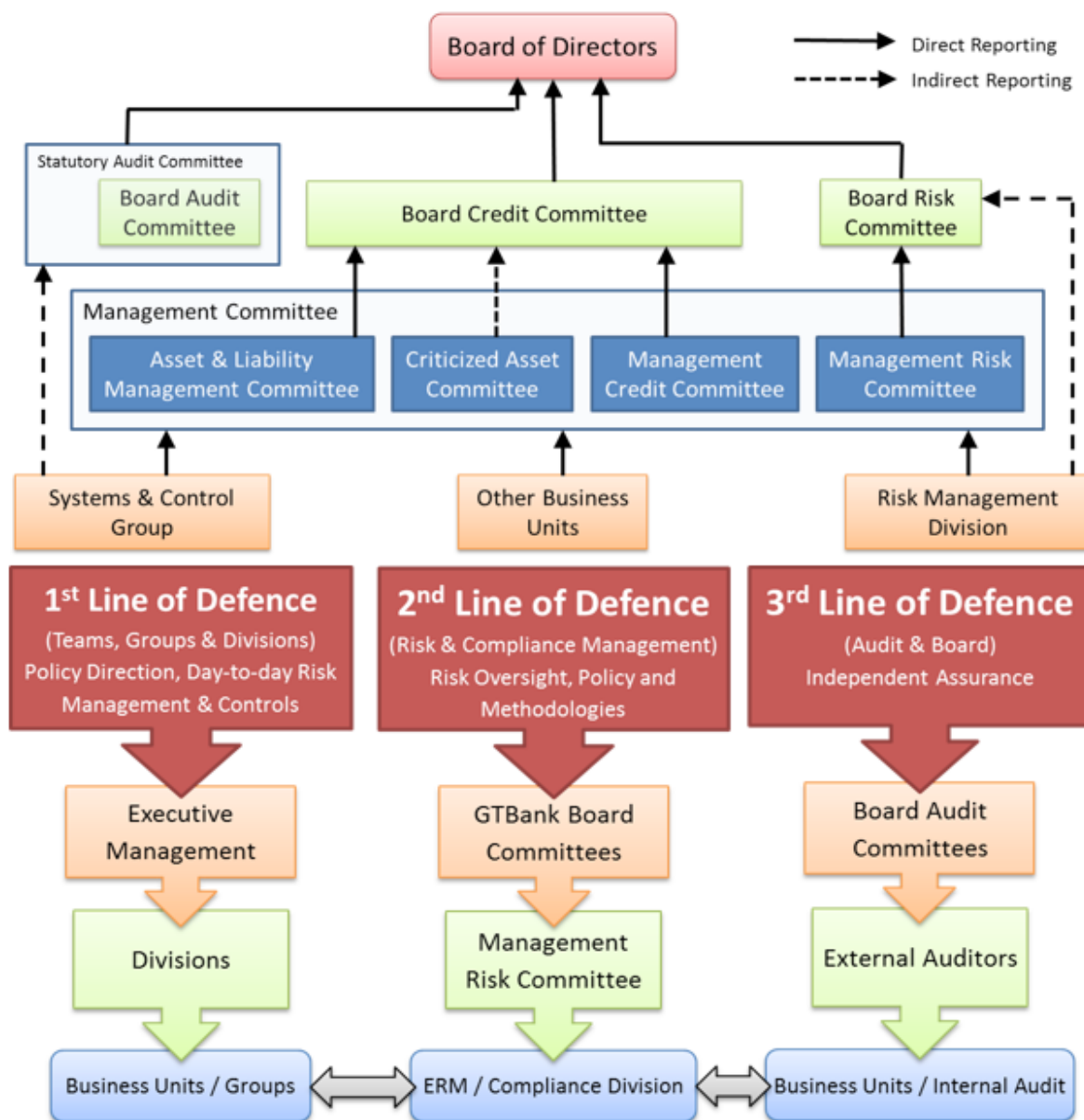
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees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

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

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

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

The Risk Governance Structure of the Group



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

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

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

Second Line of Defense: Established to perform a

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

Third Line of Defense: Provides objective assurance on the effectiveness of governance, risk management and internal controls. The scope of the assurance, which is

reported to Senior management and Board covers a broad range of objectives, including efficiency and effectiveness of operations, safeguarding of assets, reliability and integrity of reporting processes, and compliance with laws, regulations, policies, procedures and contracts. It also includes all elements of the risk management and internal control framework.

The **Board Risk Committee** is responsible for reviewing and recommending risk management policies, procedures and profiles including risk management philosophy, risk appetite and risk tolerance of the Bank. Its oversight functions cut across all risk areas including credit risk, market risk, liquidity risk, operational risk, reputation risk, technology risk and other major risks that may arise from time to time. The committee monitors the Bank's plans and progress in meeting regulatory and risk-based supervision requirements including Basel II compliance as well as the overall regulatory and economic capital adequacy. It also reviews and approves the contingency plan for specific risks.

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

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

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

Management Credit Committee formulates credit policies in consultation with business units, covering

credit assessment, risk grading and reporting, collateral, regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit set by the Board.

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

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

The **Credit Risk Management Group** through Credit Risk Control is responsible for identifying, controlling, monitoring and reporting credit risk related issues while Credit Administration serves as the secretariat for the Management Credit Committee meetings and managing the credit exposures related to lending and investment activities as well as other unfunded credit exposures that have default probabilities; such as contingent liabilities.

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

(d) Risk Management Methodology

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

- ERM Policy
- Credit Policy Guide
- Human Resources Policy Manual

- Quality Manual
- Standard Operating Procedures
- IT Policy

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

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

(e) Risk Management Overview

The Enterprise-wide Risk Management Division is responsible for optimising the risks and returns inherent in the business through the effective collaboration with the business facing units. The risk management infrastructure encompasses a comprehensive approach to identifying, managing, monitoring and reporting risks with focus on the following:

- (i) Inherent Risk Groups – Credit, Market, Operational, Liquidity and Information Security.
- (ii) Other Risk Areas – Reputational and Strategic Risk

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

(f) Credit risk

Lending and other financial activities form the core business of the Bank and in recognition of this, great emphasis is placed on effective management of its exposure to credit risk. The Bank defines credit risk as

the risk of failure by a counterparty to meet the terms of any lending contracts with the Bank or otherwise to perform as agreed. Credit risk arises anytime funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

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

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

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

The Bank continues to focus attention on intrinsic and concentration risks inherent in its businesses in order to effectively manage the portfolio risk. The credit portfolio concentration limits are set and measured under concentration limits per obligor, business lines, sector, rating grade, geography and collateral.

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

For capital adequacy computation under Basel II pillar I, the Bank has implemented the standardised approach for Credit risk and Market risk and Basic Indicator Approach for Operational risk. However, internally, the Advanced Internal Rating (AIR) based approach has been implemented for credit risk using OFSAA Basel II Solution Software with PD, LGD and EAD as input parameters.

To meet the Basel II (Pillar 2) requirements, the Bank developed a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) document, which detailed approaches and procedures on how the bank measures and compute its various risks and capital requirements. The document also contain details of the capital planning process and it is updated annually.

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

OFSAA Basel II solution is an Oracle Financial Services Analytical Application which is capable of handling the complete range of calculations covered in the Basel II Accord.

For Capital adequacy computation under Basel II Pillar 1, the Bank has implemented the standardized Approach for Credit risk and Market risk and Basic Indicator Approach for Operational risk. However, internally, the Advanced Internal Rating (AIR) based approach has been implemented for Credit risk using OFSAA Basel II Solution Software with PD, LGD and EAD as input parameters.

(i) Management of Credit Risk

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

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit heads. Larger facilities require approval by the Deputy Managing Director, Managing Director, Management Credit Committee, and the Board Credit Committee/Board of Directors as appropriate.
- Reviewing and assessing credit risk. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities

being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Developing and maintaining the Bank's risk rating in order to categorise exposures according to the degree of risk of financial loss faced and to attention management on the attendant risks. The current risk rating framework consists of ten grades reflecting varying degrees of risk of default with rating "1" as the best and "10" as lost. The risk ratings are subject to regular reviews by Credit Risk Management Group.
- Reviewing compliance of business units with agreed exposure limits. Regular review and reports are provided by the Risk Management Group on the credit quality and appropriate corrective actions are taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

There were no changes in the Bank's risk management policies. Business units are required to implement the Bank's credit policies and procedures, with credit approval authorised by the Board Credit Committee.

(ii) Credit Risk Measurement

In line with IAS 39, the bank adopted Incurred Loss approach and is now prepared to adopt the Expected Credit Loss (ECL) approach as outlined under the IFRS 9 effective January 1, 2018. The Incurred Loss approach takes into consideration the Emergence Period (EP) in arriving at losses that have been incurred at the reporting date. As part of the evolving risk culture, the bank developed internal rating models along the bank's business segments (Corporate, Commercial, Retail and Small and Medium Enterprises) consistent with international rating agencies with historical data of over five years. This has enabled the bank to successfully implement the Internal Rating Based Approach as well as the implementation of Expected Credit Loss measurement.

IFRS 9 Expected Credit Loss measurement approach is a proactive way of determining the extent of future loss(es) associated with risk exposures in the bank's portfolio. Key aspect of ECL approach is the incorporation of the macroeconomic indicators (forecast) into the computation of the future credit loss. The credit impairment is

determined upon known evidence(s) under the IAS 39 regime but IFRS 9 advocates a forward looking method of impairment evaluation by assuming that every risk exposures have inherent credit loss.

The Bank undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry conditions and other factors. In the analysis, the applied parameters are determined by each business segment because of the

differences in the inherent risks.

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

| Rating Grade | Description | Characteristics |
|--------------|--------------------|---|
| 1 (AAA) | Exceptional Credit | <ul style="list-style-type: none"> ▪ Exceptional credit quality ▪ Obligors with overwhelming capacity to meet obligation ▪ Top multinationals / corporations ▪ Good track record ▪ Strong brand name ▪ Strong equity and assets ▪ Strong cash flows ▪ Full cash coverage |
| 2 (AA) | Superior Credit | <ul style="list-style-type: none"> ▪ Very high credit quality ▪ Exceptionally high cash flow coverage (historical and projected) ▪ Very strong balance sheets with high liquid assets ▪ Excellent asset quality ▪ Access to global capital markets ▪ Typically large national corporate in stable industries and with significant market share |
| 3 (A) | Minimal Risk | <ul style="list-style-type: none"> ▪ High quality borrowers ▪ Good asset quality and liquidity position ▪ Strong debt repayment capacity and coverage ▪ Very good management ▪ Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected ▪ Typically in stable industries |
| 4 (BBB) | Above Average | <ul style="list-style-type: none"> ▪ Good asset quality and liquidity ▪ Very good debt capacity but smaller margins of debt service coverage ▪ Good management in key areas ▪ Temporary difficulties can be overcome to meet debt obligations ▪ Good management but depth may be an issue ▪ Good character of owner ▪ Typically good companies in cyclical industries |
| 5 (BB) | Average | <ul style="list-style-type: none"> ▪ Satisfactory asset quality and liquidity ▪ Good debt capacity but smaller margins of debt service coverage ▪ Reasonable management in key areas ▪ Temporary difficulties can be overcome to meet debt obligations ▪ Good management but depth may be an issue ▪ Satisfactory character of owner ▪ Typically good companies in cyclical industries |

| | | |
|---------|------------------|--|
| 6 (B) | Acceptable Risk | <ul style="list-style-type: none"> Limited debt capacity and modest debt service coverage Could be currently performing but susceptible to poor industry conditions and operational difficulties Declining collateral quality Management and owners are good or passable Typically borrowers in declining markets or with small market share and operating in cyclical industries |
| 7 (CCC) | Watch-list | <ul style="list-style-type: none"> Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment Typically start-ups / declining markets/deteriorating industries with high industry risk Financial fundamentals below average Weak management Poor information disclosure |
| 8 (CC) | Substandard Risk | <ul style="list-style-type: none"> Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat Continued strength is on collateral or residual repayment capacity of obligor Partial losses of principal and interest possible if weaknesses are not promptly rectified Questionable management skills |
| 9 (C) | Doubtful Risk | <ul style="list-style-type: none"> High probability of partial loss Very weak credit fundamentals which make full debt repayment in serious doubt Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile |
| 10 (D) | Lost | <ul style="list-style-type: none"> A definite loss of principal and interest Lack of capacity to repay unsecured debt Bleak economic prospects Though it is still possible to recover sometime in the future, it is imprudent to defer write-offs |

Risk ratings models form the building blocks for the determination of default risk of counterparties. The models are backtested to ascertain the predictive capabilities relative to actual performance and make necessary amendments as necessary to enhance their effectiveness.

In computing the credit loss at the counterparty level, the bank considers four components:

- (1) The 'Probability of Default' (PD),
- (2) Exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure at Default' (EAD),
- (3) The likely recovery ratio on the defaulted obligations,

the 'Loss Given Default' (LGD); and

- (4) The Emergence Period (EP) which is the time it takes from the date a loss event occurred to the date the entity identifies it has occurred

(1) Probability of Default (PD)

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

The rating tool combines both qualitative and

quantitative factors comparable to internationally available standards. The rating methods are subject to backtest to ensure that they reflect the latest projection in the light of all actually observed defaults.

(2) Exposure at Default (EAD)

EAD is the amount the Bank is owed at the time of default or at a reporting date. For a loan, this is the face value (principal plus interest) as at a particular reporting date.

(3) Loss Given Default (LGD)

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

(4) Emergence Period (EP)

Emergence period is the time period it takes from the date a loss event occurs to the date the bank identifies it has occurred. The emergence period is estimated by management for the identified portfolio. The factors that may influence this estimation include economic and market conditions, customer behaviour, portfolio management information, credit management techniques and collection and recovery experiences in the market. A fixed range for the period between a loss occurring and its identification is not defined across the Group and as it is assessed empirically on a periodic basis. It may vary over time as these factors change. Given that the credit policy guide requires all customers to be reviewed at least annually, we expect this estimated period would be at most 12 months in duration.

(iii) Risk Limit Control and Mitigation Policies

The Bank applies limits to control credit risk concentration and diversification of its risk assets portfolio. Limits are maintained for individual borrowers and groups of related borrowers, business lines, sectors, rating grade, collateral type and geographical area.

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

In addition to the regulatory limit, other parameters are applied internally to determine the suitable limits that an individual borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

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

These limits are usually recommended by Credit Risk Management Group and approved by the Board. The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector.

During a review period, limits can be realigned (by way of outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

Approval decisions are guided by strategic focus as well as the stated risk appetite and other limits established by the Board of Directors or Regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, Geographical Limits, Industry/ Economic sector limits etc. Internal credit approval limits are set for various levels of officers in the credit approval process to enhance turnaround time.

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

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

The above limits are subject to the following overriding approvals:

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

Master Netting Arrangements

Master netting arrangements are entered into to manage exposure to credit losses, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Off-balance sheet engagements

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

Contingencies

Contingent assets/liabilities which include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions, are not recognized in the annual financial statements but are disclosed.

Placements

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

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 31 December 2017 and 31 December 2016.

Credit risk exposure relating to On-Balance Sheet

| In thousands of Nigerian Naira | Maximum exposure | | Maximum exposure | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Group | | Parent | |
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Classification | | | | |
| Cash and cash equivalents: | | | | |
| - Unrestricted balances with central banks | 83,203,161 | 53,411,505 | 54,379,661 | 18,683,027 |
| - Balances held with other banks | 224,804,904 | 221,157,341 | 113,342,767 | 58,380,363 |
| - Money market placements | 266,662,035 | 135,916,085 | 245,450,392 | 119,989,594 |
| Loans and advances to banks | 750,361 | 653,718 | 43,480 | 29,943 |
| Loans and advances to customers ¹ : | | | | |
| - Loans to individuals | 162,458,313 | 154,707,793 | 102,698,430 | 111,486,978 |
| - Loans to non-individuals | 1,286,075,117 | 1,434,722,041 | 1,163,273,258 | 1,305,730,974 |
| Financial assets held for trading: | | | | |
| - Debt securities | 23,945,661 | 12,053,919 | 16,652,356 | 6,321,370 |
| - Derivative financial instruments | 2,839,078 | 1,042,470 | 2,839,078 | 1,042,470 |
| Investment securities: | | | | |
| - Debt securities | 610,938,635 | 524,295,537 | 452,085,230 | 409,556,558 |
| Assets pledged as collateral: | | | | |
| - Debt securities | 58,976,175 | 48,216,412 | 58,961,722 | 48,205,702 |
| Restricted deposits and other assets ² | 414,595,806 | 346,089,760 | 413,210,464 | 344,442,776 |
| Total | 3,135,249,246 | 2,932,266,581 | 2,622,936,838 | 2,423,869,755 |
| Loans exposure to total exposure | 46% | 54% | 48% | 58% |
| Debt securities exposure to total exposure | 22% | 20% | 20% | 19% |
| Other exposures to total exposure | 32% | 26% | 32% | 23% |

As shown above, 46% (Parent: 48%) of the total maximum exposures is derived from loans and advances to banks and customers (2016: 54% ; Parent: 58%); while 22% (Parent: 20%) represents exposure to investments in debt securities (2016: 20% ; Parent: 19%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

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

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

Credit risk exposure relating to Off-Balance Sheet

| In thousands of Nigerian Naira | Maximum exposure | | Maximum exposure | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Group | | Parent | |
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Financial guarantees | 433,620,435 | 503,027,562 | 414,229,702 | 468,303,919 |
| Other contingents | 60,752,732 | 80,470,256 | 22,369,921 | 43,091,160 |
| Total | 494,373,167 | 583,497,818 | 436,599,623 | 511,395,079 |

Contingencies are disclosed on Note 44

Classification of Maximum Exposure on Loans to Customers by Product

Loans and advances have been classified into Overdraft, Loans and Others throughout the Financials Statement.

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

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

| In thousands of Nigerian Naira | Group | | Parent | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Loans to individuals: | | | | |
| Overdraft | 11,154,553 | 6,618,019 | 5,317,073 | 5,200,811 |
| Loans | 151,303,760 | 148,087,976 | 97,381,357 | 106,286,167 |
| Others | - | 1,798 | - | - |
| | 162,458,313 | 154,707,793 | 102,698,430 | 111,486,978 |
| Loans to non-individuals: | | | | |
| Overdraft | 204,087,272 | 195,317,100 | 124,345,944 | 123,471,769 |
| Loans | 1,034,882,877 | 1,196,295,648 | 1,003,730,440 | 1,147,467,056 |
| Others | 47,104,968 | 43,109,293 | 35,196,874 | 34,792,149 |
| | 1,286,075,117 | 1,434,722,041 | 1,163,273,258 | 1,305,730,974 |

Credit quality of Financial Assets

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

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

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

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Sovereign Ratings | | | | |
| B- | 8,677,770 | 11,582,487 | - | - |
| B+ | 5,425,327 | 7,233,231 | - | - |
| Nigeria (B) S&P | 59,016,104 | 18,683,027 | 54,379,661 | 18,683,027 |
| unrated | 10,083,960 | 15,912,760 | - | - |
| | 83,203,161 | 53,411,505 | 54,379,661 | 18,683,027 |

Restricted and Unrestricted balances with Central Bank of Nigeria are assigned Sovereign rating of B as assessed by S&P

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

Balances held with other banks

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

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|--|----------------------|--------------------|-----------------------|-------------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Counterparties with external credit rating (S&P) | | | | |
| A | 1,829,878 | - | 1,829,878 | - |
| A-1 | 18,038,038 | 23,344,619 | - | 13,896,406 |
| A-1+ | 3,409,966 | 26,563,394 | - | 26,563,394 |
| A-2 | 178,488 | 6,282,280 | - | 6,282,280 |
| A-3 | 27,731,180 | 443,868 | - | 443,868 |
| A- | 7,195,411 | - | 7,195,411 | - |
| A+ | 85,132,174 | - | 85,132,174 | - |
| AA- | 2,812,538 | - | 2,812,538 | - |
| BB+ | 2,313 | - | 2,313 | - |
| Unrated | 78,474,918 | 164,523,180 | 16,370,453 | 11,194,415 |
| | 224,804,904 | 221,157,341 | 113,342,767 | 58,380,363 |

Money Market placements

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

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|---|-------------------------|--------------------|--------------------------|--------------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Counterparties with external credit rating (S&P) | | | | |
| A-1+ | 13,995,885 | 13,776,050 | 49,349,047 | 13,776,050 |
| A-1 | 159,209,971 | 77,454,775 | 131,058,929 | 72,378,877 |
| A-2 | 317,781 | 312,745 | 331,663 | 312,745 |
| A-3 | - | 14,060,882 | - | 14,060,882 |
| B | 53,657,909 | - | 49,746,348 | - |
| C | - | 7,506,148 | - | 7,506,148 |
| | 227,181,546 | 113,110,600 | 230,485,987 | 108,034,702 |
| Sovereign Ratings | | | | |
| B | 9,161,348 | 7,503,689 | 7,505,548 | 7,503,689 |
| | 9,161,348 | 7,503,689 | 7,505,548 | 7,503,689 |
| Counterparties without external credit rating | | | | |
| Unrated | 30,319,141 | 15,301,796 | - | - |
| Foreign Subsidiaries | - | - | 7,458,857 | 4,451,203 |
| | 30,319,141 | 15,301,796 | 7,458,857 | 4,451,203 |
| | 266,662,035 | 135,916,085 | 245,450,392 | 119,989,594 |

Financial Assets Held for trading

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

| In thousands of Nigerian Naira | Group | | Parent | |
|--------------------------------|-------------------|-------------------|-------------------|------------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Sovereign Ratings | | | | |
| Nigeria (B) S&P | 19,165,351 | 6,319,990 | 16,652,356 | 6,319,990 |
| B- (S&P) | 4,778,930 | 5,732,549 | - | - |
| Unrated | 1,380 | 1,380 | - | 1,380 |
| | 23,945,661 | 12,053,919 | 16,652,356 | 6,321,370 |

Investment Securities

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

| In thousands of Nigerian Naira | | Credit quality | | Credit quality | |
|--|----------------|--------------------|--------------------|--------------------|--------------------|
| | | Group | | Parent | |
| | | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Counterparties with external credit rating (S&P): | | | | | |
| | AA | 19,009,949 | 17,330,138 | - | - |
| | BB- | - | 4,081,574 | - | 4,081,574 |
| | B+ | 30,385,637 | 32,176,235 | - | - |
| | B- | 41,293,740 | 30,338,621 | - | - |
| | B | 485,478,696 | 400,255,721 | 450,077,976 | 400,255,721 |
| | unrated | 32,518,694 | 30,636,421 | - | - |
| Counterparties with external credit rating (Fitch): | | | | | |
| | B+ | - | 4,257,564 | - | - |
| Counterparties with external credit rating (Agusto): | | | | | |
| | A- | - | 3,211,148 | - | 3,211,148 |
| | Aa- | 2,251,919 | - | 2,007,254 | - |
| Counterparties without external credit rating : | | | | | |
| Sub-National Bonds | | | | | |
| | | - | 2,008,115 | - | 2,008,115 |
| | | 610,938,635 | 524,295,537 | 452,085,230 | 409,556,558 |

Of the Parent's Investment Securities of N452,085,230,000 (Dec 2016: N409,556,558,000) the sum of N443,450,994,000 (2016: N400,255,721,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of B (S&P).

Assets pledged as collateral

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

| In thousands of Nigerian Naira | | Group | | Parent | |
|--------------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Sovereign Ratings | | | | | |
| | Nigeria (B) S&P | 58,961,722 | 48,205,702 | 58,961,722 | 48,205,702 |
| | B | 14,453 | 10,710 | - | - |
| | | 58,976,175 | 48,216,412 | 58,961,722 | 48,205,702 |

Restricted deposits and other assets

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

| In thousands of Nigerian Naira | | Group | | Parent | |
|---|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Sovereign Ratings | | | | | |
| | Nigeria (B) S&P | 379,833,531 | 327,100,025 | 379,833,531 | 327,100,025 |
| Counterparties with external credit rating (S&P) | | | | | |
| | A-1 | 7,127,658 | 16,180,544 | 5,768,420 | 3,346,689 |
| | A-1+ | - | 857,957 | - | 857,957 |
| | A-2 | 849,069 | 9,138 | 147,787 | 9,138 |
| | B+ | 5,063,719 | - | - | - |
| | Unrated | 17,619,438 | 1,942,096 | 23,358,335 | 13,128,967 |
| Counterparties with external credit rating (Moody's) | | | | | |
| | P-3 | 177,982 | - | 177,982 | - |
| | F1+ | 268,902 | - | 268,902 | - |
| | F1 | 3,655,507 | - | 3,655,507 | - |
| | | 414,595,806 | 346,089,760 | 413,210,464 | 344,442,776 |

External credit rating (S&P)

AA-: Very Strong Capacity to Repay
A+: Strong Capacity to Repay
A: Strong Capacity to Repay
A-: Strong Capacity to Repay
A-1+ : Prime Rating
A-1 : Upper Medium Credit Rating
A-2 : Upper Medium Credit Rating
A-3 : Lower Medium Credit Rating
BB+:Moderate Capacity to Repay

External credit rating (S&P)

BB: Speculative credit rating
B+: Highly Speculative Credit Rating
B: Highly Speculative Credit Rating
B-: Highly Speculative Credit Rating
C: Speculative Credit Rating

External credit rating (Moody's)

P-3: Moderate Capacity to Repay
F1+: Strong capacity to meet its bligation
F1: Strong capacity to meet its obligation

External credit rating (Agusto):

Aa- : Very strong capacity to meet obligations
A- : Strong capacity to meet obligations
A : Strong capacity to meet obligations
B: Weak Financial condition but obligations are still being met as and when they fall due

External credit rating (Fitch)

B: Speculative credit rating
B+: Speculative credit rating

Credit Concentration

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

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

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

Credit risk exposure relating to On-Balance Sheet

Group Dec-2017

In thousands of Nigerian Naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---|----------------------|--------------------|--------------------|----------------------|
| Cash and cash equivalents: | | | | |
| - Unrestricted balances with central banks | 54,379,661 | 28,823,500 | - | 83,203,161 |
| - Balances held with other banks | 147,329 | 18,793,420 | 205,864,155 | 224,804,904 |
| - Money market placements | 7,505,548 | 28,670,499 | 230,485,988 | 266,662,035 |
| Loans and advances to banks | | | | |
| | 43,480 | - | 706,881 | 750,361 |
| Loans and advances to customers ¹ : | | | | |
| - Loans to individuals | 102,698,494 | 21,771,267 | 37,988,552 | 162,458,313 |
| - Loans to non-individuals | 1,161,844,696 | 124,230,421 | - | 1,286,075,117 |
| Financial assets held for trading | | | | |
| - Debt securities | 16,652,356 | 7,293,305 | - | 23,945,661 |
| - Derivative financial instruments | 2,839,078 | - | - | 2,839,078 |
| Investment securities: | | | | |
| - Debt securities | 445,458,247 | 129,709,466 | 35,770,922 | 610,938,635 |
| Assets pledged as collateral: | | | | |
| - Debt securities | 58,961,722 | 14,453 | - | 58,976,175 |
| Restricted deposits and other assets ² | | | | |
| | 393,981,658 | 1,563,323 | 19,050,825 | 414,595,806 |
| | 2,244,512,269 | 360,869,654 | 529,867,323 | 3,135,249,246 |

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Group Dec-2017

In thousands of Nigerian Naira

| | Nigeria | Rest of Africa | Outside Africa | Total |
|----------------------|--------------------|-------------------|-------------------|--------------------|
| Financial guarantees | 414,229,702 | 19,200,178 | 190,555 | 433,620,435 |
| Other contingents | 22,369,921 | 21,112,321 | 17,270,490 | 60,752,732 |
| | 436,599,623 | 40,312,499 | 17,461,045 | 494,373,167 |

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Group Dec-2017

In thousands of Nigerian Naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---------------------------|----------------------|--------------------|-------------------|----------------------|
| Loans to individuals: | | | | |
| Overdraft | 5,317,139 | 5,795,070 | 42,344 | 11,154,553 |
| Loans | 97,381,355 | 15,976,197 | 37,946,208 | 151,303,760 |
| | 102,698,494 | 21,771,267 | 37,988,552 | 162,458,313 |
| Loans to non-individuals: | | | | |
| Overdraft | 122,917,384 | 81,169,888 | - | 204,087,272 |
| Loans | 1,003,730,440 | 31,152,437 | - | 1,034,882,877 |
| Others [#] | 35,196,872 | 11,908,096 | - | 47,104,968 |
| | 1,161,844,696 | 124,230,421 | - | 1,286,075,117 |

[#]Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Group Dec-2016

In thousands of Nigerian naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---|----------------------|--------------------|--------------------|----------------------|
| Cash and cash equivalents: | | | | |
| - Unrestricted balances with central banks | 18,683,027 | 34,728,478 | - | 53,411,505 |
| - Balances held with other banks | 113,229 | 20,779,786 | 200,264,326 | 221,157,341 |
| - Money market placements | 15,009,836 | 20,377,695 | 100,528,554 | 135,916,085 |
| Loans and advances to banks | 29,943 | 494,109 | 129,666 | 653,718 |
| Loans and advances to customers ¹ : | | | | |
| - Loans to individuals | 111,487,043 | 15,368,699 | 27,852,051 | 154,707,793 |
| - Loans to non-individuals | 1,303,654,635 | 131,067,406 | - | 1,434,722,041 |
| Financial assets held for trading | | | | |
| - Debt securities | 6,321,370 | 5,732,549 | - | 12,053,919 |
| - Derivative financial instruments | 1,042,470 | - | - | 1,042,470 |
| Hedging derivatives | | | | |
| Investment securities: | | | | |
| - Debt securities | 400,363,926 | 97,408,841 | 26,522,770 | 524,295,537 |
| Assets pledged as collateral: | | | | |
| - Debt securities | 48,205,702 | 10,710 | - | 48,216,412 |
| Restricted deposits and other assets ² | 334,274,132 | 1,650,786 | 10,164,842 | 346,089,760 |
| | 2,239,185,313 | 327,619,059 | 365,462,209 | 2,932,266,581 |

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Group Dec-2016

In thousands of Nigerian Naira

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

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Group Dec-2016

In thousands of Nigerian Naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---------------------------|----------------------|--------------------|-------------------|----------------------|
| Loans to individuals: | | | | |
| Overdraft | 5,200,877 | 1,375,226 | 41,916 | 6,618,019 |
| Loans | 106,286,166 | 13,991,675 | 27,810,135 | 148,087,976 |
| Others | - | 1,798 | - | 1,798 |
| | 111,487,043 | 15,368,699 | 27,852,051 | 154,707,793 |
| Loans to non-individuals: | | | | |
| Overdraft | 121,395,432 | 73,921,668 | - | 195,317,100 |
| Loans | 1,147,467,056 | 48,828,592 | - | 1,196,295,648 |
| Others ¹ | 34,792,147 | 8,317,146 | - | 43,109,293 |
| | 1,303,654,635 | 131,067,406 | - | 1,434,722,041 |

¹Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent Dec-2017

In thousands of Nigerian Naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---|----------------------|----------------|--------------------|----------------------|
| Cash and cash equivalents: | | | | |
| - Unrestricted balances with central banks | 54,379,661 | - | - | 54,379,661 |
| - Balances held with other banks | - | 2,313 | 113,340,454 | 113,342,767 |
| - Money market placements | 7,505,548 | - | 237,944,844 | 245,450,392 |
| Loans and advances to banks | 43,480 | - | - | 43,480 |
| Loans and advances to customers ¹ : | | | | |
| - Loans to individuals | 102,698,430 | - | - | 102,698,430 |
| - Loans to non-individuals | 1,163,273,258 | - | - | 1,163,273,258 |
| Financial assets held for trading: | | | | |
| - Debt securities | 16,652,356 | - | - | 16,652,356 |
| - Derivative financial instruments | 2,839,078 | - | - | 2,839,078 |
| Investment securities: | | | | |
| - Debt securities | 445,458,247 | - | 6,626,983 | 452,085,230 |
| Assets pledged as collateral: | | | | |
| - Debt securities | 58,961,722 | - | - | 58,961,722 |
| Restricted deposits and other assets ² | 393,981,657 | 177,982 | 19,050,825 | 413,210,464 |
| | 2,245,793,437 | 180,295 | 376,963,106 | 2,622,936,838 |

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

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

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

Credit risk exposure relating to Off-Balance Sheet

Parent Dec-2017

In thousands of Nigerian Naira

| | Nigeria | Rest of Africa | Outside Africa | Total |
|----------------------|--------------------|----------------|----------------|--------------------|
| Financial guarantees | 414,229,702 | - | - | 414,229,702 |
| Other contingents | 22,369,921 | - | - | 22,369,921 |
| | 436,599,623 | - | - | 436,599,623 |

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Parent Dec-2017

In thousands of Nigerian Naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---------------------------|----------------------|----------------|----------------|----------------------|
| Loans to individuals: | | | | |
| Overdraft | 5,317,073 | - | - | 5,317,073 |
| Loans | 97,381,357 | - | - | 97,381,357 |
| | 102,698,430 | - | - | 102,698,430 |
| Loans to non-individuals: | | | | |
| Overdraft | 124,345,944 | - | - | 124,345,944 |
| Loans | 1,003,730,440 | - | - | 1,003,730,440 |
| Others ¹ | 35,196,874 | - | - | 35,196,874 |
| | 1,163,273,258 | - | - | 1,163,273,258 |

¹Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet
**Parent
Dec-2016**

In thousands of Nigerian Naira

| Classification | Nigeria | Rest of Africa | Outside Africa | Total |
|---|----------------------|-----------------------|-----------------------|----------------------|
| Cash and cash equivalents: | | | | |
| - Unrestricted balances with central banks | 18,683,027 | - | - | 18,683,027 |
| - Balances held with other banks | - | 2,168,475 | 56,211,888 | 58,380,363 |
| - Money market placements | 15,009,836 | - | 104,979,758 | 119,989,594 |
| Loans and advances to banks | | | | |
| | 29,943 | - | - | 29,943 |
| Loans and advances to customers ¹ : | | | | |
| - Loans to individuals | 111,486,978 | - | - | 111,486,978 |
| - Loans to non-individuals | 1,305,730,974 | - | - | 1,305,730,974 |
| Financial assets held for trading | | | | |
| - Debt securities | 6,321,370 | - | - | 6,321,370 |
| - Derivative financial instruments | 1,042,470 | - | - | 1,042,470 |
| Investment securities: | | | | |
| - Debt securities | 400,363,926 | - | 9,192,632 | 409,556,558 |
| Assets pledged as collateral: | | | | |
| - Debt securities | 48,205,702 | - | - | 48,205,702 |
| Restricted deposits and other assets ² | 334,274,134 | 3,800 | 10,164,842 | 344,442,776 |
| | 2,241,148,360 | 2,172,275 | 180,549,120 | 2,423,869,755 |

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

**Parent
Dec-2016**

In thousands of Nigerian Naira

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

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

**Parent
Dec-2016**

In thousands of Nigerian Naira

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

¹Others include Usances and Usance Settlement.

(ii) Industry sectors

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

**Credit Risk Exposure to on-balance sheet items
Group
Dec-2017**

In thousands of Nigerian naira

| Classification | Capital market & Financial institution | | | | | Info. | | | | Total | |
|---|--|------------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------------------------|--------------------|--------------------|----------------------|
| | Agriculture | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Telecoms & Transport ² | Individual | | Others ¹ |
| Cash and cash equivalents: | | | | | | | | | | | |
| - Unrestricted balances with central banks | - | - | - | - | 83,203,161 | - | - | - | - | - | 83,203,161 |
| - Balances held with other banks | - | 224,804,904 | - | - | - | - | - | - | - | - | 224,804,904 |
| - Money market placements | - | 249,961,633 | - | 8,363,411 | 8,336,991 | - | - | - | - | - | 266,662,035 |
| Loans and advances to banks | - | 750,361 | - | - | - | - | - | - | - | - | 750,361 |
| Loans and advances to customers ³ : | | | | | | | | | | | |
| - Loans to individuals | - | - | - | - | - | - | - | - | 162,458,313 | - | 162,458,313 |
| - Loans to non-individuals | 27,712,920 | 43,322,999 | 109,007,277 | 8,305,543 | 52,905,237 | 44,568,505 | 533,027,479 | 89,358,891 | - | 117,623,912 | 1,286,075,117 |
| Financial assets held for trading | | | | | | | | | | | |
| - Debt securities | - | - | - | - | 23,945,661 | - | - | - | - | - | 23,945,661 |
| - Derivative financial instruments | - | 609,654 | - | 682 | - | 27,925 | 2,200,817 | - | - | - | 2,839,078 |
| Investment securities: | | | | | | | | | | | |
| - Debt securities | - | 6,626,983 | - | 227,777 | 604,083,875 | - | - | - | - | - | 610,938,635 |
| Assets pledged as collateral: | | | | | | | | | | | |
| - Debt securities | - | - | - | 14,453 | 58,961,722 | - | - | - | - | - | 58,976,175 |
| Restricted deposits and other assets ⁴ | | | | | | | | | | | |
| - | - | - | - | - | 6,341,840 | - | - | - | - | 408,253,966 | 414,595,806 |
| | 27,712,920 | 526,076,534 | 109,007,277 | 8,305,543 | 837,778,487 | 244,596,430 | 535,228,296 | 89,358,891 | 162,458,313 | 525,877,878 | 3,135,249,246 |

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

²Includes Telecoms, Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items
Group
Dec-2017

In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Info. Telecoms & Transport ² | Individual | Others ¹ | Total |
|----------------------|------------------|--|---------------------------|----------------|-------------------|---------------|-------------------|-------------------|---|------------|---------------------|--------------------|
| | | | | | | | | | | | | |
| Financial guarantees | 1,431,584 | 2,857,604 | 284,677,004 | 204,169 | 13,429,837 | 75,000 | 9,147,497 | 62,017,924 | 2,553,838 | - | 57,225,978 | 433,620,435 |
| Other contingents | 503,629 | 838,082 | 960,614 | - | 6,500,861 | - | 11,744,259 | 5,202,698 | 971,620 | - | 34,030,969 | 60,752,732 |
| Total | 1,935,213 | 3,695,686 | 285,637,618 | 204,169 | 19,930,698 | 75,000 | 20,891,756 | 67,220,622 | 3,525,458 | - | 91,256,947 | 494,373,167 |

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

²Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product
Group
Dec-2017

In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Info. Telecoms & Transport ² | Individual | Others ¹ | Total |
|---------------------------|-------------------|--|---------------------------|------------------|-------------------|-------------------|--------------------|--------------------|---|-------------|---------------------|----------------------|
| | | | | | | | | | | | | |
| Loans to individuals: | - | - | - | - | - | - | - | - | - | 11,154,553 | - | 11,154,553 |
| Overdraft | - | - | - | - | - | - | - | - | - | 151,303,760 | - | 151,303,760 |
| Loans | - | - | - | - | - | - | - | - | - | 162,458,313 | - | 162,458,313 |
| Loans to non-individuals: | | | | | | | | | | | | |
| Overdraft | 7,548,718 | 4,295,262 | 24,264,885 | 2,180,320 | 17,019,523 | 1,778,023 | 42,972,200 | 66,255,743 | 4,697,892 | - | 33,074,706 | 204,087,272 |
| Loans | 19,289,302 | 39,027,724 | 84,056,792 | 5,722,865 | 37,008,481 | 51,127,214 | 193,033,878 | 443,307,818 | 84,660,999 | - | 77,647,804 | 1,034,882,877 |
| Others | 874,900 | 13 | 685,600 | 402,358 | 6,214,350 | - | 8,562,427 | 23,463,918 | - | - | 6,901,402 | 47,104,968 |
| Total | 27,712,920 | 43,322,999 | 109,007,277 | 8,305,543 | 60,242,354 | 52,905,237 | 244,568,505 | 533,027,479 | 89,358,891 | - | 117,623,912 | 1,286,075,117 |

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

²Includes Telecoms, Logistics, Maritime and Haulage.

Credit Risk Exposure to on-balance sheet items

Group

Dec-2016

In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Info. Telecoms & Transport ² | Individual | Others ¹ | Total |
|---|-------------|--|---------------------------|-----------|------------------|-------------|---------------|-------------|---|-------------|---------------------|---------------|
| | | | | | | | | | | | | |
| Cash and cash equivalents: | | | | | | | | | | | | |
| - Unrestricted balances with central banks | - | - | - | - | - | 53,411,505 | - | - | - | - | - | 53,411,505 |
| - Balances held with other banks | - | 221,157,341 | - | - | - | - | - | - | - | - | - | 221,157,341 |
| - Money market placements | - | 118,621,773 | - | - | 10,730,794 | 6,563,518 | - | - | - | - | - | 135,916,085 |
| Loans and advances to banks | - | 159,610 | - | - | 494,108 | - | - | - | - | - | - | 653,718 |
| Loans and advances to customers ³ : | | | | | | | | | | | | |
| - Loans to individuals | - | - | - | - | - | - | - | - | - | 154,707,793 | - | 154,707,793 |
| - Loans to non-individuals | 25,032,726 | 44,697,669 | 106,781,477 | 9,593,043 | 61,434,017 | 56,084,289 | 264,289,203 | 576,848,646 | 127,769,351 | - | 162,191,620 | 1,434,722,041 |
| Financial assets held for trading | | | | | | | | | | | | |
| - Debt securities | - | 5,732,549 | - | - | - | 6,321,370 | - | - | - | - | - | 12,053,919 |
| - Derivative financial instruments | - | 649,458 | 6,065 | - | 9,278 | - | 56,569 | 319 | 320,781 | - | - | 1,042,470 |
| Investment securities: | | | | | | | | | | | | |
| - Debt securities | - | 39,531,255 | - | - | - | 484,764,282 | - | - | - | - | - | 524,295,537 |
| Assets pledged as collateral: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | 10,710 | 48,205,702 | - | - | - | - | - | 48,216,412 |
| Restricted deposits and other assets ⁴ | | | | | | | | | | | | |
| | 25,032,726 | 430,549,655 | 106,787,542 | 9,593,043 | 72,678,907 | 655,350,666 | 264,345,772 | 576,848,965 | 128,090,132 | 4,707,793 | 508,281,380 | 2,932,266,581 |

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

FINANCIAL RISK MANAGEMENT

Credit Risk Exposure to off-balance sheet items

Group

Dec-2016

In thousands of Nigerian Naira

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

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

² Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group

Dec-2016

In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Info. Telecoms & Transport. ² | Individual | Others ¹ | Total |
|---------------------------|-------------------|--|---------------------------|------------------|-------------------|-------------------|--------------------|--------------------|--|--------------------|---------------------|----------------------|
| Loans to individuals: | | | | | | | | | | | | |
| Overdraft | - | - | - | - | - | - | - | - | - | 6,618,019 | - | 6,618,019 |
| Loans | - | - | - | - | - | - | - | - | - | 148,087,976 | - | 148,087,976 |
| Others | - | - | - | - | - | - | - | - | - | 1,798 | - | 1,798 |
| Total | - | - | - | - | - | - | - | - | - | 154,707,793 | - | 154,707,793 |
| Loans to non-individuals: | | | | | | | | | | | | |
| Overdraft | 8,239,184 | 4,166,854 | 26,902,394 | 2,621,523 | 27,864,023 | 383,118 | 44,409,773 | 30,123,160 | 4,923,134 | - | 45,683,937 | 195,317,100 |
| Loans | 14,215,495 | 40,530,815 | 78,852,160 | 6,968,582 | 32,090,022 | 55,701,171 | 216,440,500 | 516,764,460 | 122,789,432 | - | 111,943,011 | 1,196,295,648 |
| Others | 2,578,047 | - | 1,026,923 | 2,938 | 1,479,972 | - | 3,438,930 | 29,961,026 | 56,785 | - | 4,564,672 | 43,109,293 |
| Total | 25,032,726 | 44,697,669 | 106,781,477 | 9,593,043 | 61,434,017 | 56,084,289 | 264,289,203 | 576,848,646 | 127,769,351 | - | 162,191,620 | 1,434,722,041 |

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

² Includes Telecoms, Logistics, Maritime and Haulage.

Credit risk exposure relating to On-Balance Sheet
Parent
Dec-2017

In thousands of Nigerian Naira

| Classification | Capital market & Financial institution | | | | | | Info. Telecoms & Transport ² | Individual | Others ¹ | Total |
|---|--|---------------------------|-------------------|------------------|-------------------|--------------------|---|--------------------|---------------------|----------------------|
| | Agriculture | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | | | | |
| Cash and cash equivalents: | | | | | | | | | | |
| - Unrestricted balances with central banks | - | - | - | - | - | 54,379,661 | - | - | - | 54,379,661 |
| - Balances held with other banks | - | 113,342,767 | - | - | - | - | - | - | - | 113,342,767 |
| - Money market placements | - | 245,450,392 | - | - | - | - | - | - | - | 245,450,392 |
| Loans and advances to banks | - | 43,480 | - | - | - | - | - | - | - | 43,480 |
| Loans and advances to customers ³ : | | | | | | | | | | |
| - Loans to individuals | - | - | - | - | - | - | - | 102,698,430 | - | 102,698,430 |
| - Loans to non-individuals | 20,559,824 | 43,988,130 | 89,273,394 | 5,527,681 | 55,102,458 | 51,158,902 | 221,734,026 | 517,295,744 | 89,358,891 | 1,163,273,258 |
| Financial assets held for trading | | | | | | | | | | |
| - Debt securities | - | - | - | - | - | 16,652,356 | - | - | - | 16,652,356 |
| - Derivative financial instruments | - | 609,654 | - | - | 682 | - | 27,925 | 2,200,817 | - | 2,839,078 |
| Investment securities: | | | | | | | | | | |
| - Debt securities | - | 6,626,983 | - | - | - | 445,458,247 | - | - | - | 452,085,230 |
| Assets pledged as collateral: | | | | | | | | | | |
| - Debt securities | - | - | - | - | - | 58,961,722 | - | - | - | 58,961,722 |
| Restricted deposits and other assets ⁴ | | | | | | | | | | |
| | - | - | - | - | - | 6,341,840 | - | - | - | 413,210,464 |
| | 20,559,824 | 410,061,406 | 89,273,394 | 5,527,681 | 55,103,140 | 632,952,728 | 221,761,951 | 519,496,561 | 89,358,891 | 2,622,936,838 |

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

² Includes Telecoms, Logistics, Maritime and Haulage.

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

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

FINANCIAL RISK MANAGEMENT

Credit Risk Exposure to off-balance sheet items

Parent

Dec-2017

In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Info. Telecoms & Transport. ² | Individual | Others ¹ | Total |
|----------------------|------------------|--|---------------------------|----------------|-------------------|---------------|-------------------|-------------------|--|------------|---------------------|--------------------|
| Financial guarantees | 1,420,000 | 2,857,604 | 280,566,466 | 200,000 | 11,848,295 | 75,000 | 8,995,208 | 60,599,154 | 2,553,838 | - | 45,114,137 | 414,229,702 |
| Other contingents | - | - | 275,878 | - | 5,466,130 | - | 9,888,076 | 3,587,927 | 971,620 | - | 2,180,290 | 22,369,921 |
| Total | 1,420,000 | 2,857,604 | 280,842,344 | 200,000 | 17,314,425 | 75,000 | 18,883,284 | 64,187,081 | 3,525,458 | - | 47,294,427 | 436,599,623 |

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

²Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2017

In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Info. Telecoms & Transport. ² | Individual | Others ¹ | Total |
|---------------------------|-------------------|--|---------------------------|------------------|-------------------|-------------------|--------------------|--------------------|--|------------|---------------------|----------------------|
| Loans to individuals: | | | | | | | | | | | | |
| Overdraft | - | - | - | - | - | - | - | - | - | 5,317,073 | - | 5,317,073 |
| Loans | - | - | - | - | - | - | - | - | - | 97,381,357 | - | 97,381,357 |
| Loans to non-individuals: | | | | | | | | | | | | |
| Overdraft | 1,064,992 | 4,985,388 | 12,384,901 | 363,953 | 12,413,669 | 31,688 | 32,101,685 | 52,184,029 | 4,697,892 | - | 4,117,747 | 124,345,944 |
| Loans | 19,055,333 | 39,002,742 | 76,842,507 | 5,163,728 | 36,932,004 | 51,127,214 | 182,536,677 | 443,272,533 | 84,660,999 | - | 65,136,703 | 1,003,730,440 |
| Others | 439,499 | - | 45,986 | - | 5,756,785 | - | 7,095,664 | 21,839,182 | - | - | 19,758 | 35,196,874 |
| Total | 20,559,824 | 43,988,130 | 89,273,394 | 5,527,681 | 55,102,458 | 51,158,902 | 221,734,026 | 517,295,744 | 89,358,891 | - | 69,274,208 | 1,163,273,258 |

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

²Includes Telecoms, Logistics, Maritime and Haulage.

Credit Risk Exposure to on-balance sheet items
Parent
Dec-2016

In thousands of Nigerian Naira

| Classification | Capital market & Financial institution | | | | | Info. Telecoms & Transport. ² | | | | | Total | |
|---|--|---------------------------|------------------|-------------------|--------------------|--|--------------------|---------------------|--------------------|---------------------|----------------------|-------------|
| | Agriculture | Construction/ Real estate | Education | General Commerce | Government | Manufacturing | Oil & gas | Others ¹ | Individual | Others ¹ | | |
| Cash and cash equivalents: | | | | | | | | | | | | |
| - Unrestricted balances with central banks | - | - | - | - | 18,683,027 | - | - | - | - | - | - | 18,683,027 |
| - Balances held with other banks | - | 58,380,363 | - | - | - | - | - | - | - | - | - | 58,380,363 |
| - Money market placements | - | 119,989,594 | - | - | - | - | - | - | - | - | - | 119,989,594 |
| Loans and advances to banks | - | 29,943 | - | - | - | - | - | - | - | - | - | 29,943 |
| Loans and advances to customers ³ : | | | | | | | | | | | | |
| - Loans to individuals | - | - | - | - | - | - | - | - | 111,486,978 | - | - | 111,486,978 |
| - Loans to non individuals | 16,132,294 | 44,897,760 | 7,180,311 | 49,451,356 | 55,831,434 | 247,766,100 | 558,236,236 | 127,769,350 | - | 106,420,019 | 1,305,730,974 | |
| Financial assets held for trading: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | 6,321,370 | - | - | - | - | - | - | 6,321,370 |
| - Derivative financial instruments | - | 6,065 | - | 9,278 | - | 56,569 | 319 | 320,781 | - | - | - | 1,042,470 |
| Investment securities: | | | | | | | | | | | | |
| - Debt securities | - | 9,192,632 | - | - | 400,363,926 | - | - | - | - | - | - | 409,556,558 |
| Assets pledged as collateral: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | 48,205,702 | - | - | - | - | - | - | 48,205,702 |
| Restricted deposits and other assets ⁴ | - | - | - | - | 327,100,025 | - | - | - | - | 17,342,751 | - | 344,442,776 |
| | 16,132,294 | 233,139,750 | 7,180,311 | 49,460,634 | 856,505,484 | 247,822,669 | 558,236,555 | 128,090,131 | 111,486,978 | 123,762,770 | 2,423,869,755 | |

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

²Includes Telecoms, Logistics, Maritime and Haulage.

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

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

Credit Risk Exposure to off-balance sheet items
Parent
Dec-2016

In thousands of Nigerian Naira

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

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

²Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product
Parent
Dec-2016

In thousands of Nigerian Naira

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

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

²Includes Telecoms, Logistics, Maritime and Haulage.

(vii) Impairment and provisioning policies

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

(1) Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**
These are significant loans and advances where contractual interest or principal payments are not past due. The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (see Note 4(f)(ii) Credit Risk Measurement). These are assigned ratings 1-6¹.
- **Past due but not impaired:**
These are loans and advances where contractual interest or principal payments are past due but individually assessed as not being impaired. The Group believes that impairment is not appropriate on the basis of the level of receivable/security/collateral available and/or the stage of collection of amounts owed to the Group. This is assigned rating 7¹.
- **Individually impaired:**
Individually impaired are loans and advances for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/advance agreement(s). These are loans and advances specifically impaired. These are assigned ratings 8-10¹.
- **Collectively impaired:**
Collectively impaired are portfolios of homogenous loans and advances where contractual interest or principal payments are not past due, but have been assessed for impairment by the Group. Thus, Loans assessed for collective impairment transverse from ratings 1 to ratings 7¹.

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

This classification is in line with disclosures in note 4 on page 116-117

(2) Allowances for impairment

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

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

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

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

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

(4) Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Group Management Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Categorization of Loans and advances

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

Group

In thousands of Nigerian Naira

| | Dec-2017 | | | | Dec-2016 | | | |
|---------------------------------|---------------------|--------------------------|----------------|----------------------|---------------------|--------------------------|----------------|----------------------|
| | Loans to Individual | Loans to non- Individual | Loans to Banks | Total | Loans to Individual | Loans to non- Individual | Loans to Banks | Total |
| Neither past due nor impaired | 151,857,920 | 992,401,184 | 737,683 | 1,144,996,787 | 147,590,217 | 1,207,493,825 | 652,994 | 1,355,737,036 |
| Past due but not impaired | 2,999 | 10,367,137 | - | 10,370,136 | - | 798,424 | - | 798,424 |
| Individually impaired | 1,970,023 | 114,227,644 | - | 116,197,667 | 1,968,140 | 58,429,529 | - | 60,397,669 |
| Collectively Impaired | 12,235,508 | 233,260,725 | 14,308 | 245,510,541 | 8,369,935 | 245,427,601 | 1,845 | 253,799,381 |
| Gross Loans and Advances | 166,066,450 | 1,350,256,690 | 751,991 | 1,517,075,131 | 157,928,292 | 1,512,149,379 | 654,839 | 1,670,732,510 |
| Less allowances for impairment: | | | | | | | | |
| Individually impaired | 1,309,374 | 47,605,013 | - | 48,914,387 | 1,085,240 | 19,891,322 | - | 20,976,562 |
| Portfolio allowance | 2,298,763 | 16,576,560 | 1,630 | 18,876,953 | 2,135,259 | 57,536,016 | 1,121 | 59,672,396 |
| Total allowance | 3,608,137 | 64,181,573 | 1,630 | 67,791,340 | 3,220,499 | 77,427,338 | 1,121 | 80,648,958 |
| Net Loans and Advances | 162,458,313 | 1,286,075,117 | 750,361 | 1,449,283,791 | 154,707,793 | 1,434,722,041 | 653,718 | 1,590,083,552 |

The total impairment allowances for loans and advances is N67,791,340,000 (2016: N80,648,958,000) of which N48,914,387,000 (2016: N20,976,562,000) represents the impairment allowance on individually impaired loans and the remaining amount of N18,876,953,000 (2016: N59,672,396,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Group

In thousands of Nigerian Naira

| | Dec-2017 | | | Dec-2016 | | | Total |
|--------------------------------------|---------------------|-------------------------|----------------|---------------------|-------------------------|----------------|----------------------|
| | Loans to Individual | Loans to non-Individual | Loans to Banks | Loans to Individual | Loans to non-Individual | Loans to Banks | |
| Loans | 144,028,918 | 834,381,575 | 706,672 | 142,509,830 | 1,054,282,459 | 623,775 | 1,197,416,064 |
| Overdrafts | 7,829,002 | 148,984,106 | 31,011 | 5,078,719 | 147,004,115 | 29,219 | 152,112,053 |
| Others | - | 9,035,503 | - | 1,668 | 6,207,251 | - | 6,208,919 |
| Neither past due nor impaired | 151,857,920 | 992,401,184 | 737,683 | 147,590,217 | 1,207,493,825 | 652,994 | 1,355,737,036 |
| Loans | 2,706 | 5,780,211 | - | - | 689,427 | - | 689,427 |
| Overdrafts | 293 | 4,581,976 | - | - | 106,492 | - | 106,492 |
| Others | - | 4,950 | - | - | 2,505 | - | 2,505 |
| Past due but not impaired | 2,999 | 10,367,137 | - | - | 798,424 | - | 798,424 |
| Loans | 1,828,654 | 97,118,340 | - | 1,737,685 | 47,279,632 | - | 49,017,317 |
| Overdrafts | 141,369 | 15,945,663 | - | 230,415 | 10,427,676 | - | 10,658,091 |
| Others | - | 1,163,641 | - | 40 | 722,221 | - | 722,261 |
| Individually impaired | 1,970,023 | 114,227,644 | - | 1,968,140 | 58,429,529 | - | 60,397,669 |
| Loans | 8,090,978 | 146,458,877 | 2,055 | 6,163,180 | 122,338,042 | 1,845 | 128,503,067 |
| Overdrafts | 4,144,530 | 48,939,294 | 12,253 | 2,206,624 | 46,084,478 | - | 48,291,102 |
| Others | - | 37,862,554 | - | 131 | 77,005,081 | - | 77,005,212 |
| Collectively Impaired | 12,235,508 | 233,260,725 | 14,308 | 8,369,935 | 245,427,601 | 1,845 | 253,799,381 |

FINANCIAL RISK MANAGEMENT

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

| | Dec-2017 | | | Dec-2016 | | | | |
|-----------------------------|---------------------|-------------------------|----------------|-------------------|---------------------|-------------------------|----------------|-------------------|
| | Loans to Individual | Loans to non-Individual | Loans to Banks | Total | Loans to Individual | Loans to non-Individual | Loans to Banks | Total |
| Specific allowance: | | | | | | | | |
| Loans | 1,219,772 | 39,243,656 | - | 40,463,428 | 1,048,642 | 16,387,454 | - | 17,436,096 |
| Overdrafts | 89,602 | 7,820,027 | - | 7,909,629 | 36,559 | 3,244,652 | - | 3,281,211 |
| Others | - | 541,330 | - | 541,330 | 39 | 259,216 | - | 259,255 |
| | 1,309,374 | 47,605,013 | - | 48,914,387 | 1,085,240 | 19,891,322 | - | 20,976,562 |
| Portfolio allowance: | | | | | | | | |
| Loans | 1,427,724 | 9,612,470 | 1,109 | 11,041,303 | 1,274,077 | 11,906,458 | 1,108 | 13,181,643 |
| Overdrafts | 871,039 | 6,543,740 | 521 | 7,415,300 | 861,180 | 5,061,009 | 13 | 5,922,202 |
| Others | - | 420,350 | - | 420,350 | 2 | 40,568,549 | - | 40,568,551 |
| | 2,298,763 | 16,576,560 | 1,630 | 18,876,953 | 2,135,259 | 57,536,016 | 1,121 | 59,672,396 |
| Total allowance | 3,608,137 | 64,181,573 | 1,630 | 67,791,340 | 3,220,499 | 77,427,338 | 1,121 | 80,648,958 |

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

Parent

In thousands of Nigerian Naira

| | Dec-2017 | | | | Dec-2016 | | | |
|---------------------------------|---------------------|-------------------------|----------------|----------------------|---------------------|-------------------------|----------------|----------------------|
| | Loans to Individual | Loans to non-Individual | Loans to Banks | Total | Loans to Individual | Loans to non-Individual | Loans to Banks | Total |
| Neither past due nor impaired | 97,512,132 | 899,222,829 | 31,011 | 996,765,972 | 107,348,702 | 1,111,225,215 | 29,219 | 1,218,603,136 |
| Past due but not impaired | - | 10,316,092 | - | 10,316,092 | - | 759,575 | - | 759,575 |
| Individually impaired | 522,787 | 102,227,628 | - | 102,750,415 | 1,016,435 | 47,228,570 | - | 48,245,005 |
| Collectively Impaired | 7,284,110 | 209,164,817 | 14,099 | 216,463,026 | 5,202,731 | 218,336,488 | 1,845 | 223,541,064 |
| Gross Loans and Advances | 105,319,029 | 1,220,931,366 | 45,110 | 1,326,295,505 | 113,567,868 | 1,377,549,848 | 31,064 | 1,491,148,780 |
| Less allowances for impairment: | | | | | | | | |
| Individually impaired | 392,090 | 42,022,563 | - | 42,414,653 | 2,500 | 15,871,130 | - | 15,873,630 |
| Portfolio allowance | 2,228,509 | 15,635,545 | 1,630 | 17,865,684 | 2,078,390 | 55,947,744 | 1,121 | 58,027,255 |
| Total allowance | 2,620,599 | 57,658,108 | 1,630 | 60,280,337 | 2,080,890 | 71,818,874 | 1,121 | 73,900,885 |
| Net Loans and Advances | 102,698,430 | 1,163,273,258 | 43,480 | 1,266,015,168 | 111,486,978 | 1,305,730,974 | 29,943 | 1,417,247,895 |

The total impairment allowances for loans and advances is N60,280,337,000 (2016: N73,900,885,000) of which N42,414,653,000 (2016: N15,873,630,000) represents the impairment allowance on individually impaired loans and the remaining amount of N17,865,684,000 (2016: N58,027,255,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Parent

In thousands of Nigerian Naira

| | Dec-2017 | | | Dec-2016 | | | | |
|--------------------------------------|---------------------|-------------------------|----------------|--------------------|---------------------|-------------------------|----------------|----------------------|
| | Loans to Individual | Loans to non-Individual | Loans to Banks | Total | Loans to Individual | Loans to non-Individual | Loans to Banks | Total |
| Loans | 94,991,749 | 810,744,043 | - | 905,735,792 | 103,589,506 | 1,017,840,706 | - | 1,121,430,212 |
| Overdrafts | 2,520,383 | 88,478,786 | 31,011 | 91,030,180 | 3,759,196 | 93,384,509 | 29,219 | 97,172,924 |
| Neither past due nor impaired | 97,512,132 | 899,222,829 | 31,011 | 996,765,972 | 107,348,702 | 1,111,225,215 | 29,219 | 1,218,603,136 |
| Loans | - | 5,767,262 | - | 5,767,262 | - | 674,721 | - | 674,721 |
| Overdrafts | - | 4,548,830 | - | 4,548,830 | - | 84,854 | - | 84,854 |
| Past due but not impaired | - | 10,316,092 | - | 10,316,092 | - | 759,575 | - | 759,575 |
| Loans | 522,787 | 94,074,170 | - | 94,596,957 | 817,226 | 43,039,594 | - | 43,856,820 |
| Overdrafts | - | 8,153,458 | - | 8,153,458 | 199,209 | 4,188,976 | - | 4,388,185 |
| Individually impaired | 522,787 | 102,227,628 | - | 102,750,415 | 1,016,435 | 47,228,570 | - | 48,245,005 |
| Loans | 3,623,244 | 140,346,215 | 1,846 | 143,971,305 | 3,099,960 | 112,082,906 | 1,845 | 115,184,711 |
| Overdrafts | 3,660,866 | 33,292,628 | 12,253 | 36,965,747 | 2,102,771 | 30,995,294 | - | 33,098,065 |
| Others ¹ | - | 35,525,974 | - | 35,525,974 | - | 75,258,288 | - | 75,258,288 |
| Collectively Impaired | 7,284,110 | 209,164,817 | 14,099 | 216,463,026 | 5,202,731 | 218,336,488 | 1,845 | 223,541,064 |

¹Others include Usances and Usance Settlement.

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

| | Dec-2017 | | | | Dec-2016 | | | |
|-----------------------------|---------------------|-------------------------|----------------|-------------------|---------------------|-------------------------|----------------|-------------------|
| | Loans to Individual | Loans to non-Individual | Loans to Banks | Total | Loans to Individual | Loans to non-Individual | Loans to Banks | Total |
| Specific allowance: | | | | | | | | |
| Loans | 392,090 | 37,827,497 | - | 38,219,587 | 1,450 | 14,865,641 | - | 14,867,091 |
| Overdrafts | - | 4,195,066 | - | 4,195,066 | 1,050 | 1,005,489 | - | 1,006,539 |
| | 392,090 | 42,022,563 | - | 42,414,653 | 2,500 | 15,871,130 | - | 15,873,630 |
| Portfolio allowance: | | | | | | | | |
| Loans | 1,364,333 | 9,373,753 | 1,109 | 10,739,195 | 1,219,075 | 11,305,230 | 1,108 | 12,525,413 |
| Overdrafts | 864,176 | 5,932,692 | 521 | 6,797,389 | 859,315 | 4,176,375 | 13 | 5,035,703 |
| Others | - | 329,100 | - | 329,100 | - | 40,466,139 | - | 40,466,139 |
| | 2,228,509 | 15,635,545 | 1,630 | 17,865,684 | 2,078,390 | 55,947,744 | 1,121 | 58,027,255 |
| Total allowance | 2,620,599 | 57,658,108 | 1,630 | 60,280,337 | 2,080,890 | 71,818,874 | 1,121 | 73,900,885 |

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

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

Group Dec-2017

In thousands of Nigerian Naira

| Rating | Loans and advances to customers | | | | | | Loans and advances to banks | | | Total |
|---------------------------|---------------------------------|--------------------|----------|--------------------|--------------------|------------------|-----------------------------|----------------|----------------------|-------|
| | Individuals | | | Non-individuals | | | Overdraft | Loans | | |
| | Overdraft | Loans | Others | Overdraft | Loans | Others | | | | |
| Exceptional capacity | 3,326,573 | 4,046,191 | - | 61,772,145 | 19,294,642 | - | - | - | 88,439,551 | |
| Very strong capacity | 2,108,203 | 72,064,834 | - | 23,729,292 | 277,449,611 | - | 1,290 | - | 375,353,230 | |
| Strong repayment capacity | 849,861 | 48,649,423 | - | 37,801,217 | 411,570,468 | 9,035,503 | - | 706,672 | 508,613,144 | |
| Acceptable risk | 1,544,365 | 19,268,470 | - | 25,681,452 | 126,066,854 | - | 29,721 | - | 172,590,862 | |
| Total | 7,829,002 | 144,028,918 | - | 148,984,106 | 834,381,575 | 9,035,503 | 31,011 | 706,672 | 1,144,996,787 | |

Group Dec-2016

In thousands of Nigerian Naira

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

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

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

Parent Dec-2017

In thousands of Nigerian Naira

| Rating | Loans and advances to customers | | | | | | Loans and advances to banks | | | Total |
|---------------------------|---------------------------------|-------------------|----------|-------------------|--------------------|----------|-----------------------------|----------|--------------------|-------|
| | Individuals | | | Non-individuals | | | Overdraft | Loans | | |
| | Overdraft | Loans | Others | Overdraft | Loans | Others | | | | |
| Exceptional capacity | - | - | - | 24,178,377 | 3,741,279 | - | - | - | 27,919,656 | |
| Very strong capacity | 1,592,699 | 71,342,424 | - | 13,487,246 | 277,018,243 | - | 1,290 | - | 363,441,902 | |
| Strong repayment capacity | 666,280 | 16,624,007 | - | 33,509,011 | 404,108,822 | - | - | - | 454,908,120 | |
| Acceptable risk | 261,404 | 7,025,318 | - | 17,304,152 | 125,875,699 | - | 29,721 | - | 150,496,294 | |
| Total | 2,520,383 | 94,991,749 | - | 88,478,786 | 810,744,043 | - | 31,011 | - | 996,765,972 | |

Parent Dec-2016

In thousands of Nigerian Naira

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

(ii) Loans and advances past due but not impaired

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

**Group
Dec-2017**

In thousands of Nigerian Naira

| Age | Loans to Individual | Loans to Non-individual | Total |
|---|---------------------|-------------------------|------------|
| 0 - 90 days | 2,999 | 51,045 | 54,044 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | 10,316,092 | 10,316,092 |
| | 2,999 | 10,367,137 | 10,370,136 |
| FV of collateral | 4,207 | 50,611,829 | 50,616,036 |
| Amount of undercollateralisation | - | - | - |

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

**Group
Dec-2017**

In thousands of Nigerian Naira

| Age | Loans to Individual | Loans to Non-individual | Total |
|-------------------|---------------------|-------------------------|-----------|
| Loans | | | |
| 0 - 90 days | 2,706 | 28,485 | 31,191 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | 5,751,726 | 5,751,726 |
| | 2,706 | 5,780,211 | 5,782,917 |
| Overdrafts | | | |
| 0 - 90 days | 293 | 17,610 | 17,903 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | 4,564,366 | 4,564,366 |
| | 293 | 4,581,976 | 4,582,269 |
| Others | | | |
| 0 - 90 days | - | 4,950 | 4,950 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | 4,950 | 4,950 |

FINANCIAL RISK MANAGEMENT

| FV of collateral¹ | Loans to Individual | Loans to Non-individual | Total |
|--|----------------------------|--------------------------------|--------------|
| Loans | 2,972 | 26,718,598 | 26,721,570 |
| Overdrafts | 305 | 23,815,354 | 23,815,659 |
| Others | 930 | 77,877 | 78,807 |
| | 4,207 | 50,611,829 | 50,616,036 |
| Amount of undercollateralisation: | | | |
| Loans | - | - | - |
| Overdrafts | - | - | - |
| Others | - | - | - |
| | - | - | - |

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

Group Dec-2016

In thousands of Nigerian Naira

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

Group Dec-2016

In thousands of Nigerian Naira

| Age | Loans to Individual | Loans to Non-individual | Total |
|--|---------------------|-------------------------|-----------|
| Loans | | | |
| 0 - 90 days | - | 689,427 | 689,427 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | 689,427 | 689,427 |
| Overdrafts | | | |
| 0 - 90 days | - | 106,492 | 106,492 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | 106,492 | 106,492 |
| Others | | | |
| 0 - 90 days | - | 2,505 | 2,505 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | 2,505 | 2,505 |
| FV of collateral¹ | | | |
| Loans | - | 1,006,275 | 1,006,275 |
| Overdrafts | - | 153,077 | 153,077 |
| Others | - | 4,272 | 4,272 |
| | - | 1,163,624 | 1,163,624 |
| Amount of undercollateralisation: | | | |
| Loans | - | - | - |
| Overdrafts | - | - | - |
| Others | - | - | - |
| | - | - | - |

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

**Parent
Dec-2017**

In thousands of Nigerian Naira

| Age | Loans to Individual | Loans to Non-individual | Total |
|---|---------------------|-------------------------|------------|
| 0 - 90 days | - | - | - |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | 10,316,092 | 10,316,092 |
| | - | 10,316,092 | 10,316,092 |
| FV of collateral | - | 49,407,838 | 49,407,838 |
| Amount of undercollateralisation | - | - | - |

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

**Parent
Dec-2017**

In thousands of Nigerian Naira

| Age | Loans to Individual | Loans to Non-individual | Total |
|--|---------------------|-------------------------|------------|
| Loans | | | |
| 0 - 90 days | - | - | - |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | 5,767,262 | 5,767,262 |
| | - | 5,767,262 | 5,767,262 |
| Overdrafts | | | |
| 0 - 90 days | - | - | - |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | 4,548,830 | 4,548,830 |
| | - | 4,548,830 | 4,548,830 |
| Others | | | |
| 0 - 90 days | - | - | - |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | - | - |
| FV of collateral¹ | | | |
| Loans | - | 26,158,542 | 26,158,542 |
| Overdrafts | - | 23,249,296 | 23,249,296 |
| Others | - | - | - |
| | - | 49,407,838 | 49,407,838 |
| Amount of undercollateralisation: | | | |
| Loans | - | - | - |
| Overdrafts | - | - | - |
| Others | - | - | - |
| | - | - | - |

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

**Parent
Dec-2016**

In thousands of Nigerian Naira

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

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

**Parent
Dec-2016**

In thousands of Nigerian Naira

| Age | Loans to Individual | Loans to Non-individual | Total |
|--|---------------------|-------------------------|----------------|
| Loans | | | |
| 0 - 90 days | - | 674,721 | 674,721 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | 674,721 | 674,721 |
| Overdrafts | | | |
| 0 - 90 days | - | 84,854 | 84,854 |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | 84,854 | 84,854 |
| Others | | | |
| 0 - 90 days | - | - | - |
| 91 - 180 days | - | - | - |
| 181 - 365 days | - | - | - |
| | - | - | - |
| FV of collateral¹: | | | |
| Loans | - | 959,733 | 959,733 |
| Overdrafts | - | 115,454 | 115,454 |
| Others | - | - | - |
| | - | 1,075,187 | 1,075,187 |
| Amount of undercollateralisation: | | | |
| Loans | - | - | - |
| Overdrafts | - | - | - |
| Others | - | - | - |
| | - | - | - |

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

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

(iii) Loans and advances individually impaired

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

**Group
Dec-2017**

In thousands of Nigerian Naira

| | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|------------------------|----------------------------|-------------------|-------------|
| Gross loans: | | | | |
| Loans | 1,828,654 | 97,118,340 | - | 98,946,994 |
| Overdraft | 141,369 | 15,945,663 | - | 16,087,032 |
| Others | - | 1,163,641 | - | 1,163,641 |
| | 1,970,023 | 114,227,644 | - | 116,197,667 |
| Impairment: | | | | |
| Loans | 1,219,772 | 39,243,656 | - | 40,463,428 |
| Overdraft | 89,602 | 7,820,027 | - | 7,909,629 |
| Others | - | 541,330 | - | 541,330 |
| | 1,309,374 | 47,605,013 | - | 48,914,387 |
| Net Amount: | | | | |
| Loans | 608,882 | 57,874,684 | - | 58,483,566 |
| Overdraft | 51,767 | 8,125,636 | - | 8,177,403 |
| Others | - | 622,311 | - | 622,311 |
| | 660,649 | 66,622,631 | - | 67,283,280 |
| FV of collateral¹: | | | | |
| Loans | 11,249,190 | 232,627,132 | - | 243,876,322 |
| Overdraft | 869,649 | 29,253,051 | - | 30,122,700 |
| Others | - | 2,573,774 | - | 2,573,774 |
| FV of collateral | 12,118,839 | 264,453,957 | - | 276,572,796 |
| Amount of undercollateralisation: | | | | |
| Loans | - | - | - | - |
| Overdraft | - | - | - | - |
| Others | - | - | - | - |
| | - | - | - | - |
| Net Loans | 660,649 | 66,622,631 | - | 67,283,280 |
| Amount of undercollateralisation on net loans | - | - | - | - |

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

**Group
Dec-2016**

In thousands of Nigerian Naira

| | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|--------------------------------|------------------------------------|---------------------------|--------------|
| Gross loans: | | | | |
| Loans | 1,737,685 | 47,279,632 | - | 49,017,317 |
| Overdraft | 230,415 | 10,427,676 | - | 10,658,091 |
| Others | 40 | 722,221 | - | 722,261 |
| | 1,968,140 | 58,429,529 | - | 60,397,669 |
| Impairment: | | | | |
| Loans | 1,048,642 | 16,387,454 | - | 17,436,096 |
| Overdraft | 36,559 | 3,244,652 | - | 3,281,211 |
| Others | 39 | 259,216 | - | 259,255 |
| | 1,085,240 | 19,891,322 | - | 20,976,562 |
| Net Amount: | | | | |
| Loans | 689,043 | 30,892,178 | - | 31,581,221 |
| Overdraft | 193,856 | 7,183,024 | - | 7,376,880 |
| Others | 1 | 463,005 | - | 463,006 |
| | 882,900 | 38,538,207 | - | 39,421,107 |
| FV of collateral¹: | | | | |
| Loans | 6,149,816 | 61,991,466 | - | 68,141,282 |
| Overdraft | 815,458 | 25,140,994 | - | 25,956,452 |
| Others | 142 | 1,292,099 | - | 1,292,241 |
| FV of collateral | 6,965,416 | 88,424,559 | - | 95,389,975 |
| Amount of undercollateralisation: | | | | |
| Loans | - | - | - | - |
| Overdraft | - | - | - | - |
| Others | - | - | - | - |
| | - | - | - | - |
| Net Loans | 882,900 | 38,538,207 | - | 39,421,107 |
| Amount of undercollateralisation on net loans | - | - | - | - |

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

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

**Parent
Dec-2017**

In thousands of Nigerian Naira

| | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|------------------------|----------------------------|-------------------|-------------|
| Gross loans: | | | | |
| Loans | 522,787 | 94,074,170 | - | 94,596,957 |
| Overdraft | - | 8,153,458 | - | 8,153,458 |
| Others | - | - | - | - |
| | 522,787 | 102,227,628 | - | 102,750,415 |
| Impairment: | | | | |
| Loans | 392,090 | 37,827,497 | - | 38,219,587 |
| Overdraft | - | 4,195,066 | - | 4,195,066 |
| Others | - | - | - | - |
| | 392,090 | 42,022,563 | - | 42,414,653 |
| Net Amount: | | | | |
| Loans | 130,697 | 56,246,673 | - | 56,377,370 |
| Overdraft | - | 3,958,392 | - | 3,958,392 |
| Others | - | - | - | - |
| | 130,697 | 60,205,065 | - | 60,335,762 |
| FV of collateral¹: | | | | |
| Loans | 522,788 | 224,965,688 | - | 225,488,476 |
| Overdraft | - | 11,625,988 | - | 11,625,988 |
| Others | - | - | - | - |
| FV of collateral | 522,788 | 236,591,676 | - | 237,114,464 |
| Amount of undercollateralisation: | | | | |
| Loans | - | - | - | - |
| Overdraft | - | - | - | - |
| Others | - | - | - | - |
| | - | - | - | - |
| Net Loans | 130,697 | 60,205,065 | - | 60,335,762 |
| Amount of undercollateralisation on net loans | - | - | - | - |

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

**Parent
Dec-2016**

In thousands of Nigerian Naira

| | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|---------------------|-------------------------|----------------|------------|
| Gross loans: | | | | |
| Loans | 817,226 | 43,039,594 | - | 43,856,820 |
| Overdraft | 199,209 | 4,188,976 | - | 4,388,185 |
| Others | - | - | - | - |
| | 1,016,435 | 47,228,570 | - | 48,245,005 |
| Impairment: | | | | |
| Loans | 1,450 | 14,865,641 | - | 14,867,091 |
| Overdraft | 1,050 | 1,005,489 | - | 1,006,539 |
| Others | - | - | - | - |
| | 2,500 | 15,871,130 | - | 15,873,630 |
| Net Amount: | | | | |
| Loans | 815,776 | 28,173,953 | - | 28,989,729 |
| Overdraft | 198,159 | 3,183,487 | - | 3,381,646 |
| Others | - | - | - | - |
| | 1,013,935 | 31,357,440 | - | 32,371,375 |
| FV of collateral¹: | | | | |
| Loans | 815,777 | 53,247,226 | - | 54,063,003 |
| Overdraft | 198,160 | 14,377,888 | - | 14,576,048 |
| Others | - | - | - | - |
| FV of collateral | 1,013,937 | 67,625,114 | - | 68,639,051 |
| Amount of undercollateralisation: | | | | |
| Loans | 1,449 | - | - | - |
| Overdraft | 1,049 | - | - | - |
| Others | - | - | - | - |
| | 2,498 | - | - | - |
| Net Loans | 1,013,935 | 31,357,440 | - | 32,371,375 |
| Amount of undercollateralisation on net loans | - | - | - | - |

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

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

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Past due and impaired: | | | | |
| Gross loans | 116,197,667 | 60,397,669 | 102,750,415 | 48,245,005 |
| Collateral | 276,572,796 | 95,389,975 | 237,114,464 | 68,639,051 |
| Undercollateralisation | - | - | - | - |
| Collectively impaired: | | | | |
| Gross loans | 245,496,233 | 253,797,536 | 216,448,927 | 223,539,219 |
| Collateral | 554,685,676 | 509,493,167 | 407,963,242 | 441,798,806 |
| Undercollateralisation | - | - | - | - |

(v) Credit collateral

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

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

All collateral offered must have the following attributes:

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

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank. All cash collateralized

facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

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

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

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

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation. The Bank uses external agents to realize the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

Summary of collaterals pledged by customers against loans and advances

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

Group Dec-2017

| In thousands of Nigerian Naira | Loans and advances to customers | | Loans and advances to Banks | |
|---------------------------------------|---------------------------------|-----------------------|-----------------------------|---------------|
| | Gross Loans | Collateral | Gross Loans | Collateral |
| Against individually impaired | 116,197,667 | 276,572,796 | - | - |
| Against collectively impaired | 245,496,233 | 554,685,676 | 14,308 | 45,092 |
| Against past due but not impaired | 10,370,136 | 50,616,036 | - | - |
| Against neither past due nor impaired | 1,144,259,104 | 11,040,391,465 | 737,683 | 47,790 |
| Total | 1,516,323,140 | 11,922,265,973 | 751,991 | 92,882 |

Group Dec-2016

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

Parent Dec-2017

| In thousands of Nigerian Naira | Loans and advances to customers | | Loans and advances to Banks | |
|---------------------------------------|---------------------------------|-----------------------|-----------------------------|---------------|
| | Gross Loans | Collateral | Gross Loans | Collateral |
| Against individually impaired | 102,750,415 | 237,114,464 | - | - |
| Against collectively impaired | 216,448,927 | 407,963,242 | 14,099 | 45,092 |
| Against past due but not impaired | 10,316,092 | 49,407,838 | - | - |
| Against neither past due nor impaired | 996,734,961 | 10,846,981,917 | 31,011 | 47,790 |
| Total | 1,326,250,395 | 11,541,467,461 | 45,110 | 92,882 |

Parent Dec-2016

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

Group

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

| In thousands of Nigerian Naira | Loans and advances to customers | | Loans and advances to banks | |
|---|---------------------------------|-----------------------|-----------------------------|---------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Against individually impaired: | | | | |
| Property | 70,160,044 | 76,932,528 | - | - |
| Equities | 195,476,802 | - | - | - |
| Cash | 23,834 | - | - | - |
| Guarantees | - | 1,156,779 | - | - |
| ATC*, stock hypothecation and ISPO* | 528,287 | - | - | - |
| Others# | 10,383,829 | 17,300,668 | - | - |
| Total | 276,572,796 | 95,389,975 | - | - |
| Against collectively impaired: | | | | |
| Property | 373,140,034 | 208,968,715 | 42,000 | - |
| Equities | 632,257 | 132,139 | - | - |
| Treasury bills | 4,109,375 | 13,316,963 | - | - |
| Cash | 21,021,894 | 8,786,621 | - | - |
| Guarantees | 12,653,253 | 66,317,977 | - | - |
| Negative pledge | 40,252,497 | 47,651,670 | - | - |
| ATC*, stock hypothecation and ISPO* | 1,463,533 | 2,081,773 | - | - |
| Others # | 101,412,833 | 162,237,309 | 3,092 | 1,841 |
| Total | 554,685,676 | 509,493,167 | 45,092 | 1,841 |
| Against past due but not impaired: | | | | |
| Property | 49,407,838 | 1,163,624 | - | - |
| Equities | 1,208,198 | - | - | - |
| Total | 50,616,036 | 1,163,624 | - | - |
| Against neither past due nor impaired: | | | | |
| Property | 3,887,520,460 | 1,694,540,240 | 46,500 | 84,000 |
| Equities | 31,412,909 | 26,154,665 | - | - |
| Treasury bills | 9,421,575 | 638,388 | - | - |
| Cash | 13,705,244 | 15,261,390 | - | - |
| Guarantees | 87,061,449 | 261,967,864 | - | - |
| Negative pledge | 38,072,099 | 133,371,048 | - | - |
| ATC*, stock hypothecation and ISPO* | 1,239,734 | 2,800,718 | - | - |
| Others # | 6,971,957,995 | 9,106,889,287 | 1,290 | 1,678 |
| Total | 11,040,391,465 | 1,241,623,600 | 47,790 | 85,678 |
| Grand total | 11,922,265,973 | 11,847,670,366 | 92,882 | 87,519 |

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent

| In thousands of Nigerian Naira | Loans and advances to customers | | Loans and advances to banks | |
|---|---------------------------------|-----------------------|-----------------------------|---------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Against individually impaired: | | | | |
| Property | 31,019,176 | 50,189,049 | - | - |
| Equities | 195,476,802 | - | - | - |
| Guarantees | - | 1,156,779 | - | - |
| ATC*, stock hypothecation and ISPO* | 528,287 | - | - | - |
| Others [#] | 10,090,199 | 17,293,223 | - | - |
| Total | 237,114,464 | 68,639,051 | - | - |
| Against collectively impaired: | | | | |
| Property | 227,736,352 | 144,640,228 | 42,000 | - |
| Equities | 632,257 | 132,139 | - | - |
| Treasury bills | 4,109,375 | 13,316,963 | - | - |
| Cash | 19,769,016 | 6,462,044 | - | - |
| Guarantees | 12,634,159 | 66,317,977 | - | - |
| Negative pledge | 40,252,497 | 47,651,670 | - | - |
| ATC*, stock hypothecation and ISPO* | 1,416,753 | 2,081,773 | - | - |
| Others [#] | 101,412,833 | 161,196,012 | 3,092 | 1,841 |
| Total | 407,963,242 | 441,798,806 | 45,092 | 1,841 |
| Against past due but not impaired: | | | | |
| Property | 49,407,838 | 1,075,187 | - | - |
| Total | 49,407,838 | 1,075,187 | - | - |
| Against neither past due nor impaired: | | | | |
| Property | 3,711,490,734 | 1,632,042,871 | 46,500 | 84,000 |
| Equities | 31,412,909 | 26,154,665 | - | - |
| Treasury bills | 9,139,437 | 638,388 | - | - |
| Cash | 12,132,100 | 12,059,660 | - | - |
| Guarantees | 72,671,245 | 253,398,866 | - | - |
| Negative pledge | 36,937,763 | 132,555,104 | - | - |
| ATC*, stock hypothecation and ISPO* | 1,239,734 | 2,800,718 | - | - |
| Others [#] | 6,971,957,995 | 9,097,512,824 | 1,290 | 1,678 |
| Total | 10,846,981,917 | 1,157,163,096 | 47,790 | 85,678 |
| Grand total | 11,541,467,461 | 11,668,676,140 | 92,882 | 87,519 |

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

[#]Others include Domiciliation, Counter Indemnity, Asset Debenture, etc.

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

| Group Dec-2017 | Loans and advances to customers | | | Loans and advances to banks | | | |
|---|---------------------------------|--------------------|--------------------|-----------------------------|--------------|---------------|-----------------------|
| | Term Loans | Overdrafts | Others | Term Loans | Overdrafts | Others | Total |
| In thousands of Nigerian Naira | | | | | | | |
| Against individually impaired: | | | | | | | |
| Property | 47,295,915 | 20,311,063 | 2,553,066 | - | - | - | 70,160,044 |
| Equities | 191,817,991 | 3,658,811 | - | - | - | - | 195,476,802 |
| Cash | 11,106 | 11,173 | 1,555 | - | - | - | 23,834 |
| ATC *, stock hypothecation and ISPO* | 278,093 | 250,194 | - | - | - | - | 528,287 |
| Others# | 4,473,217 | 5,891,459 | 19,153 | - | - | - | 10,383,829 |
| Total | 243,876,322 | 30,122,700 | 2,573,774 | - | - | - | 276,572,796 |
| Against collectively impaired: | | | | | | | |
| Property | 230,533,838 | 116,206,584 | 26,399,612 | - | - | 42,000 | 42,000 |
| Equities | 534,508 | 97,749 | - | - | - | - | 632,257 |
| Treasury bills | 87,235 | - | 4,022,140 | - | - | - | 4,109,375 |
| Cash | 689,221 | 3,650,680 | 16,681,993 | - | - | - | 21,021,894 |
| Guarantees | 10,913,750 | 33,858 | 1,705,645 | - | - | - | 12,653,253 |
| Negative pledge | 30,304,709 | 6,817,693 | 3,130,095 | - | - | - | 40,252,497 |
| ATC *, stock hypothecation and ISPO* | 1,165,587 | 294,895 | 3,051 | - | - | - | 1,463,533 |
| Others# | 20,179,659 | 7,132,926 | 74,100,248 | - | 1,841 | 1,251 | 101,412,833 |
| Total | 294,408,507 | 134,234,385 | 126,042,784 | - | 1,841 | 43,251 | 554,685,676 |
| Against past due but not impaired: | | | | | | | |
| Property | 26,158,542 | 23,249,296 | - | - | - | - | 49,407,838 |
| Equities | 563,028 | 566,362 | 78,808 | - | - | - | 1,208,198 |
| Total | 26,721,570 | 23,815,658 | 78,808 | - | - | - | 50,616,036 |
| Against neither past due nor impaired: | | | | | | | |
| Property | 3,608,192,950 | 267,845,511 | 11,481,999 | - | - | 46,500 | 46,500 |
| Equities | 27,354,502 | 4,058,407 | - | - | - | - | 31,412,909 |
| Treasury bills | 2,780,181 | 6,622,991 | 18,403 | - | - | - | 9,421,575 |
| Cash | 10,848,431 | 2,754,201 | 102,612 | - | - | - | 13,705,244 |
| Guarantees | 67,363,743 | 18,759,067 | 938,639 | - | - | - | 87,061,449 |
| Negative pledge | 12,911,057 | 25,087,052 | 73,990 | - | - | - | 38,072,099 |
| ATC *, stock hypothecation and ISPO* | 930,761 | 308,973 | - | - | - | - | 1,239,734 |
| Others# | 6,623,874,328 | 348,083,667 | - | - | - | 1,290 | 6,971,957,995 |
| Total | 10,354,255,953 | 673,519,869 | 12,615,643 | - | - | 47,790 | 11,040,391,465 |
| Grand Total | 10,919,262,352 | 861,692,612 | 141,311,009 | - | 1,841 | 91,041 | 11,922,265,973 |

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debiture, etc.

FINANCIAL RISK MANAGEMENT

| Group Dec-2016 | Loans and advances to customers | | | Loans and advances to banks | | |
|---|---------------------------------|--------------------|--------------------|-----------------------------|---------------|---------------|
| | Term Loans | Overdrafts | Others | Term Loans | Overdrafts | Others |
| In thousands of Nigerian Naira | | | | | | |
| Against individually impaired: | | | | | | |
| Property | 57,806,951 | 17,833,696 | 1,291,881 | - | - | - |
| Guarantees | 1,156,779 | - | - | - | - | - |
| Others [#] | 9,177,552 | 8,122,756 | 360 | - | - | - |
| Total | 68,141,282 | 25,956,452 | 1,292,241 | 95,389,975 | | |
| Against collectively impaired: | | | | | | |
| Property | 92,998,930 | 69,613,555 | 46,356,230 | - | - | - |
| Equities | 125,488 | 6,651 | - | - | - | - |
| Treasury bills | 50,000 | - | 13,266,963 | - | - | - |
| Cash | 1,541,168 | 1,606,443 | 5,639,010 | - | - | - |
| Guarantees | 56,045,752 | 9,412,797 | 859,428 | - | - | - |
| Negative pledge | 34,797,412 | 10,754,806 | 2,099,452 | - | - | - |
| ATC*, stock hypothecation and ISPO* | 1,533,404 | 548,369 | - | - | - | - |
| Others [#] | 101,876,190 | 17,406,200 | 42,954,919 | - | 1,841 | - |
| Total | 288,968,344 | 109,348,821 | 111,176,002 | 509,493,167 | 1,841 | 1,841 |
| Against past due but not impaired: | | | | | | |
| Property | 1,006,275 | 153,077 | 4,272 | - | - | - |
| Total | 1,006,275 | 153,077 | 4,272 | 1,163,624 | | |
| Against neither past due nor impaired: | | | | | | |
| Property | 1,478,469,060 | 213,052,157 | 3,019,023 | - | - | 84,000 |
| Equities | 23,596,013 | 2,558,652 | - | - | - | - |
| Treasury bills | 124,331 | 514,057 | - | - | - | - |
| Cash | 11,525,584 | 3,581,142 | 154,664 | - | - | - |
| Guarantees | 114,488,893 | 147,065,034 | 413,937 | - | - | - |
| Negative pledge | 32,789,657 | 100,541,976 | 39,415 | - | - | - |
| ATC*, stock hypothecation and ISPO* | 2,168,391 | 632,327 | - | - | - | - |
| Others [#] | 8,899,914,878 | 206,521,466 | 452,943 | - | - | 1,678 |
| Total | 10,563,076,807 | 674,466,811 | 4,079,982 | 11,241,623,600 | 85,678 | 85,678 |
| Grand total | 10,921,192,708 | 809,925,161 | 116,552,497 | 11,847,670,366 | 1,841 | 85,678 |

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

[#]Others include Domiciliation, Counter Indemnity, Asset Debiture, etc

FINANCIAL RISK MANAGEMENT

| Parent Dec-2017 | Loans and advances to customers | | | Loans and advances to banks | | | |
|---|---------------------------------|--------------------|--------------------|-----------------------------|--------------|---------------|-----------------------|
| | Term Loans | Overdrafts | Others | Term Loans | Overdrafts | Others | Total |
| In thousands of Nigerian Naira | | | | | | | |
| Against individually impaired: | | | | | | | |
| Property | 29,056,008 | 1,963,168 | - | - | - | - | 31,019,176 |
| Equities | 191,817,991 | 3,658,811 | - | - | - | - | 195,476,802 |
| ATC *, stock hypothecation and ISPO* | 278,093 | 250,194 | - | - | - | - | 528,287 |
| Others# | 4,336,384 | 5,753,815 | - | - | - | - | 10,090,199 |
| Total | 225,488,476 | 11,625,988 | - | - | - | - | 237,114,464 |
| Against collectively impaired: | | | | | | | |
| Property | 162,774,745 | 48,046,331 | 16,915,276 | - | - | 42,000 | 42,000 |
| Equities | 534,508 | 97,749 | - | - | - | - | 632,257 |
| Treasury bills | 87,235 | - | 4,022,140 | - | - | - | 4,109,375 |
| Cash | 105,371 | 3,063,374 | 16,600,271 | - | - | - | 19,769,016 |
| Guarantees | 10,904,852 | 24,907 | 1,704,400 | - | - | - | 12,634,159 |
| Negative pledge | 30,304,709 | 6,817,693 | 3,130,095 | - | - | - | 40,252,497 |
| ATC *, stock hypothecation and ISPO* | 1,143,787 | 272,966 | - | - | - | - | 1,416,753 |
| Others# | 20,179,659 | 7,132,926 | 74,100,248 | - | 1,841 | 1,251 | 3,092 |
| Total | 226,034,866 | 65,455,946 | 116,472,430 | - | 1,841 | 43,251 | 407,963,242 |
| Against past due but not impaired: | | | | | | | |
| Property | 26,158,542 | 23,249,296 | - | - | - | - | 49,407,838 |
| Total | 26,158,542 | 23,249,296 | - | - | - | - | 49,407,838 |
| Against neither past due nor impaired: | | | | | | | |
| Property | 3,526,161,913 | 185,328,821 | - | - | - | 46,500 | 46,500 |
| Equities | 27,354,502 | 4,058,407 | - | - | - | - | 31,412,909 |
| Treasury bills | 2,648,703 | 6,490,734 | - | - | - | - | 9,139,437 |
| Cash | 10,115,335 | 2,016,765 | - | - | - | - | 12,132,100 |
| Guarantees | 60,657,811 | 12,013,434 | - | - | - | - | 72,671,245 |
| Negative pledge | 12,382,449 | 24,555,314 | - | - | - | - | 36,937,763 |
| ATC *, stock hypothecation and ISPO* | 930,761 | 308,973 | - | - | - | - | 1,239,734 |
| Others# | 6,623,874,328 | 348,083,667 | - | - | - | 1,290 | 6,971,957,995 |
| Total | 10,264,125,802 | 582,856,115 | - | - | - | 47,790 | 10,846,981,917 |
| Grand total | 10,741,807,686 | 683,187,345 | 116,472,430 | - | 1,841 | 91,041 | 92,882 |

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debiture, etc.

FINANCIAL RISK MANAGEMENT

| Parent Dec-2016 | Loans and advances to customers | | | Loans and advances to banks | | | |
|---|---------------------------------|--------------------|--------------------|-----------------------------|--------------|---------------|-----------------------|
| | Term Loans | Overdrafts | Others | Term Loans | Overdrafts | Others | Total |
| In thousands of Nigerian Naira | | | | | | | |
| Against individually impaired: | | | | | | | |
| Property | 43,732,590 | 6,456,459 | - | - | - | - | 50,189,049 |
| Guarantees | 1,156,779 | - | - | - | - | - | 1,156,779 |
| Others # | 9,173,634 | 8,119,589 | - | - | - | - | 17,293,223 |
| Total | 54,063,003 | 14,576,048 | - | - | - | - | 68,639,051 |
| Against collectively impaired: | | | | | | | |
| Property | | | | | | | |
| Equities | 59,144,608 | 42,246,868 | 43,248,752 | - | - | - | 144,640,228 |
| Treasury bills | 125,488 | 6,651 | - | - | - | - | 132,139 |
| Cash | 50,000 | - | 13,266,963 | - | - | - | 13,316,963 |
| Guarantees | 317,807 | 617,519 | 5,526,718 | - | - | - | 6,462,044 |
| Negative pledge | 56,045,752 | 9,412,797 | 859,428 | - | - | - | 66,317,977 |
| ATC*, stock hypothecation and ISPO* | 34,797,412 | 10,754,806 | 2,099,452 | - | - | - | 47,651,670 |
| Others# | 1,533,404 | 548,369 | - | - | - | - | 2,081,773 |
| | 101,328,184 | 16,963,210 | 42,904,618 | - | 1,841 | - | 161,196,012 |
| Total | 253,342,655 | 80,550,220 | 107,905,931 | - | 1,841 | - | 441,798,806 |
| Against past due but not impaired: | | | | | | | |
| Property | | | | | | | |
| Property | 959,733 | 115,454 | - | - | - | - | 1,075,187 |
| Total | 959,733 | 115,454 | - | - | - | - | 1,075,187 |
| Against neither past due nor impaired: | | | | | | | |
| Property | | | | | | | |
| Property | 1,445,578,405 | 186,464,466 | - | - | - | 84,000 | 84,000 |
| Equities | 23,596,013 | 2,558,652 | - | - | - | - | 26,154,665 |
| Treasury bills | 124,331 | 514,057 | - | - | - | - | 638,388 |
| Cash | 9,840,601 | 2,219,059 | - | - | - | - | 12,059,660 |
| Guarantees | 109,979,263 | 143,419,603 | - | - | - | - | 253,398,866 |
| Negative pledge | 32,360,248 | 100,194,856 | - | - | - | - | 132,555,104 |
| ATC*, stock hypothecation and ISPO* | 2,168,391 | 632,327 | - | - | - | - | 2,800,718 |
| Others# | 8,894,980,302 | 202,532,522 | - | - | - | 1,678 | 9,097,512,824 |
| Total | 10,518,627,554 | 638,535,542 | - | - | - | 85,678 | 11,157,163,096 |
| Grand total | 10,826,992,945 | 733,777,264 | 107,905,931 | - | 1,841 | 85,678 | 87,519 |

* ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

(b) Credit risk (continued)

Debt securities

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

Group Dec-2017

| In thousands of Nigerian Naira | Financial assets held for trading | Investment securities | Assets pledged as collateral | Total |
|--------------------------------|-----------------------------------|-----------------------|------------------------------|--------------------|
| Federal government bonds | 6,940,582 | 46,528,115 | - | 53,468,697 |
| State government bonds | - | 7,026,793 | - | 7,026,793 |
| Corporate bonds | - | 6,982,980 | - | 6,982,980 |
| Treasury bills | 17,005,079 | 550,400,747 | 58,976,175 | 626,382,001 |
| | 23,945,661 | 610,938,635 | 58,976,175 | 693,860,471 |

The Group's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2016: 99%). Investment in corporate and State Government bonds accounts for the outstanding 2% (December 2016: 1%).

Group Dec-2016

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

Parent Dec-2017

| In thousands of Nigerian Naira | Financial assets held for trading | Investment securities | Assets pledged as collateral | Total |
|--------------------------------|-----------------------------------|-----------------------|------------------------------|--------------------|
| Federal government bonds | 4,124,124 | 10,356,140 | - | 14,480,264 |
| State government bonds | - | 2,007,253 | - | 2,007,253 |
| Corporate bonds | - | 6,626,983 | - | 6,626,983 |
| Treasury bills | 12,528,232 | 433,094,854 | 58,961,722 | 504,584,808 |
| | 16,652,356 | 452,085,230 | 58,961,722 | 527,699,308 |

The Bank's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2016: 99%). Investment in corporate and State Government bonds accounts for the outstanding 2% (December 2016: 1%).

Parent Dec-2016

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

(g) Liquidity Risk

The Group continues to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk across its network. Seeking at all times to balance safety, liquidity, profitability and regulatory requirements

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

1. Control of liquidity risk by the setting of dynamic limits on metrics such as liquidity ratio, reserve ratio, asset and liability gap measures, amongst others. Internal limits are typically more stringent than regulatory limits across all jurisdictions of the Group's operation.
2. The limits are monitored regularly with exceptions reported to the Management Risk Committee (MRC) and the Board.
3. Based on its judgement of financial market trends, the Group actively adjusts its business strategies to prevent and control liquidity risk.
4. Control of non-earning assets proportion to the overall financial position.
5. Performing regular liquidity stress tests.
6. Ensuring proper diversification of funding sources in order to control concentration risk.
7. Monitoring the level of undrawn commitments.
8. Maintaining a contingency funding plan.
9. Regular conduct of the Asset and Liability Management Committee (ALMAC) meetings.

The Group's Asset and Liability Management Committee (ALMAC) is charged with the following responsibilities.

1. Establishing policies and tolerance levels for liquidity, interest and valuation management.
2. Ensure the Bank operates within the guidelines and limits set.
3. Strategic financial position planning from both risk and return perspective.
4. Coordinate the management of the Bank's financial position in consideration of changing economic conditions.

(i) Funding approach

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

1. Consistently grow funding pool at the lowest possible cost.
2. Maintain an appropriate funding structure that enables the Group operate under a variety of adverse circumstance, including potential firm-specific and/or market liquidity events.
3. Maintain appropriate capital to support the Bank's risk level and strategic intent.

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

(ii) Exposure to Liquidity Risk

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

| | Dec-2017 | Dec-2016 |
|------------------------|----------|----------|
| At end of period | 47.56% | 42.19% |
| Average for the period | 47.22% | 38.56% |
| Maximum for the period | 50.79% | 42.19% |
| Minimum for the period | 41.86% | 36.13% |
| Regulatory requirement | 30.00% | 30.00% |

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

Financial Risk management (continued)

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

(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities
**Group
Dec-2017**

| In thousands of Nigerian Naira | Note | Carrying amount | Gross nominal inflow/out-flow | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|-------------------------------|---------------------------------|---------------|----------------|---------------|-------------------|
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 23 | 641,973,784 | 649,258,905 | 610,835,270 | 22,907,998 | 3,928,189 | 7,454,268 | 4,133,180 |
| Financial assets held for trading | 24 | 23,945,661 | 30,041,981 | 3,496,388 | 6,123,573 | 6,423,948 | 2,088,948 | 11,909,124 |
| Derivative financial assets | 25 | 2,839,078 | 2,845,468 | 2,845,468 | - | - | - | - |
| Investment securities: | | | | | | | | |
| – Available for sale ² | 26 | 514,472,037 | 569,014,297 | 126,416,990 | 230,587,291 | 169,195,738 | 8,769,117 | 34,045,161 |
| – Held to maturity | 26 | 96,466,598 | 101,854,146 | 36,262,791 | 7,701,410 | 29,174,811 | 11,711,909 | 17,003,225 |
| Assets pledged as collateral | 27 | 58,976,175 | 62,808,453 | 8,044,000 | 22,500,000 | 32,264,453 | - | - |
| Loans and advances to banks | 28 | 750,361 | 750,151 | 750,151 | - | - | - | - |
| Loans and advances to customers | 29 | 1,448,533,430 | 2,045,361,880 | 383,817,010 | 201,440,846 | 229,680,455 | 1,002,952,402 | 227,471,167 |
| Restricted deposits and other assets ³ | 34 | 424,254,168 | 424,254,166 | 396,931,387 | 10,170,903 | 3,879,110 | 13,263,080 | 9,686 |
| | | 3,212,211,292 | 3,886,189,447 | 1,569,399,455 | 501,432,021 | 474,546,704 | 1,046,239,724 | 294,571,543 |
| Financial liabilities | | | | | | | | |
| Deposits from banks | 35 | 85,430,514 | 85,429,976 | 77,361,661 | 729,226 | 7,339,089 | - | - |
| Deposits from customers | 36 | 2,062,047,633 | 2,063,404,347 | 1,931,074,243 | 75,873,929 | 46,797,661 | 9,658,514 | - |
| Financial liabilities held for trading | 37 | 2,647,469 | 2,741,423 | 1,715,138 | 797,216 | 229,069 | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 2,612,617 | 2,612,617 | - | - | - | - |
| Other liabilities ⁴ | 39 | 218,031,898 | 218,034,216 | 38,543,415 | 163,227,914 | 6,791,814 | 9,471,073 | - |
| Debt securities issued | 38 | 92,131,923 | 97,212,031 | - | 2,751,284 | 94,460,747 | - | - |
| Other borrowed funds | 41 | 220,491,914 | 236,136,046 | 14,583,044 | 15,538,569 | 25,398,888 | 149,154,903 | 31,460,642 |
| | | 2,683,387,937 | 2,705,570,656 | 2,065,890,118 | 258,918,138 | 181,017,268 | 168,284,490 | 31,460,642 |
| Gap (asset - liabilities) | | | | (496,490,663) | 242,513,883 | 293,529,436 | 877,955,234 | 263,110,901 |
| Cumulative liquidity gap | | | | (496,490,663) | (253,976,780) | 39,552,656 | 917,507,890 | 1,180,618,791 |

¹Includes balances with no specific contractual maturities

²Equity securities have been excluded under Gross Nominal consideration.

³Excludes Prepayments

⁴Excludes Deferred Income and Provision for Litigations

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

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

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

| In thousands of Nigerian Naira | Note | Carrying amount | Gross nominal inflow/out-flow | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|-------------------------------|---------------------------------|---------------|----------------|--------------|-------------------|
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 23 | 455,863,305 | 456,345,091 | 429,723,448 | 7,755,804 | 18,865,839 | - | - |
| Financial assets held for trading | 24 | 12,053,919 | 12,936,924 | 5,215,088 | 3,423,900 | 2,937,038 | 796,435 | 564,463 |
| Derivative financial assets | 25 | 1,042,470 | 1,074,105 | 1,074,105 | - | - | - | - |
| Investment securities: | | | | | | | | |
| – Available for sale ² | 26 | 444,139,712 | 540,643,280 | 105,859,400 | 116,833,779 | 265,752,469 | 13,555,014 | 38,642,618 |
| – Held to maturity | 26 | 80,155,825 | 78,975,572 | 53,792,346 | 6,873,202 | 1,275,277 | 12,630,081 | 4,404,666 |
| Assets pledged as collateral | 27 | 48,216,412 | 53,399,280 | - | 29,788,570 | 23,600,000 | 10,710 | - |
| Loans and advances to banks | 28 | 653,718 | 653,486 | 653,486 | - | - | - | - |
| Loans and advances to customers | 29 | 1,589,429,834 | 1,818,949,753 | 651,718,966 | 182,901,343 | 237,162,757 | 660,540,947 | 86,625,740 |
| Restricted deposits and other assets ³ | 34 | 353,596,062 | 354,509,167 | 342,403,474 | 2,240,706 | 2,321,797 | 7,543,190 | - |
| | | 2,985,151,257 | 3,317,486,658 | 1,590,440,313 | 349,817,304 | 551,915,177 | 695,076,377 | 130,237,487 |
| Financial liabilities | | | | | | | | |
| Deposits from banks | 35 | 125,067,848 | 125,067,332 | 122,827,864 | 301,575 | 1,937,893 | - | - |
| Deposits from customers | 36 | 1,986,246,232 | 1,980,709,606 | 1,898,367,175 | 41,611,164 | 34,720,016 | 6,011,251 | - |
| Financial liabilities held for trading | 37 | 2,065,402 | 3,614,473 | 391,069 | 245,891 | 973,756 | - | 2,003,757 |
| Derivative financial liabilities | 25 | 987,502 | 1,016,999 | 1,016,999 | - | - | - | - |
| Other liabilities ⁴ | 39 | 115,540,806 | 116,269,473 | 91,938,998 | 2,849,529 | 12,524,399 | 8,956,547 | - |
| Debt securities issued | 38 | 126,237,863 | 126,238,016 | 8 | - | - | 126,238,008 | - |
| Other borrowed funds | 41 | 219,633,604 | 251,687,471 | 10,718,490 | 22,381,881 | 24,693,895 | 149,699,286 | 44,193,919 |
| | | 2,575,779,257 | 2,604,603,370 | 2,125,260,603 | 67,390,040 | 74,849,959 | 290,905,092 | 46,197,676 |
| Gap (asset - liabilities) | | | | (534,820,290) | 282,427,264 | 477,065,218 | 404,171,285 | 84,039,811 |
| Cumulative liquidity gap | | | | (534,820,290) | (252,393,026) | 224,672,192 | 628,843,477 | 712,883,288 |

¹Includes balances with no specific contractual maturities

²Equity securities have been excluded under Gross Nominal consideration.

³Excludes Prepayments

⁴Excludes Deferred Income and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
**Parent
Dec-2017**

| In thousands of Nigerian Naira | Note | Carrying amount | Gross nominal inflow/out-flow | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|-------------------------------|---------------------------------|---------------|----------------|--------------|-------------------|
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 23 | 455,296,196 | 456,078,361 | 426,673,247 | 21,950,846 | - | 7,454,268 | - |
| Financial assets held for trading | 24 | 16,652,356 | 22,748,676 | 3,450,885 | 5,191,354 | 4,657,300 | - | 9,449,137 |
| Derivative financial assets | 25 | 2,839,078 | 2,845,468 | 2,845,468 | - | - | - | - |
| Investment securities: | | | | | | | | |
| – Available for sale ² | 26 | 450,077,977 | 504,620,235 | 84,294,927 | 226,551,982 | 150,950,000 | 8,769,117 | 34,054,209 |
| – Held to maturity | 26 | 2,007,253 | 3,980,924 | - | - | - | - | 3,980,924 |
| Assets pledged as collateral | 27 | 58,961,722 | 62,794,000 | 8,044,000 | 22,500,000 | 32,250,000 | - | - |
| Loans and advances to banks | 28 | 43,480 | 43,479 | 43,479 | - | - | - | - |
| Loans and advances to customers | 29 | 1,265,971,688 | 1,862,384,983 | 347,396,046 | 159,039,767 | 197,369,232 | 942,910,932 | 215,669,006 |
| Restricted deposits and other assets ³ | 34 | 422,868,826 | 422,868,824 | 395,546,045 | 10,170,903 | 3,879,110 | 13,263,080 | 9,686 |
| | | 2,674,718,576 | 3,338,364,950 | 1,268,294,097 | 445,404,852 | 389,105,642 | 972,397,397 | 263,162,962 |
| Financial liabilities | | | | | | | | |
| Deposits from banks | 35 | 42,360 | 42,360 | 42,360 | - | - | - | - |
| Deposits from customers | 36 | 1,697,560,947 | 1,698,918,266 | 1,694,275,117 | 3,120,759 | 1,517,920 | 4,470 | - |
| Financial liabilities held for trading | 37 | 2,647,469 | 2,741,423 | 1,715,138 | 797,216 | 229,069 | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 2,612,617 | 2,612,617 | - | - | - | - |
| Other liabilities ⁴ | 39 | 197,035,772 | 197,038,073 | 30,163,263 | 162,877,238 | 3,997,572 | - | - |
| Debt securities issued | 38 | 92,131,923 | 97,212,031 | - | 2,751,284 | 94,460,747 | - | - |
| Other borrowed funds | 41 | 210,671,384 | 226,257,014 | 12,506,190 | 15,519,745 | 25,398,888 | 141,371,549 | 31,460,642 |
| | | 2,202,696,441 | 2,224,821,784 | 1,741,314,685 | 185,066,242 | 125,604,196 | 141,376,019 | 31,460,642 |
| Gap (asset - liabilities) | | | | (473,020,588) | 260,338,610 | 263,501,446 | 831,021,378 | 231,702,320 |
| Cumulative liquidity gap | | | | (473,020,588) | (212,681,978) | 50,819,468 | 881,840,846 | 1,113,543,166 |

¹Includes balances with no specific contractual maturities

³Excludes Prepayments

²Equity securities have been excluded under Gross Nominal consideration.

⁴Excludes Deferred Income and Provision for Litigations

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

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

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

| In thousands of Nigerian Naira | Note | Carrying amount | Gross nominal inflow/out-flow | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|-------------------------------|---------------------------------|---------------|----------------|--------------|-------------------|
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 23 | 233,847,233 | 233,959,513 | 210,887,257 | 5,064,689 | 18,007,567 | - | - |
| Financial assets held for trading | 24 | 6,321,370 | 7,204,375 | 2,853,534 | 817,000 | 2,725,937 | 466,573 | 341,331 |
| Derivative financial assets | 25 | 1,042,470 | 1,074,105 | 1,074,105 | - | - | - | - |
| Investment securities: | | | | | | | | |
| – Available for sale ² | 26 | 404,337,296 | 479,957,397 | 80,147,798 | 99,106,000 | 251,438,751 | 13,555,014 | 35,709,834 |
| – Held to maturity | 26 | 5,219,262 | 7,935,492 | - | - | - | 3,630,000 | 4,305,492 |
| Assets pledged as collateral | 27 | 48,205,702 | 52,994,000 | - | 29,394,000 | 23,600,000 | - | - |
| Loans and advances to banks | 28 | 29,943 | 29,711 | 29,711 | - | - | - | - |
| Loans and advances to customers | 29 | 1,417,217,952 | 1,641,976,516 | 597,854,062 | 160,156,302 | 200,576,778 | 610,856,762 | 72,532,612 |
| Restricted deposits and other assets ³ | 34 | 351,949,078 | 352,862,183 | 340,756,490 | 2,240,706 | 2,321,797 | 7,543,190 | - |
| | | 2,468,170,306 | 2,777,993,292 | 1,233,602,957 | 296,778,697 | 498,670,830 | 636,051,539 | 112,889,269 |
| Financial liabilities | | | | | | | | |
| Deposits from banks | 35 | 40,438 | 40,438 | 40,438 | - | - | - | - |
| Deposits from customers | 36 | 1,681,184,820 | 1,682,707,505 | 1,678,682,175 | 3,606,055 | 415,115 | 4,160 | - |
| Financial liabilities held for trading | 37 | 2,065,402 | 3,614,473 | 391,069 | 245,891 | 973,756 | - | 2,003,757 |
| Derivative financial liabilities | 25 | 987,502 | 1,016,999 | 1,016,999 | - | - | - | - |
| Other liabilities ⁴ | 39 | 90,013,993 | 90,088,198 | 83,989,447 | 2,365,652 | 2,696,641 | 1,036,458 | - |
| Other borrowed funds | 41 | 332,317,881 | 367,437,911 | 5,906,688 | 18,851,266 | 24,693,895 | 273,792,143 | 44,193,919 |
| | | 2,106,610,036 | 2,144,905,524 | 1,770,026,816 | 25,068,864 | 28,779,407 | 274,832,761 | 46,197,676 |
| Gap (asset - liabilities) | | | | (536,423,859) | 271,709,833 | 469,891,423 | 361,218,778 | 66,691,593 |
| Cumulative liquidity gap | | | | (536,423,859) | (264,714,026) | 205,177,397 | 566,396,175 | 633,087,768 |

¹Includes balances with no specific contractual maturities

²Equity securities have been excluded under Gross Nominal consideration.

³Excludes Prepayments

⁴Excludes Deferred Income and Provision for Litigations

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

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

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

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

Group Dec-2017

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|---------------------------------|---------------|----------------|--------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 641,973,784 | 609,174,896 | 21,908,872 | 3,928,189 | 6,961,827 | - |
| Financial assets held for trading | 24 | 23,945,661 | 3,406,651 | 5,857,062 | 6,008,889 | 2,088,948 | 6,584,111 |
| Derivative financial assets | 25 | 2,839,078 | 2,839,078 | - | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale ² | 26 | 514,472,037 | 113,049,064 | 231,691,436 | 151,313,653 | 7,397,511 | 11,020,373 |
| – Held to maturity | 26 | 96,466,598 | 30,462,374 | 6,294,067 | 32,529,783 | 12,150,820 | 15,029,554 |
| Assets pledged as collateral | 27 | 58,976,175 | 7,932,612 | 21,302,083 | 29,741,480 | - | - |
| Loans and advances to banks | 28 | 750,361 | 750,361 | - | - | - | - |
| Loans and advances to customers | 29 | 1,448,533,430 | 344,103,883 | 166,239,139 | 168,924,196 | 712,327,803 | 56,938,409 |
| Restricted deposits and other assets ³ | 34 | 424,254,168 | 396,931,388 | 10,170,903 | 3,879,110 | 13,263,080 | 9,687 |
| | | 3,212,211,292 | 1,508,650,307 | 463,463,562 | 396,325,300 | 754,189,989 | 89,582,134 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 85,430,514 | 77,362,199 | 729,226 | 7,339,089 | - | - |
| Deposits from customers | 36 | 2,062,047,633 | 1,908,129,133 | 74,577,242 | 46,208,621 | 33,132,637 | - |
| Financial liabilities held for trading | 37 | 2,647,469 | 1,686,240 | 752,814 | 208,415 | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 2,606,586 | - | - | - | - |
| Other liabilities ⁴ | 39 | 218,031,898 | 38,541,097 | 163,227,914 | 6,791,814 | 9,471,073 | - |
| Debt securities issued | 38 | 92,131,923 | - | 595,757 | 91,536,166 | - | - |
| Other borrowed funds | 41 | 220,491,914 | 13,460,824 | 13,787,329 | 22,892,708 | 139,330,124 | 31,020,929 |
| | | 2,683,387,937 | 2,041,786,079 | 253,670,282 | 174,976,813 | 181,933,834 | 31,020,929 |
| Gap (asset - liabilities) | | | (533,135,772) | 209,793,280 | 221,348,487 | 572,256,155 | 58,561,205 |
| Cumulative liquidity gap | | | (533,135,772) | (323,342,492) | (101,994,005) | 470,262,150 | 528,823,355 |

¹Includes balances with no specific contractual maturities

³Excludes Prepayments

²Equity securities have been excluded under Gross Nominal consideration.

⁴Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Group Dec-2017

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|--------------------|---------------------------------|-------------------|-------------------|-------------------|--------------------|
| Transaction related bonds and guarantees | 44 | 433,620,435 | 23,854,303 | 21,014,933 | 33,813,741 | 51,140,980 | 303,796,478 |
| Clean line facilities and letters of credit | 44 | 51,861,890 | 36,097,670 | 7,535,095 | 7,452,231 | 775,968 | 926 |
| Other commitments | 44 | 8,890,842 | 2,851,972 | - | 6,038,870 | - | - |
| | | 494,373,167 | 62,803,945 | 28,550,028 | 47,304,842 | 51,916,948 | 303,797,404 |

¹Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
**Group
Dec-2016**

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|---------------------------------|---------------|----------------|--------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 455,863,305 | 432,548,424 | 5,392,912 | 17,921,969 | - | - |
| Financial assets held for trading | 24 | 12,053,919 | 5,177,779 | 3,374,715 | 2,558,670 | 637,605 | 305,150 |
| Derivative financial assets | 25 | 1,042,470 | 1,042,470 | - | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale ² | 26 | 444,139,712 | 105,229,594 | 94,358,809 | 221,584,235 | 11,168,287 | 11,798,787 |
| – Held to maturity | 26 | 80,155,825 | 54,186,895 | 5,900,054 | 5,237,423 | 8,650,833 | 6,180,620 |
| Assets pledged as collateral | 27 | 48,216,412 | - | 26,922,755 | 21,282,947 | 10,710 | - |
| Loans and advances to banks | 28 | 653,718 | 653,718 | - | - | - | - |
| Loans and advances to customers | 29 | 1,589,429,834 | 625,567,344 | 176,261,021 | 193,656,248 | 526,515,980 | 67,429,241 |
| Restricted deposits and other assets ³ | 34 | 353,596,062 | 341,490,369 | 2,240,706 | 2,321,797 | 7,543,190 | - |
| | | 2,985,151,257 | 1,565,896,593 | 314,450,972 | 464,563,289 | 554,526,605 | 85,713,798 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 125,067,848 | 122,828,380 | 301,575 | 1,937,893 | - | - |
| Deposits from customers | 36 | 1,986,246,232 | 1,881,368,658 | 40,238,264 | 36,316,423 | 28,322,887 | - |
| Financial liabilities held for trading | 37 | 2,065,402 | 383,259 | 228,332 | 824,609 | - | 629,202 |
| Derivative financial liabilities | 25 | 987,502 | 987,502 | - | - | - | - |
| Other liabilities ⁴ | 39 | 115,540,806 | 90,676,925 | 2,841,106 | 12,503,222 | 9,519,553 | - |
| Debt securities issued | 38 | 126,237,863 | - | - | - | 126,237,863 | - |
| Other borrowed funds | 41 | 219,633,604 | 4,730,497 | 17,978,530 | 22,657,143 | 131,067,345 | 43,200,089 |
| | | 2,575,779,257 | 2,100,975,221 | 61,587,807 | 74,239,290 | 295,147,648 | 43,829,291 |
| Gap (asset - liabilities) | | | (535,078,628) | 252,863,165 | 390,323,999 | 259,378,957 | 41,884,507 |
| Cumulative liquidity gap | | | (535,078,628) | (282,215,463) | 108,108,536 | 367,487,493 | 409,372,000 |

¹Includes balances with no specific contractual maturities

³Excludes Prepayments

²Equity securities have been excluded under Gross Nominal consideration.

⁴Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Group Dec-2016

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|--|------|--------------------|---------------------------------|-------------------|-------------------|-------------------|--------------------|
| Transaction related bonds and guarantees | 44 | 503,027,562 | 45,056,512 | 30,937,756 | 48,969,031 | 38,573,087 | 339,491,176 |
| Short term foreign currency related transactions | 44 | 1,641,614 | 1,641,614 | - | - | - | - |
| Clean line facilities and letters of credit | 44 | 70,895,854 | 22,342,241 | 4,112,683 | 31,943,501 | 12,497,429 | - |
| Other commitments | 44 | 7,932,788 | 3,144,561 | 517,130 | 3,882,851 | 276,769 | 111,477 |
| | | 583,497,818 | 72,184,928 | 35,567,569 | 84,795,383 | 51,347,285 | 339,602,653 |

¹Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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

Parent Dec-2017

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|-----------------|---------------------------------|---------------|----------------|--------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 455,296,196 | 426,425,497 | 21,908,872 | - | 6,961,827 | - |
| Financial assets held for trading | 24 | 16,652,356 | 3,361,148 | 4,924,843 | 4,242,241 | - | 4,124,124 |
| Derivative financial assets | 25 | 2,839,078 | 2,839,078 | - | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale ² | 26 | 450,077,977 | 83,512,121 | 214,113,932 | 135,468,801 | 6,626,983 | 10,356,140 |
| – Held to maturity | 26 | 2,007,253 | - | - | - | - | 2,007,253 |
| Assets pledged as collateral | 27 | 58,961,722 | 7,932,612 | 21,302,083 | 29,727,027 | - | - |
| Loans and advances to banks | 28 | 43,480 | 43,480 | - | - | - | - |
| Loans and advances to customers | 29 | 1,265,971,688 | 308,110,771 | 124,996,040 | 135,900,712 | 654,201,062 | 42,763,103 |
| Restricted deposits and other assets ³ | 34 | 422,868,826 | 395,546,046 | 10,170,903 | 3,879,110 | 13,263,080 | 9,687 |
| | | 2,674,718,576 | 1,227,770,753 | 397,416,673 | 309,217,891 | 681,052,952 | 59,260,307 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 42,360 | 42,360 | - | - | - | - |
| Deposits from customers | 36 | 1,697,560,947 | 1,693,051,098 | 3,052,562 | 1,453,204 | 4,083 | - |
| Financial liabilities held for trading | 37 | 2,647,469 | 1,686,240 | 752,814 | 208,415 | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 2,606,586 | - | - | - | - |
| Other liabilities ⁴ | 39 | 197,035,772 | 30,160,962 | 162,877,238 | 3,997,572 | - | - |
| Debt securities issued | 38 | 92,131,923 | - | 595,757 | 91,536,166 | - | - |
| Other borrowed funds | 41 | 210,671,384 | 11,383,969 | 13,787,329 | 22,892,708 | 131,586,449 | 31,020,929 |
| | | 2,202,696,441 | 1,738,931,215 | 181,065,700 | 120,088,065 | 131,590,532 | 31,020,929 |
| Gap (asset - liabilities) | | | (511,160,462) | 216,350,973 | 189,129,826 | 549,462,420 | 28,239,378 |
| Cumulative liquidity gap | | | (511,160,462) | (294,809,489) | (105,679,663) | 443,782,757 | 472,022,135 |

¹Includes balances with no specific contractual maturities

²Equity securities have been excluded under liquidity consideration.

³Excludes prepayments

⁴Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Parent Dec-2017

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|--------------------|---------------------------------|-------------------|-------------------|-------------------|--------------------|
| Transaction related bonds and guarantees | 44 | 414,229,702 | 21,066,730 | 18,279,279 | 23,559,895 | 47,531,525 | 303,792,273 |
| Clean line facilities and letters of credit | 44 | 22,369,921 | 16,826,101 | 5,543,820 | - | - | - |
| | | 436,599,623 | 37,892,831 | 23,823,099 | 23,559,895 | 47,531,525 | 303,792,273 |

¹Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
**Parent
Dec-2016**

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|----------------------|---------------------------------|--------------------|--------------------|--------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 233,847,233 | 210,862,662 | 5,062,602 | 17,921,969 | - | - |
| Financial assets held for trading | 24 | 6,321,370 | 2,816,225 | 767,815 | 2,347,569 | 307,743 | 82,018 |
| Derivative financial assets | 25 | 1,042,470 | 1,042,470 | - | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale ² | 26 | 404,337,296 | 78,447,073 | 92,731,238 | 214,334,107 | 9,192,632 | 9,632,246 |
| – Held to maturity | 26 | 5,219,262 | - | - | - | 3,211,147 | 2,008,115 |
| Assets pledged as collateral | 27 | 48,205,702 | - | 26,922,755 | 21,282,947 | - | - |
| Loans and advances to banks | 28 | 29,943 | 29,943 | - | - | - | - |
| Loans and advances to customers | 29 | 1,417,217,952 | 546,230,745 | 156,427,412 | 158,642,280 | 502,955,141 | 52,962,374 |
| Restricted deposits and other assets ³ | 34 | 351,949,078 | 339,843,385 | 2,240,706 | 2,321,797 | 7,543,190 | - |
| | | 2,468,170,306 | 1,179,272,503 | 284,152,528 | 416,850,669 | 523,209,853 | 64,684,753 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 40,438 | 40,438 | - | - | - | - |
| Deposits from customers | 36 | 1,681,184,820 | 1,677,258,300 | 3,527,076 | 395,777 | 3,667 | - |
| Financial liabilities held for trading | 37 | 2,065,402 | 383,259 | 228,332 | 824,609 | - | 629,202 |
| Derivative financial liabilities | 25 | 987,502 | 987,502 | - | - | - | - |
| Other liabilities ⁴ | 39 | 90,013,993 | 83,970,576 | 2,357,229 | 2,675,465 | 1,010,723 | - |
| Other borrowed funds | 41 | 332,317,881 | 4,730,496 | 14,447,915 | 17,845,341 | 252,094,040 | 43,200,089 |
| | | 2,106,610,036 | 1,767,370,571 | 20,560,552 | 21,741,192 | 253,108,430 | 43,829,291 |
| Gap (asset - liabilities) | | | (588,098,068) | 263,591,976 | 395,109,477 | 270,101,423 | 20,855,462 |
| Cumulative liquidity gap | | | (588,098,068) | (324,506,092) | 70,603,385 | 340,704,808 | 361,560,270 |

¹Includes balances with no specific contractual maturities

²Equity securities have been excluded under liquidity consideration.

³Excludes prepayments

⁴Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Parent Dec-2016

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|--------------------|---------------------------------|-------------------|-------------------|-------------------|--------------------|
| Financial assets | | | | | | | |
| Transaction related bonds and guarantees | 44 | 468,303,919 | 22,596,062 | 23,590,361 | 44,862,879 | 37,763,441 | 339,491,176 |
| Clean line facilities and letters of credit | 44 | 43,091,160 | - | - | 30,637,467 | 12,453,693 | - |
| | | 511,395,079 | 22,596,062 | 23,590,361 | 75,500,346 | 50,217,134 | 339,491,176 |

¹ Includes balances with no specific contractual maturities

(ii) Repricing period of financial assets and liabilities

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

**Group
Dec-2017**

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|----------------------|---------------------------------|--------------------|--------------------|---------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 641,973,784 | 609,174,896 | 21,908,872 | 3,928,189 | 6,961,827 | - |
| Financial assets held for trading | 24 | 23,945,661 | 3,406,651 | 5,857,062 | 6,008,889 | 2,088,948 | 6,584,111 |
| Derivative financial assets | 25 | 2,839,078 | 2,839,078 | - | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale ¹ | 26 | 517,492,733 | 113,049,060 | 231,691,436 | 151,313,657 | 7,397,511 | 14,041,069 |
| – Held to maturity | 26 | 96,466,598 | 30,462,374 | 6,294,067 | 32,529,783 | 12,150,820 | 15,029,554 |
| Assets pledged as collateral | 27 | 58,976,175 | 7,932,612 | 21,302,083 | 29,741,480 | - | - |
| Loans and advances to banks | 28 | 750,361 | 750,361 | - | - | - | - |
| Loans and advances to customers | 29 | 1,448,533,430 | 1,070,986,791 | 168,440,049 | 52,361,798 | 110,530,605 | 46,214,187 |
| Restricted deposits and other assets ² | 34 | 424,254,168 | 396,931,386 | 10,170,905 | 3,879,110 | 13,263,080 | 9,687 |
| | | 3,215,231,988 | 2,235,533,209 | 465,664,474 | 279,762,906 | 152,392,791 | 81,878,608 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 85,430,514 | 77,362,199 | 729,226 | 7,339,089 | - | - |
| Deposits from customers | 36 | 2,062,047,633 | 1,904,747,009 | 76,478,685 | 47,689,302 | 33,132,637 | - |
| Financial liabilities held for trading | 37 | 2,647,469 | 2,647,469 | - | - | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 2,606,586 | - | - | - | - |
| Other liabilities ³ | 39 | 218,031,898 | 40,263,058 | 163,227,914 | 5,069,853 | 9,471,073 | - |
| Debt securities issued | 38 | 92,131,923 | - | 595,757 | 91,536,166 | - | - |
| Other borrowed funds | 41 | 220,491,914 | 13,460,824 | 13,787,329 | 22,892,708 | 139,330,124 | 31,020,929 |
| | | 2,683,387,937 | 2,041,087,145 | 254,818,911 | 174,527,118 | 181,933,834 | 31,020,929 |
| | | 531,844,051 | 194,446,064 | 210,845,563 | 105,235,788 | (29,541,043) | 50,857,679 |

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

²Excludes Prepayments

³Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

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

**Group
Dec-2016**

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|----------------------|---------------------------------|--------------------|--------------------|----------------------|--------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 455,863,305 | 432,548,424 | 5,392,912 | 17,921,969 | - | - |
| Financial assets held for trading | 24 | 12,053,919 | 5,177,779 | 3,374,715 | 2,558,670 | 637,605 | 305,150 |
| Derivative financial assets | 25 | 1,042,470 | 1,042,470 | - | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale ¹ | 26 | 448,056,733 | 95,777,214 | 95,790,469 | 228,647,826 | 9,192,632 | 18,648,592 |
| – Held to maturity | 26 | 80,155,825 | 54,186,895 | 5,900,054 | 5,237,423 | 8,650,833 | 6,180,620 |
| Assets pledged as collateral | 27 | 48,216,412 | - | 26,922,754 | 21,282,948 | 10,710 | - |
| Loans and advances to banks | 28 | 653,718 | 653,718 | - | - | - | - |
| Loans and advances to customers | 29 | 1,589,429,834 | 1,402,549,405 | 25,368,132 | 36,747,821 | 42,498,939 | 82,265,537 |
| Restricted deposits and other assets ² | 34 | 353,596,062 | 341,490,368 | 2,240,707 | 2,321,797 | 7,543,190 | - |
| | | 2,989,068,278 | 2,333,426,273 | 164,989,743 | 314,718,454 | 68,533,909 | 107,399,899 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 125,067,848 | 122,828,380 | 301,575 | 1,937,893 | - | - |
| Deposits from customers | 36 | 1,986,246,232 | 1,878,575,881 | 41,808,374 | 37,539,090 | 28,322,887 | - |
| Financial liabilities held for trading | 37 | 2,065,402 | 2,065,402 | - | - | - | - |
| Derivative financial liabilities | 25 | 987,502 | 987,502 | - | - | - | - |
| Other liabilities ³ | 39 | 115,540,806 | 98,742,784 | 2,841,106 | 4,437,363 | 9,519,553 | - |
| Debt securities issued | 38 | 126,237,863 | - | - | - | 126,237,863 | - |
| Other borrowed funds | 41 | 219,633,604 | 4,730,497 | 17,978,530 | 22,657,143 | 131,067,345 | 43,200,089 |
| | | 2,575,779,257 | 2,107,930,446 | 62,929,585 | 66,571,489 | 295,147,648 | 43,200,089 |
| | | 413,289,021 | 225,495,827 | 102,060,158 | 248,146,965 | (226,613,739) | 64,199,810 |

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

²Excludes Prepayments

³Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

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

Parent Dec-2017

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|----------------------|---------------------------------|--------------------|--------------------|---------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 455,296,196 | 426,425,497 | 21,908,872 | - | 6,961,827 | - |
| Financial assets held for trading | 24 | 16,652,356 | 3,361,148 | 4,924,843 | 4,242,241 | - | 4,124,124 |
| Derivative financial assets | 25 | 2,839,078 | 2,839,078 | - | - | - | - |
| Investment securities: | | | | | | | |
| - Available for sale ¹ | 26 | 453,089,625 | 83,512,121 | 214,113,932 | 135,468,801 | 6,626,983 | 13,367,788 |
| - Held to maturity | 26 | 2,007,253 | - | - | - | - | 2,007,253 |
| Assets pledged as collateral | 27 | 58,961,722 | 7,932,612 | 21,302,083 | 29,727,027 | - | - |
| Loans and advances to banks | 28 | 43,480 | 43,480 | - | - | - | - |
| Loans and advances to customers | 29 | 1,265,971,688 | 1,034,993,678 | 125,294,918 | 14,914,675 | 58,729,536 | 32,038,881 |
| Restricted deposits and other assets ² | 34 | 422,868,826 | 395,546,044 | 10,170,905 | 3,879,110 | 13,263,080 | 9,687 |
| | | 2,677,730,224 | 1,954,653,658 | 397,715,553 | 188,231,854 | 85,581,426 | 51,547,733 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 42,360 | 42,360 | - | - | - | - |
| Deposits from customers | 36 | 1,697,560,947 | 1,693,051,098 | 3,052,562 | 1,453,204 | 4,083 | - |
| Financial liabilities held for trading | 37 | 2,647,469 | 2,647,469 | - | - | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 2,606,586 | - | - | - | - |
| Other liabilities ³ | 39 | 197,035,772 | 30,160,962 | 162,877,238 | 3,997,572 | - | - |
| Debt securities issued | 38 | 92,131,923 | - | 595,757 | 91,536,166 | - | - |
| Other borrowed funds | 41 | 210,671,384 | 11,383,969 | 13,787,329 | 22,892,708 | 131,586,449 | 31,020,929 |
| | | 2,202,696,441 | 1,739,892,444 | 180,312,886 | 119,879,650 | 131,590,532 | 31,020,929 |
| | | 475,033,783 | 214,761,214 | 217,402,667 | 68,352,204 | (46,009,106) | 20,526,804 |

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

²Excludes Prepayments

³Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

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

Group Dec-2016

| In thousands of Nigerian Naira | Note | Carrying amount | Less than 3 months ¹ | 3 to 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|---|------|----------------------|---------------------------------|--------------------|--------------------|----------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 23 | 233,847,233 | 210,862,662 | 5,062,602 | 17,921,969 | - | - |
| Financial assets held for trading | 24 | 6,321,370 | 2,816,225 | 767,815 | 2,347,569 | 307,743 | 82,018 |
| Derivative financial assets | 25 | 1,042,470 | 1,042,470 | - | - | - | - |
| Investment securities: | | - | | | | | |
| – Available for sale ¹ | 26 | 408,246,905 | 78,447,073 | 92,731,238 | 214,334,107 | 9,192,632 | 13,541,855 |
| – Held to maturity | 26 | 5,219,262 | - | - | - | 3,211,147 | 2,008,115 |
| Assets pledged as collateral | 27 | 48,205,702 | - | 26,922,754 | 21,282,948 | - | - |
| Loans and advances to banks | 28 | 29,943 | 29,943 | - | - | - | - |
| Loans and advances to customers | 29 | 1,417,217,952 | 1,323,545,484 | - | 2,029,226 | 23,844,572 | 67,798,670 |
| Restricted deposits and other assets ² | 34 | 351,949,078 | 339,843,384 | 2,240,707 | 2,321,797 | 7,543,190 | - |
| | | 2,472,079,915 | 1,956,587,241 | 127,725,116 | 260,237,616 | 44,099,284 | 83,430,658 |
| Financial liabilities | | | | | | | |
| Deposits from banks | 35 | 40,438 | 40,438 | - | - | - | - |
| Deposits from customers | 36 | 1,681,184,820 | 1,677,258,300 | 3,527,076 | 395,777 | 3,667 | - |
| Financial liabilities held for trading | 37 | 2,065,402 | 2,065,402 | - | - | - | - |
| Derivative financial liabilities | 25 | 987,502 | 987,502 | - | - | - | - |
| Other liabilities ³ | 39 | 90,013,993 | 83,970,576 | 2,357,229 | 2,675,465 | 1,010,723 | - |
| Other borrowed funds | 41 | 332,317,881 | 4,730,496 | 14,447,915 | 17,845,341 | 252,094,040 | 43,200,089 |
| | | 2,106,610,036 | 1,769,052,714 | 20,332,220 | 20,916,583 | 253,108,430 | 43,200,089 |
| | | 365,469,879 | 187,534,527 | 107,392,896 | 239,321,033 | (209,009,146) | 40,230,569 |

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

²Excludes Prepayments

³Excludes Deferred Income and Provision for Litigations

(h) Settlement Risk

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

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

(i) Market Risk

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

(i) Management of Market Risk

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

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

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

(ii) Exposure to Market Risks – Trading Book

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

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

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

(iii) Exposure to Interest Rate Risk – Banking Book

The principal risk to which non-trading portfolios are exposed to, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally using interest rate gaps. The Asset & Liability Management (ALM) Group is responsible for managing and monitoring mismatches between the bank's assets and liabilities. The Asset & Liability Management Committee (ALMAC) is responsible for ensuring compliance with these limits while the limits are independently verified by Market & Liquidity Risk Management group.

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

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

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

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

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

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

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

At 31 Dec 2017, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a

defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions. Major assumptions underlying the sensitivity are as follows:

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (Dec 2017 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 189.

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

- The prime lending rate on loans and advances which ranged between 16.91% and 17.88% over the period, a change of about 100 basis points is therefore probable.
- The discount rate on various maturities of treasury bills ranged between 12.80% and 18.98% over the financial period as published by Central Bank of Nigeria (CBN)
- A 100 basis point proportional change in the cost of fund was also assumed because costs of funds seldom vary beyond 100 basis point.

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

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| Decrease | 1,936,690 | 1,615,548 | 2,769,296 | 2,250,053 |
| Asset | (23,628,424) | (19,710,363) | (21,664,895) | (17,602,727) |
| Liabilities | 25,565,114 | 21,325,911 | 24,434,191 | 19,852,780 |
| Increase | (1,936,690) | (1,615,548) | (2,769,296) | (2,250,053) |
| Asset | 23,628,424 | 19,710,363 | 21,664,895 | 17,602,727 |
| Liabilities | (25,565,114) | (21,325,911) | (24,434,191) | (19,852,780) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| Decrease | 1,047,587 | 890,449 | 1,227,951 | 1,014,533 |
| Asset | (19,920,939) | (16,932,804) | (18,536,870) | (15,315,162) |
| Liabilities | 20,968,526 | 17,823,253 | 19,764,821 | 16,329,695 |
| Increase | (1,047,587) | (890,449) | (1,227,951) | (1,014,533) |
| Asset | 19,920,939 | 16,932,804 | 18,536,870 | 15,315,162 |
| Liabilities | (20,968,526) | (17,823,253) | (19,764,821) | (16,329,695) |

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

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

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--|---------------------|---------------------|---------------------|---------------------|
| Decrease | | | | |
| Assets | | | | |
| Cash and cash equivalents | (1,833,944) | (1,529,840) | (664,057) | (539,547) |
| Loans and advances to banks | (7,506) | (6,262) | (41,901) | (34,044) |
| Loans and advances to customers | (15,006,384) | (12,518,028) | (15,620,539) | (12,691,688) |
| Financial assets held for trading | (175,902) | (146,734) | (188,373) | (153,053) |
| Investment securities | (6,050,658) | (5,047,339) | (4,574,484) | (3,716,768) |
| Assets pledged as collateral | (554,029) | (462,160) | (575,541) | (467,627) |
| | (23,628,424) | (19,710,363) | (21,664,895) | (17,602,727) |
| Liabilities | | | | |
| Deposits from banks | 858,041 | 715,760 | 1,261,724 | 1,025,150 |
| Deposits from customers | 21,205,059 | 17,688,840 | 19,580,822 | 15,909,418 |
| Financial liabilities held for trading | 136,021 | 113,466 | 6,292 | 5,112 |
| Debt securities issued | 1,188,711 | 991,599 | 1,262,379 | 1,025,683 |
| Other borrowed funds | 2,177,282 | 1,816,245 | 2,322,974 | 1,887,417 |
| | 25,565,114 | 21,325,911 | 24,434,191 | 19,852,780 |
| Total | 1,936,690 | 1,615,548 | 2,769,296 | 2,250,053 |
| Increase | | | | |
| Assets | | | | |
| Cash and cash equivalents | 1,833,944 | 1,529,840 | 664,057 | 539,547 |
| Loans and advances to banks | 7,506 | 6,262 | 41,901 | 34,044 |
| Loans and advances to customers | 15,006,384 | 12,518,028 | 15,620,539 | 12,691,688 |
| Financial assets held for trading | 175,902 | 146,734 | 188,373 | 153,053 |
| Investment securities | 6,050,658 | 5,047,339 | 4,574,484 | 3,716,768 |
| Assets pledged as collateral | 554,029 | 462,160 | 575,541 | 467,627 |
| | 23,628,424 | 19,710,363 | 21,664,895 | 17,602,727 |
| Liabilities | | | | |
| Deposits from banks | (858,041) | (715,760) | (1,261,724) | (1,025,150) |
| Deposits from customers | (21,205,059) | (17,688,840) | (19,580,822) | (15,909,418) |
| Financial liabilities held for trading | (136,021) | (113,466) | (6,292) | (5,112) |
| Debt securities issued | (1,188,711) | (991,599) | (1,262,379) | (1,025,683) |
| Other borrowed funds | (2,177,282) | (1,816,245) | (2,322,974) | (1,887,417) |
| | (25,565,114) | (21,325,911) | (24,434,191) | (19,852,780) |
| Total | (1,936,690) | (1,615,548) | (2,769,296) | (2,250,053) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--|---------------------|---------------------|---------------------|---------------------|
| Decrease | | | | |
| Assets | | | | |
| Cash and cash equivalents | (1,621,828) | (1,378,554) | (504,792) | (417,059) |
| Loans and advances to Banks | (437) | (372) | (156) | (129) |
| Loans and advances to Customers | (13,176,136) | (11,199,719) | (13,898,420) | (11,482,875) |
| Financial assets held for trading | (102,969) | (87,524) | (131,047) | (108,271) |
| Investment securities | (4,465,684) | (3,795,833) | (3,427,020) | (2,831,404) |
| Assets pledged as collateral | (553,885) | (470,802) | (575,435) | (475,424) |
| | (19,920,939) | (16,932,804) | (18,536,870) | (15,315,162) |
| Liabilities | | | | |
| Deposits from banks | 4,159 | 3,535 | 11,450 | 9,460 |
| Deposits from customers | 17,560,604 | 14,926,519 | 16,530,208 | 13,657,258 |
| Financial liabilities held for trading | 136,021 | 115,618 | 31,549 | 26,066 |
| Debt securities issued | 1,188,711 | 1,010,405 | - | - |
| Other borrowed funds | 2,079,030 | 1,767,176 | 3,191,614 | 2,636,912 |
| | 20,968,526 | 17,823,253 | 19,764,821 | 16,329,695 |
| Total | 1,047,587 | 890,449 | 1,227,951 | 1,014,533 |
| Increase | | | | |
| Assets | | | | |
| Cash and cash equivalents | 1,621,828 | 1,378,554 | 504,792 | 417,059 |
| Loans and advances to Banks | 437 | 372 | 156 | 129 |
| Loans and advances to Customers | 13,176,136 | 11,199,719 | 13,898,420 | 11,482,875 |
| Financial assets held for trading | 102,969 | 87,524 | 131,047 | 108,271 |
| Investment securities | 4,465,684 | 3,795,833 | 3,427,020 | 2,831,404 |
| Assets pledged as collateral | 553,885 | 470,802 | 575,435 | 475,424 |
| | 19,920,939 | 16,932,804 | 18,536,870 | 15,315,162 |
| Liabilities | | | | |
| Deposits from banks | (4,159) | (3,535) | (11,450) | (9,460) |
| Deposits from customers | (17,560,604) | (14,926,519) | (16,530,208) | (13,657,258) |
| Financial liabilities held for trading | (136,021) | (115,618) | (31,549) | (26,066) |
| Debt securities issued | (1,188,711) | (1,010,405) | - | - |
| Other borrowed funds | (2,079,030) | (1,767,176) | (3,191,614) | (2,636,912) |
| | (20,968,526) | (17,823,253) | (19,764,821) | (16,329,695) |
| Total | (1,047,587) | (890,449) | (1,227,951) | (1,014,533) |

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

At 31 Dec 2017, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 1,079,831 | 900,774 | 969,542 | 787,753 |
| Increase | (1,079,831) | (900,774) | (969,542) | (787,753) |

Parent

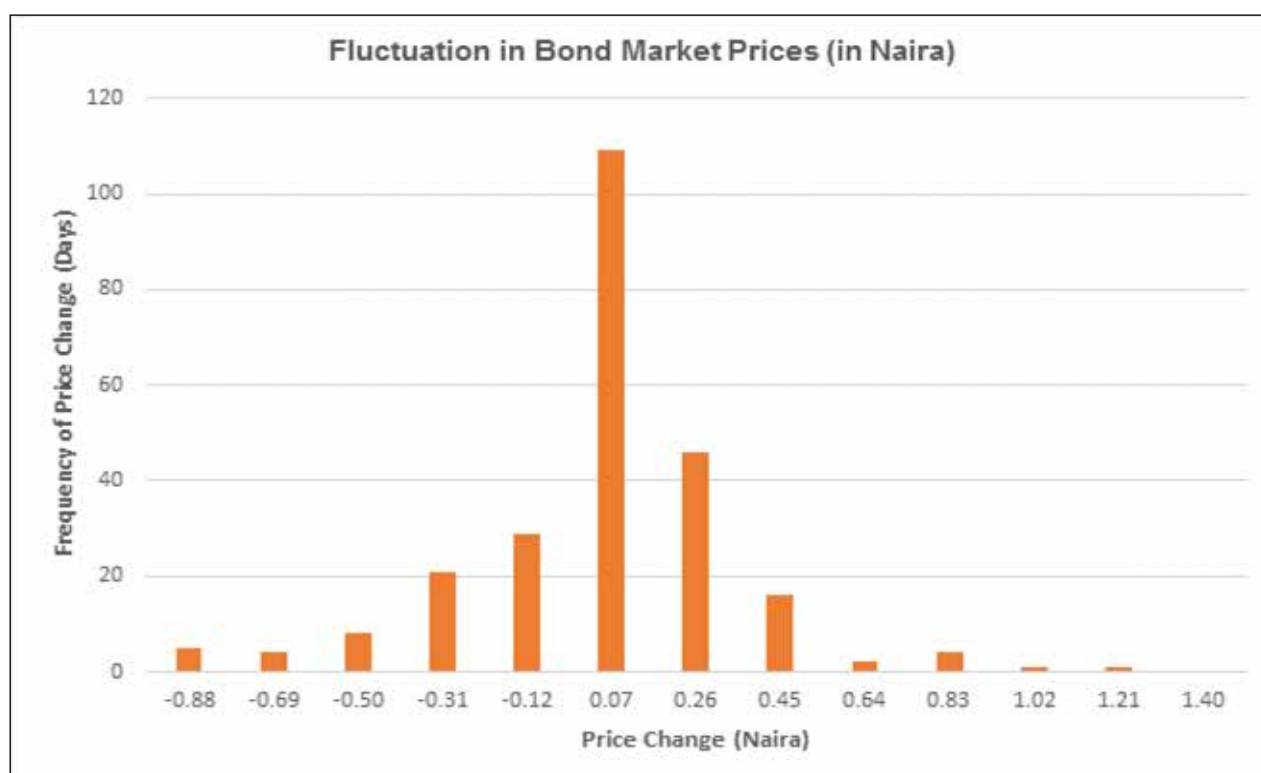
| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 1,030,705 | 876,100 | 912,499 | 753,907 |
| Increase | (1,030,705) | (876,100) | (912,499) | (753,907) |

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

1. Held for Trade - Bond price sensitivity

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

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



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 Dec 2017, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (38,000) | (31,699) | (4,019) | (3,321) |
| Increase | 38,000 | 31,699 | 4,019 | 3,321 |

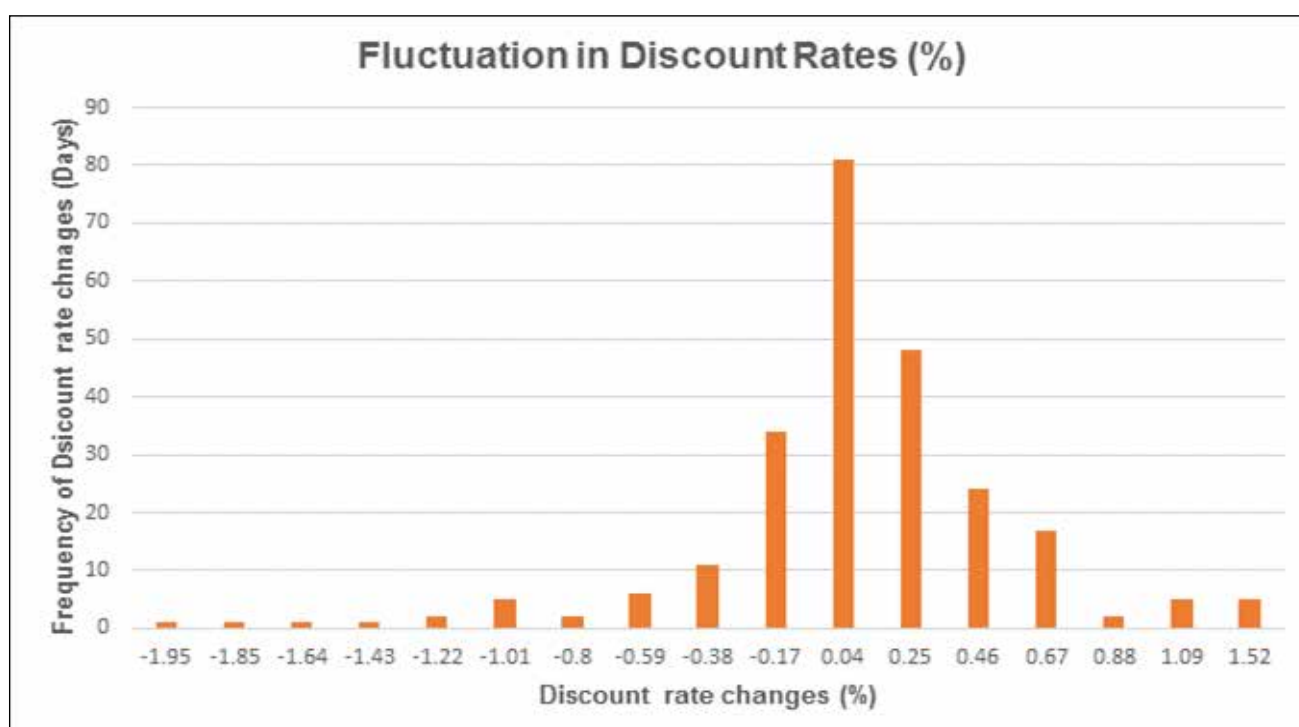
Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (38,000) | (32,300) | (4,019) | (3,266) |
| Increase | 38,000 | 32,300 | 4,019 | 3,266 |

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

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

- Daily market discount rates were obtained, converted to prices and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls within the range of 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Trading bills



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 Dec 2017, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 56,921 | 47,482 | 25,874 | 21,377 |
| Increase | (56,921) | (47,482) | (25,874) | (21,377) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 56,921 | 48,383 | 25,874 | 21,022 |
| Increase | (56,921) | (48,383) | (25,874) | (21,022) |

(vi) Sensitivity Analysis of Available for Sale Portfolio to Price and its Impact on OCI
3. Financial Instrument fair value through equity - Other Comprehensive Income (OCI)

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at 31 Dec 2017 and the comparative period in 2016. The Group carried out the following in determining sensitivity of the Group's other comprehensive income to fluctuations in market prices of the financial assets:

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

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 Dec 2017, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (111,143) | (92,714) | (214,940) | (177,584) |
| Increase | 111,143 | 92,714 | 214,940 | 177,584 |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (111,143) | (94,472) | (214,940) | (174,639) |
| Increase | 111,143 | 94,472 | 214,940 | 174,639 |

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

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

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of ± 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills.

The graph below indicates that large proportion of changes in discount rates falls in the range of ± 100 basis points.

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 Dec 2017, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 2,016,086 | 1,681,779 | 2,497,907 | 2,063,770 |
| Increase | (2,016,086) | (1,681,779) | (2,497,907) | (2,063,770) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 2,016,086 | 1,713,673 | 2,497,907 | 2,029,549 |
| Increase | (2,016,086) | (1,713,673) | (2,497,907) | (2,029,549) |

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

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

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

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

In determining the sensitivity of the fair value of the share of the unquoted equity to changes to the various inputs, we have assumed a 100 basis points increase or decrease to the risk free rate, the resultant impact to pre-tax and post-tax results arising from the sensitivity analysis are as shown in the table below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (252,054) | (214,120) | (321,198) | (260,973) |
| Increase | 252,054 | 214,120 | 321,198 | 260,973 |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (252,054) | (218,407) | (321,198) | (265,374) |
| Increase | 252,054 | 218,407 | 321,198 | 265,374 |

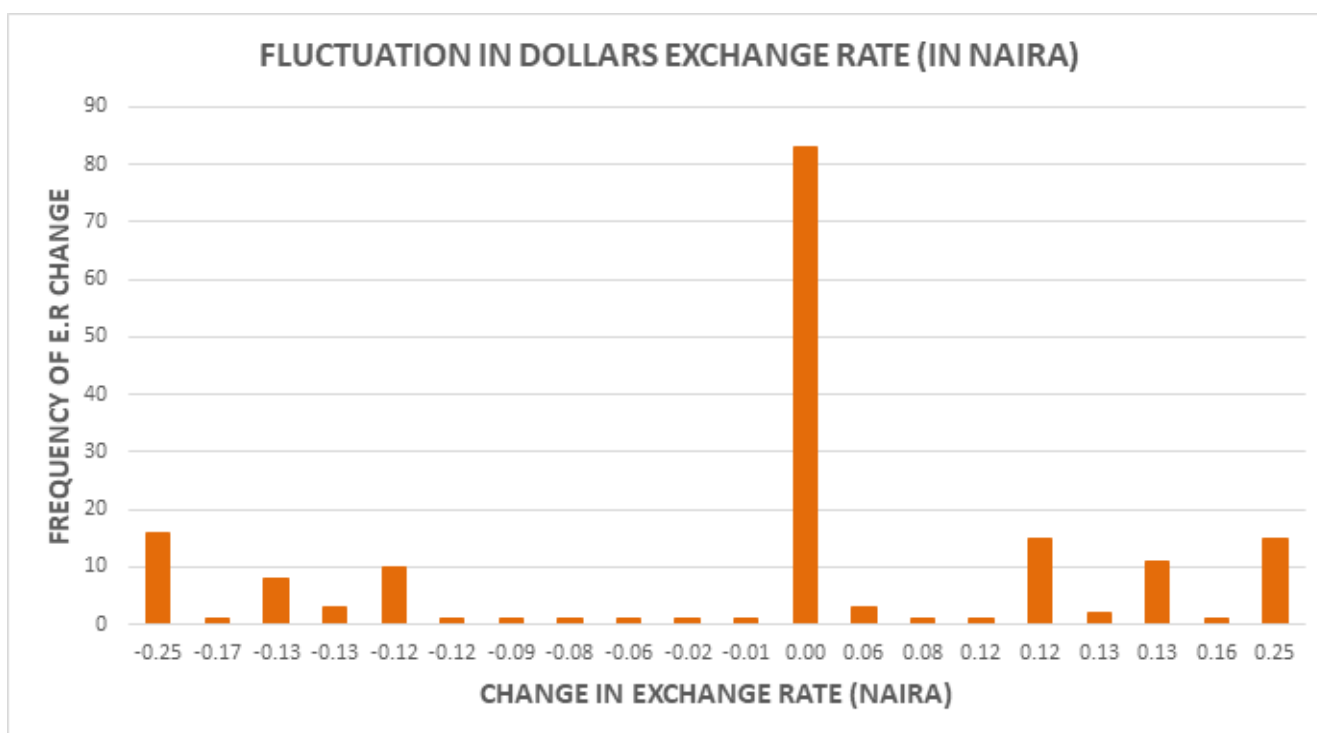
(viii) Exposure to foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, UK pound and Euro. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt amongst others. The value of these instruments fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates. The Group deploys foreign derivative instruments whose values hedges currency debts to foreign currency loans and advances to eliminate exchange exposures on such borrowings.

Foreign exchange profit or loss (Dollars)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of dollars:

- Daily dollar exchange rates were obtained and trended
- A reasonably possible change of ± 0.25 (Dec 2016: ± 7.27) was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 0.25 (Dec 2016: ± 7.27)
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the period.



At 31 Dec 2017, if the Naira had strengthened/weakened by ± 0.25 Naira against the Dollar with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (312,542) | (260,717) | (6,810,537) | (5,533,561) |
| Increase | 312,542 | 260,717 | 6,810,537 | 5,533,561 |

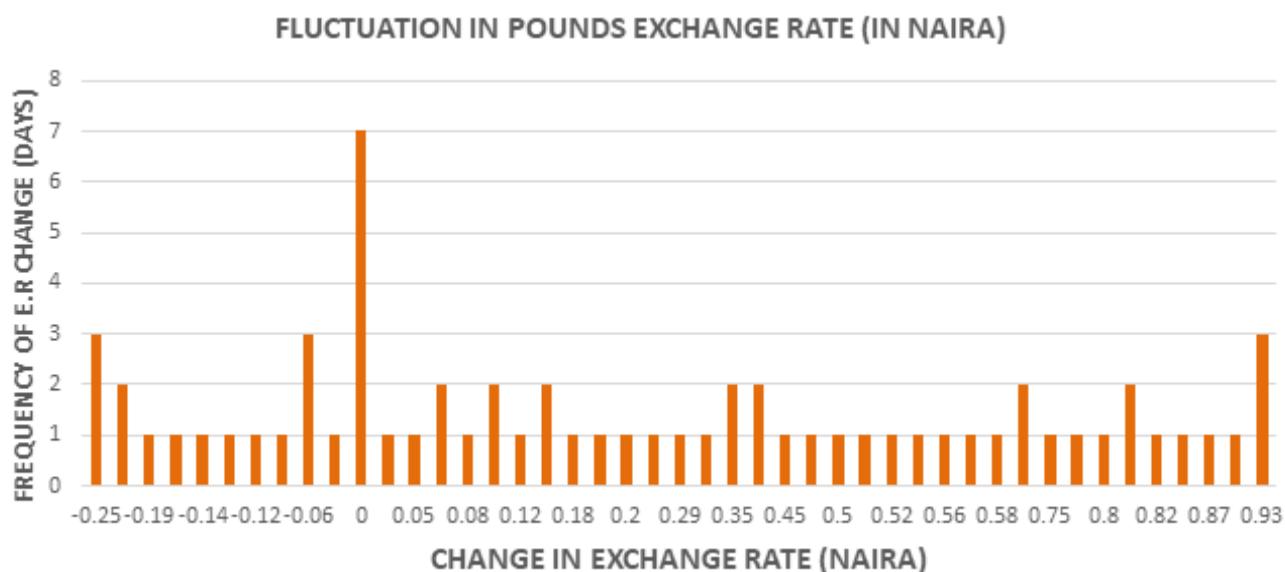
Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (308,507) | (262,231) | (6,860,097) | (5,667,812) |
| Increase | 308,507 | 262,231 | 6,860,097 | 5,667,812 |

Foreign exchange profit or loss (Pounds)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of pounds:

- Daily pound exchange rates were obtained and trended
- A reasonably possible change of (0.25)/0.93 (Dec 2016: ± 9.19) was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of (0.25)/0.93 (Dec 2016: ± 9.19)
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the period.



At 31 Dec 2017, if the Naira had weakened/strengthened by (0.25)/0.93 Naira against the Pounds with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (10,414) | (8,687) | (117,115) | (95,156) |
| Increase | 10,414 | 8,687 | 117,115 | 95,156 |

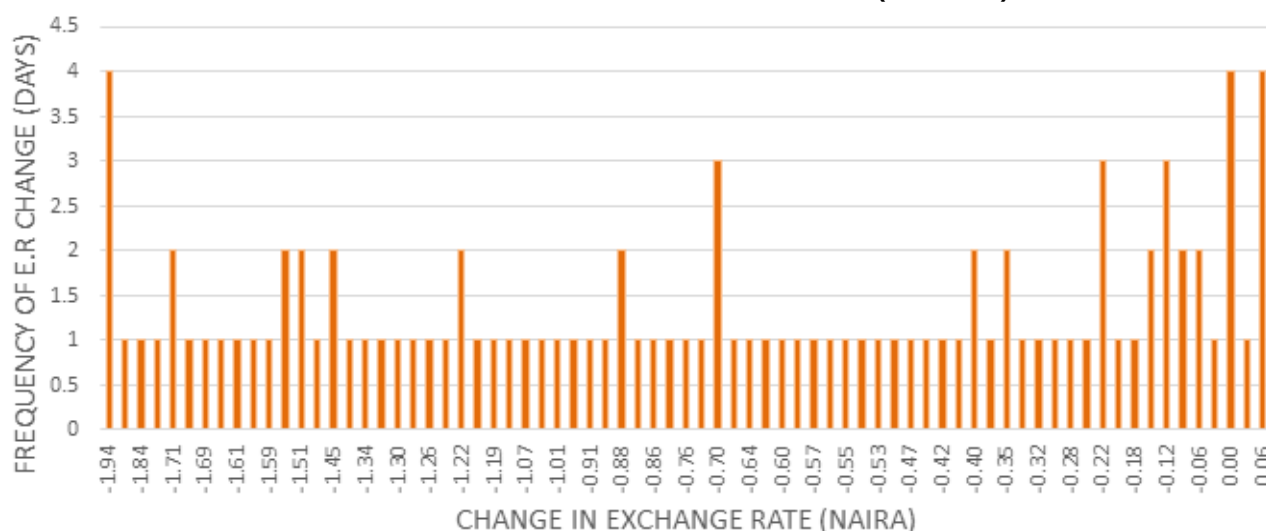
Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (10,854) | (9,226) | (119,782) | (98,964) |
| Increase | 2,918 | 2,480 | 119,782 | 98,964 |

Foreign exchange profit or loss (Euros)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of Euro:

- Daily Euro exchange rates were obtained and trended
- A reasonably possible change of (1.94)/0.06 (Dec 2016: ± 9.19) was determined based on the distribution of two year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of (1.94)/0.06 (Dec 2016: ± 9.19).
- The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the period.

FLUCTUATION IN EURO EXCHANGE RATE (IN NAIRA)


At 31 Dec 2017, if the Naira had weakened/strengthened by (1.94)/0.06 Naira (Dec 2016: \pm 9.19) against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (194) | (161) | (168,391) | (136,818) |
| Increase | 6,257 | 5,219 | 168,391 | 136,818 |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (195) | (165) | (168,103) | (138,887) |
| Increase | 6,294 | 5,350 | 168,103 | 138,887 |

Foreign Exchange Profit or Loss (Other Currencies)

At 31 Dec 2017, if Naira had weakened/strengthened by (0.81)/0.41 (Dec 2016: \pm 8.33) against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (849) | (708) | (18,081) | (14,691) |
| Increase | 1,670 | 1,393 | 18,081 | 14,691 |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (795) | (676) | (17,488) | (14,488) |
| Increase | 1,564 | 1,330 | 17,488 | 14,488 |

Foreign Currency Translation Gain / (Loss) (Other Comprehensive Income)

At 31 Dec 2017, if the Naira had strengthened/weakened by \pm N0.25 (Dec 2016: \pm N7.27) against the Dollar with all other variables held constant, the pre-tax and post-tax impact on equity would have been as set out in the table below mainly as a result of foreign exchange gains or losses on the translation:

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (312,542) | (218,780) | (6,810,537) | (4,767,376) |
| Increase | 312,542 | 218,780 | 6,810,537 | 4,767,376 |

(ix) Sensitivity analysis of derivative valuation

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained and trended; with all other variables kept constant and a proportional foreign exchange rate movement of \pm N0.25 (Dec 2016: \pm N7.27) depreciation of the Nigerian Naira and \pm N0.25 (Dec 2016: \pm N7.27) appreciation of the Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two years daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 31 December, 2017 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign

currency exchange rates. A favourable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavourable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of \pm N5.00 (Dec 2016: \pm N7.27) favourable or unfavourable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

The net impact of sensitivity for both favorable and unfavorable exchange rate of \pm N0.25 will be Nil as the total FX purchased equal FX sold.

**Group
Dec-17
Total Derivatives**

| | | | | Favourable Changes Pre-Tax | Unfavourable Changes Pre-Tax | Favourable Changes Post-Tax | Unfavourable Changes Post-Tax |
|--------------------------------|--------------------------------|---------------|-------------------------|----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|
| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value | Asset/ (Liabilities) | Income Statement | Income Statement | Income Statement | Income Statement |
| Derivative Assets | 30,688,033 | 638,261 | Asset | 413,749 | 414,693 | 345,141 | 345,929 |
| Derivative Liabilities | 30,688,033 | (592,320) | Liability | (414,693) | (413,749) | (345,929) | (345,141) |

**Dec-16
Total Derivatives**

| | | | | Favourable Changes Pre-Tax | Unfavourable Changes Pre-Tax | Favourable Changes Post-Tax | Unfavourable Changes Post-Tax |
|--|--------------------------------|------------------|-------------------------|----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|
| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value | Asset/ (Liabilities) | Income Statement | Income Statement | Income Statement | Income Statement |
| Total derivative assets/ (liabilities) held for trading * | 30,451,250 | 1,042,470 | (987,502) | 40,166 | (40,166) | 33,185 | (33,185) |
| Derivative assets/(liabilities) | 30,451,250 | 1,042,470 | (987,502) | 40,166 | (40,166) | 33,185 | (33,185) |

*See Note 25 for the components of the Derivative assets/liabilities

**Parent
Dec-17
Total Derivatives**

| | | | | Favourable Changes Pre-Tax | Unfavourable Changes Pre-Tax | Favourable Changes Post-Tax | Unfavourable Changes Post-Tax |
|--------------------------------|--------------------------------|---------------|-------------------------|----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|
| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value | Asset/ (Liabilities) | Income Statement | Income Statement | Income Statement | Income Statement |
| Derivative Assets | 30,688,033 | 638,261 | Asset | 413,749 | 414,693 | 351,687 | 352,489 |
| Derivative Liabilities | 30,688,033 | (592,320) | Liability | (414,693) | (413,749) | (352,489) | (351,687) |

Please refer to Note 25 for components of the Derivative assets/liabilities.

**Dec-16
Total Derivatives**

| | | | | Favourable Changes Pre-Tax | Unfavourable Changes Pre-Tax | Favourable Changes Post-Tax | Unfavourable Changes Post-Tax |
|--|--------------------------------|------------------|-------------------------|----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|
| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value | Asset/ (Liabilities) | Income Statement | Income Statement | Income Statement | Income Statement |
| Total derivative assets/ (liabilities) held for trading * | 30,451,250 | 1,042,470 | (987,502) | 40,166 | 40,166 | 33,165 | (33,165) |
| Derivative assets/(liabilities) | 30,451,250 | 1,042,470 | (987,502) | 40,166 | (40,166) | 33,165 | (33,165) |

*See Note 25 for the components of the Derivative assets/liabilities

(x) Sensitivity of Loan Loss Impairment to changes in Risk Parameter

Loan loss impairment as stated on the statement of financial position is subject to interplay of three key variables: probability of default, loss given default, and emergence period. Therefore changes to these three key variables would directly impact the credit losses reported for the financial period.

Sensitivity of Loan Loss Impairment - Probability of Default (PD)

The Group carried out the following activities in assessing the sensitivity of the Group's profit to fluctuations in the probability of default:

- The probability of default was obtained on a monthly basis.
- A possible change of five per cent was determined based on the distribution of monthly change in the probability of default.
- The chosen change in the probability of default was then applied to the bank's loan portfolio as at end of the period.

As at 31 December 2017, if probability of default increased or decreased by 5%, with all other variables (exposure at default, emergence period and loss given default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 335,422 | 279,803 | 2,393,162 | 1,938,753 |
| Increase | (299,001) | (249,421) | (2,393,162) | (1,938,953) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 299,001 | 254,151 | 2,192,921 | 1,806,060 |
| Increase | (299,001) | (254,151) | (2,192,921) | (1,806,060) |

Sensitivity of Loan Loss Impairment – Emergence Period (EP) The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss emergence period adjusted the timing gap between the emergence of impairment triggers and the time at which management becomes aware of the loss by 1 month. The chosen change in emergence period was then applied to the bank's loan portfolio as at year ended 31 December 2017.

As at 31 December 2017, if the emergence period increased or decreased by 1 month, with all other variables (exposure at default, probability of default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 2,189,242 | 1,826,222 | 2,993,049 | 2,424,734 |
| Increase | (1,751,982) | (1,461,468) | (2,993,049) | (2,424,734) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | (1,951,530) | (1,658,801) | (2,742,614) | (2,258,779) |
| Increase | 1,561,748 | 1,327,486 | 2,742,614 | 2,258,779 |

Sensitivity of Loan Loss Impairment – Loss Given Default (LGD)

The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss given default, assumed a 1% change in the loss given default. The chosen change in the loss given default was then applied to the bank's loan portfolio as at end of the period.

As at 31 December 2017, if the loss given default increased or decreased by one per cent, with all other variables (exposure at default, emergence period and probability of default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 1,171,982 | 977,506 | 1,180,443 | 956,303 |
| Increase | (2,104,816) | (1,755,506) | (1,301,819) | (1,054,632) |

Parent

| In thousands of Nigerian Naira | Dec-17 Pre-Tax | Dec-17 Post-Tax | Dec-16 Pre-Tax | Dec-16 Post-Tax |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| Decrease | 1,044,578 | 887,892 | 1,081,673 | 890,851 |
| Increase | (1,876,391) | (1,594,933) | (1,192,893) | (982,450) |

The table below summaries the Group's financial and non-financial instruments at carrying amount, categorised by currency:

Group

Dec-2017

Financial instruments by currencies

| In thousands of Nigerian Naira | Note | Total | Naira | USD | GBP | Euro | Others |
|---|------|----------------------|----------------------|----------------------|-------------------|-------------------|--------------------|
| Cash and cash equivalents | 23 | 641,973,784 | 76,841,539 | 454,505,562 | 35,653,052 | 22,715,913 | 52,257,718 |
| Financial assets held for trading | 24 | 23,945,661 | 16,652,369 | - | - | - | 7,293,292 |
| Derivative financial assets | 25 | 2,839,078 | 28,607 | 2,810,471 | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale | 26 | 517,492,733 | 446,462,642 | 27,710,024 | 8,060,899 | - | 35,259,168 |
| – Held to maturity | 26 | 96,466,598 | 2,007,253 | 2,643,736 | - | - | 91,815,609 |
| Assets pledged as collateral | 27 | 58,976,175 | 58,961,722 | - | - | - | 14,453 |
| Loans and advances to banks | 28 | 750,361 | 42,190 | 708,171 | - | - | - |
| Loans and advances to customers | 29 | 1,448,533,430 | 582,626,271 | 723,817,992 | 38,118,703 | 1,205,446 | 102,765,018 |
| Restricted deposits and other assets ¹ | 34 | 424,254,168 | 398,462,585 | 20,780,647 | 326,844 | 4,126,625 | 557,467 |
| | | 3,215,231,988 | 1,582,085,178 | 1,232,976,603 | 82,159,498 | 28,047,984 | 289,962,725 |
| Deposits from banks | 35 | 85,430,514 | 42,360 | 67,512,125 | 8,495,146 | 4,895,718 | 4,485,165 |
| Deposits from customers | 36 | 2,062,047,633 | 1,265,431,268 | 523,231,248 | 52,134,061 | 14,496,063 | 206,754,993 |
| Financial liabilities held for trading | 37 | 2,647,469 | 2,647,469 | - | - | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 564,528 | 2,042,058 | - | - | - |
| Other liabilities ² | 39 | 218,031,898 | 181,179,898 | 22,593,191 | 1,158,327 | 4,066,085 | 9,034,397 |
| Debt securities issued | 38 | 92,131,923 | - | 92,131,923 | - | - | - |
| Other borrowed funds | 41 | 220,491,914 | 104,745,684 | 115,746,230 | - | - | - |
| | | 2,683,387,937 | 1,554,611,207 | 823,256,775 | 61,787,534 | 23,457,866 | 220,274,555 |
| Financial Instrument Gap | | 531,844,051 | 27,473,971 | 409,719,828 | 20,371,964 | 4,590,118 | 69,688,170 |

¹Excludes prepayments

²Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

**Group
Dec-2016**
Financial instruments by currencies

| In thousands of Nigerian Naira | Note | Total | Naira | USD | GBP | Euro | Others |
|---|------|----------------------|----------------------|----------------------|-------------------|-------------------|--------------------|
| Cash and cash equivalents | 23 | 455,863,305 | 44,254,895 | 325,605,863 | 37,228,555 | 16,583,677 | 32,190,315 |
| Financial assets held for trading | 24 | 12,053,919 | 6,321,354 | - | - | - | 5,732,565 |
| Derivative financial assets | 25 | 1,042,470 | 649,458 | 393,012 | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale | 26 | 448,056,733 | 419,367,419 | 20,743,060 | 5,779,713 | - | 2,166,541 |
| – Held to maturity | 26 | 80,155,825 | 17,501,262 | 525,505 | - | - | 62,129,058 |
| Assets pledged as collateral | 27 | 48,216,412 | 48,216,412 | - | - | - | - |
| Loans and advances to banks | 28 | 653,718 | 522,373 | 131,345 | - | - | - |
| Loans and advances to customers | 29 | 1,589,429,834 | 669,116,447 | 807,742,569 | 27,866,064 | 1,034,421 | 83,670,333 |
| Restricted deposits and other assets ¹ | 34 | 353,596,062 | 340,071,081 | 11,014,741 | 438,571 | 1,373,564 | 698,105 |
| | | 2,989,068,278 | 1,546,020,701 | 1,166,156,095 | 71,312,903 | 18,991,662 | 186,586,917 |
| Deposits from banks | 35 | 125,067,848 | 648,008 | 111,092,170 | 124,313 | 2,648,263 | 10,555,094 |
| Deposits from customers | 36 | 1,986,246,232 | 1,290,461,271 | 508,535,474 | 50,850,163 | 12,968,046 | 123,431,278 |
| Financial liabilities held for trading | 37 | 2,065,402 | 2,065,402 | - | - | - | - |
| Derivative financial liabilities | 25 | 987,502 | 314,971 | 672,531 | - | - | - |
| Other liabilities ² | 39 | 115,540,806 | 61,788,399 | 47,861,037 | 901,639 | 1,363,746 | 3,625,985 |
| Debt securities issued | 38 | 126,237,863 | - | 125,639,951 | - | - | 597,912 |
| Other borrowed funds | 41 | 219,633,604 | 84,248,088 | 135,378,584 | - | - | 6,932 |
| | | 2,575,779,257 | 1,439,526,139 | 929,179,747 | 51,876,115 | 16,980,055 | 138,217,201 |
| Financial Instrument Gap | | 413,289,021 | 106,494,562 | 236,976,348 | 19,436,788 | 2,011,607 | 48,369,716 |

¹Excludes prepayments

²Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

**Parent
Dec-2017**
Financial instruments by currencies

| In thousands of Nigerian Naira | Note | Total | Naira | USD | GBP | Euro | Others |
|---|------|----------------------|----------------------|----------------------|-------------------|-------------------|----------------|
| Cash and cash equivalents | 23 | 455,296,196 | 76,694,210 | 345,585,593 | 21,368,909 | 10,987,764 | 659,720 |
| Financial assets held for trading | 24 | 16,652,356 | 16,652,356 | - | - | - | - |
| Derivative financial assets | 25 | 2,839,078 | 28,607 | 2,810,471 | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale | 26 | 453,089,625 | 446,462,642 | 6,626,983 | - | - | - |
| – Held to maturity | 26 | 2,007,253 | 2,007,253 | - | - | - | - |
| Assets pledged as collateral | 27 | 58,961,722 | 58,961,722 | - | - | - | - |
| Loans and advances to banks | 28 | 43,480 | 42,190 | 1,290 | - | - | - |
| Loans and advances to customers | 29 | 1,265,971,688 | 582,626,271 | 683,344,264 | 5 | 1,148 | - |
| Restricted deposits and other assets ¹ | 34 | 422,868,826 | 398,462,585 | 19,965,949 | 254,714 | 4,000,314 | 185,264 |
| | | 2,677,730,224 | 1,581,937,836 | 1,058,334,550 | 21,623,628 | 14,989,226 | 844,984 |
| Deposits from banks | 35 | 42,360 | 42,360 | - | - | - | - |
| Deposits from customers | 36 | 1,697,560,947 | 1,265,431,269 | 406,629,207 | 16,041,984 | 9,457,278 | 1,209 |
| Financial liabilities held for trading | 24 | 2,647,469 | 2,647,469 | - | - | - | - |
| Derivative financial liabilities | 25 | 2,606,586 | 564,528 | 2,042,058 | - | - | - |
| Other liabilities ² | 39 | 197,035,772 | 172,633,981 | 19,874,566 | 312,270 | 4,026,086 | 188,869 |
| Debt securities issued | 38 | 92,131,923 | - | 92,131,923 | - | - | - |
| Other borrowed funds | 41 | 210,671,384 | 104,745,684 | 105,925,700 | - | - | - |
| | | 2,202,696,441 | 1,546,065,291 | 626,603,454 | 16,354,254 | 13,483,364 | 190,078 |
| Financial Instrument Gap | | 475,033,783 | 35,872,545 | 431,731,096 | 5,269,374 | 1,505,862 | 654,906 |

¹ Excludes prepayments

² Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

**Parent
Dec-2016
Financial instruments by currencies**

| In thousands of Nigerian Naira | Note | Total | Naira | USD | GBP | Euro | Others |
|---|------|----------------------|----------------------|--------------------|-------------------|-------------------|----------------|
| Cash and cash equivalents | 23 | 233,847,233 | 31,027,677 | 172,859,505 | 20,627,067 | 8,762,922 | 570,062 |
| Financial assets held for trading | 24 | 6,321,370 | 6,321,370 | - | - | - | - |
| Derivative financial assets | 25 | 1,042,470 | 649,458 | 393,012 | - | - | - |
| Investment securities: | | | | | | | |
| – Available for sale | 26 | 408,246,905 | 399,054,273 | 9,192,632 | - | - | - |
| – Held to maturity | 26 | 5,219,262 | 5,219,262 | - | - | - | - |
| Assets pledged as collateral | 27 | 48,205,702 | 48,205,702 | - | - | - | - |
| Loans and advances to banks | 28 | 29,943 | 28,265 | 1,678 | - | - | - |
| Loans and advances to customers | 29 | 1,417,217,952 | 644,366,023 | 772,833,257 | 4 | 18,668 | - |
| Restricted deposits and other assets ¹ | 34 | 351,949,078 | 340,004,870 | 10,241,866 | 361,353 | 1,311,162 | 29,827 |
| | | 2,472,079,915 | 1,474,876,900 | 965,521,950 | 20,988,424 | 10,092,752 | 599,889 |
| Deposits from banks | 35 | 40,438 | 40,438 | - | - | - | - |
| Deposits from customers | 36 | 1,681,184,820 | 1,249,610,067 | 406,864,859 | 16,442,362 | 8,264,559 | 2,973 |
| Financial liabilities held for trading | 36 | 2,065,402 | 2,065,402 | - | - | - | - |
| Derivative financial liabilities | 25 | 987,502 | 314,971 | 672,531 | - | - | - |
| Other liabilities ² | 39 | 90,013,993 | 43,305,740 | 44,960,787 | 388,363 | 1,328,185 | 30,918 |
| Other borrowed funds | 41 | 332,317,881 | 84,248,088 | 248,069,793 | - | - | - |
| | | 2,106,610,036 | 1,379,584,706 | 700,567,970 | 16,830,725 | 9,592,744 | 33,891 |
| Financial Instrument Gap | | 365,469,879 | 95,292,194 | 264,953,980 | 4,157,699 | 500,008 | 565,998 |

¹ Excludes prepayments

² Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.



OTHER NOTES TO THE FINANCIAL STATEMENTS

5. Capital management and other risks

a. Regulatory capital

The Bank’s lead regulator, the Central Bank of Nigeria (CBN), sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria (CBN) and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

The Bank’s Capital Adequacy Ratio have been computed in line with the CBN’s guidance on Regulatory capital, Credit risk, Market risk and Operational risk under the Basel II Framework. With effect from July 1, 2017, the CBN requires that banks designated as Domestic Systemically Important Banks (D-SIBs) maintain additional Higher Loss Absorbency (HLA) of 1% in respect of their capital, which will require that D-SIBs maintain a minimum capital adequacy ratio of 16%.

b. Capital Adequacy Position in line with Basel II Accord

The International Convergence of Capital Measurement and Capital Standards: a Revised Framework, popularly known as the Basel II Framework was introduced in 2004 as a new set of international standards and best practices that define the minimum capital requirements for internationally active banks. The Basel II framework stipulates a minimum level of capital that banks must maintain to ensure that they can meet their obligations, cover unexpected losses; and can, very importantly, promote public confidence.

Basel II is a three-pronged approach relying on three Pillars -Minimum Capital Requirements (Pillar 1), Supervisory Review Process (Pillar 2) and Market Discipline (Pillar 3).

Pillar 1 Minimum Capital Requirements: It prescribes the capital allocation methodology against the core traditional credit, market and operational risks to ensure these are adequately measured and that banks have adequate capital to mitigate these risks.

Pillar 2 Supervisory Review: It requires banks to establish a risk management framework to identify, assess

and manage major risks inherent in the institution and allocate adequate capital against those risks. It emphasizes that supervisors should be able to evaluate the soundness of these assessments.

Pillar 3 Market Discipline: It sets out to encourage market discipline by requiring a number of disclosure requirements in respect of a bank’s risk exposures, risk assessment process and capital adequacy.

The CBN specifies approaches for quantifying the risk weighted assets for credit, market and operational risk for the purpose of determining regulatory capital. Although the computations are consistent with the requirements of Pillar 1 Basel II Accord, certain sections have been adjusted to reflect the peculiarities of the Nigerian environment. In compliance with CBN, the Bank adopted the Standardized Approach (SA) in determining capital charge for Credit Risk and Market Risk while capital charge for Operational Risk was determined using the Basic Indicator Approach (BIA).

Pillar 1 focuses mainly on CAR, also known as Capital to Risk (Weighted) Assets Ratio (CRAR). This is the ratio of a bank’s capital to its risk. CBN requires the minimum requirement of 10% or 15% of Capital to risk weighted assets be maintained by Nigerian banks or banking groups with regional/national license and international banking license respectively.

CAR is measured as:

$$\frac{\text{Total Capital}}{\text{(Credit Risk Weighted Assets + Market Risk Weighted Assets + Operational Risk Weighted Assets)}}$$

The Bank’s regulatory capital is analysed into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, statutory reserves, and other reserves excluding regulatory reserves. Intangible assets and investments in subsidiaries were also deducted from Tier I capital for capital adequacy purposes.

Tier 2 capital comprises Fair Value Reserves.

The Bank and its individually regulated operations

OTHER NOTES TO THE FINANCIAL STATEMENTS

have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period.

Period under review

A fundamental part of the Bank's overall business strategy is its sound capital management practices. It adopts a capital planning process that ensures that regulatory capital remains within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalized under normal and severe scenarios as well as a range of stress events.

Stress-testing models are used to gauge vulnerability of the bank to exceptional yet possible events. The result of stress-testing reveals the minimum capital requirements of the bank in the event that unforeseen negative events crystallize. The critical objective underpinning the stress-testing exercise is to identify as early as possible, any shortfall in capital requirements of the Bank and take corrective actions which may be direct or indirect.

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 16% for Domestic Systemically Important. As at 31 December, 2017, the Bank's capital adequacy ratio was 25.50% (December 31, 2016- 19.79%). Group capital stood at 25.68%.

The following table shows the composition of regulatory capital and risk weighted assets for the Bank:

Capital adequacy ratio

Bank

| In thousands of Nigerian Naira | Note | Dec-2017 | Dec-2016 |
|---|------|----------------------|----------------------|
| Tier 1 capital | | | |
| Share capital | 42 | 14,715,590 | 14,715,590 |
| Share premium | 42 | 123,471,114 | 123,471,114 |
| Retained profits | | 115,361,824 | 83,989,499 |
| Statutory Reserve | | 247,571,078 | 199,185,674 |
| SMEEIS Reserve | | 10,574,318 | 4,232,478 |
| Other reserves | | - | 28,279,386 |
| Tier 1 Sub-Total | | 511,693,924 | 453,873,741 |
| Less Regulatory deductions : | | | |
| Other intangible assets | 32 | (4,501,296) | (3,377,961) |
| Deferred Tax Assets | 33 | - | - |
| 100% of investments in unconsolidated Banking and financial subsidiary/associate companies. | 30 | (46,207,004) | (43,968,474) |
| Net Total Tier 1 Capital (A) | | 460,985,624 | 406,527,306 |
| Tier 2 capital | | | |
| Fair Value Reserves | | 4,887,758 | (1,000,680) |
| Net Total Tier 2 Capital (B) | | 4,887,758 | (1,000,680) |
| Total Qualifying Capital (C= A+B) | | 465,873,382 | 405,526,626 |
| Composition Of Risk-Weighted Assets | | | |
| Risk-Weighted Amount For Credit Risk | | 1,453,391,802 | 1,700,022,945 |
| Risk-Weighted Amount For Operational Risk | | 371,126,769 | 347,267,040 |
| Risk-Weighted Amount For Market Risk | | 2,765,436 | 1,797,607 |
| Aggregate Risk-Weighted Assets | | 1,827,284,008 | 2,049,087,592 |
| Total Risk-Weighted Capital Ratio | | 25.50% | 19.79% |
| Tier 1 Risk-Based Capital Ratio | | 25.23% | 19.84% |

(c) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Group Enterprise Risk Management Division, and is subject to review by the Group Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Consideration is also given to synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group’s longer term strategic objectives. The Group’s policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management’s best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party’s financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recov-

erable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated. Please refer to pages 201-202 for sensitivity analysis of the exposure at default to changes to the EP, LGD and PD.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group’s accounting policies

Critical accounting judgements made in applying the Group’s accounting policies include:

Financial asset and liability classification

The Group’s accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as “trading”, the Group has determined that it meets the

description of trading assets and liabilities set out in accounting policy 3b(j)(v).

2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 3b (j)(vb).
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3b (j)(vc).

Details of the Group's classification of financial assets and liabilities are given in note 8 and sensitivity analysis are as stated on page 189.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Translation of FX position during the period: This is referred to Nigeria Interbank Foreign Exchange (NIFEX) rate quoted on FMDQ.

Defined benefits plan

The present value of the retirement benefit obligations de-

pends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The sensitivity analysis of level 3 equity Instruments and its impact on OCI are shown in note 4(d) under market risk above.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in note 3(q). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. Goodwill and Goodwill Impairment testing are shown in note 32(c) below.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iib).

The Group measures fair values using the following hierar-

OTHER NOTES TO THE FINANCIAL STATEMENTS

chy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

OTHER NOTES TO THE FINANCIAL STATEMENTS

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

All fair values are on a recurring basis. The sensitivity of investments and derivatives to fluctuation in market prices and yields are disclosed in note 4(i) under market risk above.

Group

Dec-2017

In thousands of Nigerian Naira

| Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|---|------|--------------------|------------------|------------------|--------------------|
| Financial assets held for trading | | | | | |
| -Debt securities | 24 | 23,945,661 | - | - | 23,945,661 |
| -Derivative financial assets | 25 | - | 2,839,078 | - | 2,839,078 |
| Available-for-sale financial assets: | | | | | |
| -Investment securities-debt | 26 | 507,845,054 | 6,626,983 | - | 514,472,037 |
| -Investment securities-equity | 26 | - | - | 3,011,648 | 3,011,648 |
| Assets pledged as collateral | 27 | 58,976,175 | - | - | 58,976,175 |
| Total assets | | 590,766,890 | 9,466,061 | 3,011,648 | 603,244,599 |
| Liabilities | | | | | |
| Financial liabilities held for trading | 37 | 2,647,469 | - | - | 2,647,469 |
| Derivative financial liabilities | 25 | - | 2,606,586 | - | 2,606,586 |
| Total liabilities | | 2,647,469 | 2,606,586 | - | 5,254,055 |

Group

Dec-2016

In thousands of Nigerian Naira

| Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|---|------|--------------------|-------------------|------------------|--------------------|
| Financial assets held for trading | | | | | |
| -Debt securities | 24 | 12,053,919 | - | - | 12,053,919 |
| -Derivative financial assets | 25 | - | 1,042,470 | - | 1,042,470 |
| Available-for-sale financial assets: | | | | | |
| -Investment securities-debt | 26 | 397,735,340 | 46,404,372 | - | 444,139,712 |
| -Investment securities-equity | 26 | - | - | 3,771,445 | 3,771,445 |
| Assets pledged as collateral | 27 | 48,216,412 | - | - | 48,216,412 |
| Total assets | | 458,005,671 | 47,446,842 | 3,771,445 | 509,223,958 |
| Liabilities | | | | | |
| Financial liabilities held for trading | 37 | 2,065,402 | - | - | 2,065,402 |
| Derivative financial liabilities | 25 | - | 987,502 | - | 987,502 |
| Total liabilities | | 2,065,402 | 987,502 | - | 3,052,904 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Parent

Dec-2017

In thousands of Nigerian Naira

| Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|---|------|--------------------|------------------|------------------|--------------------|
| Financial assets held for trading | | | | | |
| -Debt securities | 24 | 16,652,356 | - | - | 16,652,356 |
| -Derivative financial assets | 25 | - | 2,839,078 | - | 2,839,078 |
| Available-for-sale financial assets: | | | | | |
| -Investment securities-debt | 26 | 443,450,994 | 6,626,983 | - | 450,077,977 |
| -Investment securities-equity | 26 | - | - | 3,011,648 | 3,011,648 |
| Assets pledged as collateral | 27 | 58,961,722 | - | - | 58,961,722 |
| Total assets | | 519,065,072 | 9,466,061 | 3,011,648 | 531,542,781 |
| Liabilities | | | | | |
| Financial liabilities held for trading | 37 | 2,647,469 | - | - | 2,647,469 |
| Derivative financial liabilities | 25 | - | 2,606,586 | - | 2,606,586 |
| Total liabilities | | 2,647,469 | 2,606,586 | - | 5,254,055 |

Parent

Dec-2016

In thousands of Nigerian Naira

| Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|---|------|--------------------|-------------------|------------------|--------------------|
| Financial assets held for trading | | | | | |
| - Debt securities | 24 | 6,321,370 | - | - | 6,321,370 |
| - Derivative financial assets | 25 | - | 1,042,470 | - | 1,042,470 |
| Available-for-sale financial assets: | | | | | |
| -Investment securities-debt | 26 | 357,932,924 | 46,404,372 | - | 404,337,296 |
| -Investment securities-equity | 26 | - | - | 3,771,445 | 3,771,445 |
| Assets pledged as collateral | 27 | 48,205,702 | - | - | 48,205,702 |
| Total assets | | 412,459,996 | 47,446,842 | 3,771,445 | 463,678,283 |
| Liabilities | | | | | |
| Financial liabilities held for trading | 37 | 2,065,402 | - | - | 2,065,402 |
| Derivative financial liabilities | 25 | - | 987,502 | - | 987,502 |
| Total liabilities | | 2,065,402 | 987,502 | - | 3,052,904 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Level 3 Items

-Available for sale financial assets (unquoted equity securities)

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|------------------------------------|-------------------|-------------------|--------------------|--------------------|
| At 1 January | 3,771,445 | 3,608,972 | 3,771,445 | 3,608,972 |
| Total unrealised gains or (losses) | | | | |
| - in Profit and Loss | - | - | - | - |
| - in OCI | 22,330 | 162,473 | 22,330 | 162,473 |
| Transfers out of Level 3 | (782,127) | - | (782,127) | - |
| | 3,011,648 | 3,771,445 | 3,011,648 | 3,771,445 |

Sensitivity of financial instruments to changes in market variables are disclosed in note (4i) under market risk above Transfer out of Level 3 relates to equity investments transferred to equity investments at cost.

OTHER NOTES TO THE FINANCIAL STATEMENTS

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3 on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Group Dec-2017

| In thousands of Nigerian Naira | Note | Gross amounts of Financial Assets/liabilities | Gross amounts set off on the SOFP | Net amounts presented on the SOFP | Related amount not set off in the SOFP | Cash collateral | Net amount |
|--------------------------------|------|---|-----------------------------------|-----------------------------------|--|-------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents (a) | | 22,099,833 | (5,425,498) | 16,674,335 | - | - | 16,674,335 |
| Other Assets (b) | | 19,984,387 | - | 19,984,387 | - | 19,984,387 | - |
| | | 42,084,220 | (5,425,498) | 36,658,722 | - | 19,984,387 | 16,674,335 |
| Financial liabilities | | | | | | | |
| Other Liabilities (b) | | 19,984,387 | - | 19,984,387 | 19,984,387 | - | - |
| | | 19,984,387 | - | 19,984,387 | 19,984,387 | - | - |

Group Dec-2016

| In thousands of Nigerian Naira | Note | Gross amounts of Financial Assets/liabilities | Gross amounts set off on the SOFP | Net amounts presented on the SOFP | Related amount not set off in the SOFP | Cash collateral | Net amount |
|--------------------------------|------|---|-----------------------------------|-----------------------------------|--|-------------------|---------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents (a) | | 3,936,463 | 42,749,377 | (38,812,914) | - | - | (38,812,914) |
| Other Assets (b) | | 11,944,208 | - | 11,944,208 | - | 11,944,208 | - |
| | | 15,880,671 | 42,749,377 | (26,868,706) | - | 11,944,208 | (38,812,914) |
| Financial liabilities | | | | | | | |
| Other Liabilities (b) | | 11,944,208 | - | 11,944,208 | 11,944,208 | - | - |
| | | 11,944,208 | - | 11,944,208 | 11,944,208 | - | - |

OTHER NOTES TO THE FINANCIAL STATEMENT

Parent Dec-2017

| In thousands of Nigerian Naira | Note | Gross amounts of Financial Assets/liabilities | Gross amounts set off on the SOFP | Net amounts presented on the SOFP | Related amount not set off in the SOFP | Cash collateral | Net amount |
|--------------------------------|------|---|-----------------------------------|-----------------------------------|--|-------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents (a) | | 22,099,833 | (5,425,498) | 16,674,335 | - | - | 16,674,335 |
| Other Assets (b) | | 19,984,387 | - | 19,984,387 | - | 19,984,387 | - |
| | | 42,084,220 | (5,425,498) | 36,658,722 | - | 19,984,387 | 16,674,335 |
| Financial liabilities | | | | | | | |
| Other Liabilities (b) | | 19,984,387 | - | 19,984,387 | 19,984,387 | - | - |
| | | 19,984,387 | - | 19,984,387 | 19,984,387 | - | - |

Parent Dec-2016

| In thousands of Nigerian Naira | Note | Gross amounts of Financial Assets/liabilities | Gross amounts set off on the SOFP | Net amounts presented on the SOFP | Related amount not set off in the SOFP | Cash collateral | Net amount |
|--------------------------------|------|---|-----------------------------------|-----------------------------------|--|-------------------|---------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents (a) | | 3,936,463 | 42,749,377 | (38,812,914) | - | - | (38,812,914) |
| Other Assets (b) | | 11,944,208 | - | 11,944,208 | - | 11,944,208 | - |
| | | 15,880,671 | 42,749,377 | (26,868,706) | - | 11,944,208 | (38,812,914) |
| Financial liabilities | | | | | | | |
| Other Liabilities (b) | | 11,944,208 | - | 11,944,208 | 11,944,208 | - | - |
| | | 11,944,208 | - | 11,944,208 | 11,944,208 | - | - |

(a) Standard terms of clearing in Nigeria include provisions allowing net settlements of payments in the normal course of business.

(b) Certain customers provide monies to the Bank to serve as cash collateral for their LC transactions. The Bank simultaneously increases its balances with the correspondent banks to reflect this. As such, the Bank intends to realise the asset and settle the liability simultaneously.

(e) Disclosure Requirement for Level 2 and 3 Financial Instruments

Valuation control framework: The key elements of the control framework for the valuation of financial instruments include model validation, product implementation review and independent price verification. These functions are carried out by an appropriately skilled finance team, independent of the business area responsible for the products.

Model validation covers both qualitative and quantitative elements relating to new models. In respect of new products, model validation examines the explanatory power of the implemented model, actively monitoring model parameters and comparing in-house pricing to external sources.

Independent price verification procedures cover financial instruments carried at fair value. The frequency of the review is matched to the availability of independent data, monthly being the minimum. Valuation differences in breach of established thresholds are escalated to senior management. The results from independent pricing and valuation reserves are reviewed monthly by senior management.

Valuation technique and Input used in Level 2 Fair Value Measurement

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

Available for Sale Corporate Bonds:

As at 31 December 2017, the Group disclosed its investment in Available for Sale Corporate bond as N6,626,983,000 (December 2016: N9,192,632,000) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments**Valuation Technique:**

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:**Discounted Cash flow Technique (DCF)**

The fair value of the other unquoted equity securities were derived using the Discounted Cash Flow technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: A five-year forecast of the Free Cash Flow to the Firm (FCFF) for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below).

Step 4: The terminal value was discounted to present value using the company's WACC.

OTHER NOTES TO THE FINANCIAL STATEMENTS

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value).

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – Changes in FCI – Changes in WCI

Where:

NI = Net Income

NCC = Non- Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

This is the average cost of both equity and debt capital used in financing a business.

WACC= $\{(D/D+E) \times Kd(1-T)\} + \{(E/D+E) \times Ke \}$

Where:

D = Value of Debt

E = Equity value

Ke = Cost of equity

Kd = Cost of debt

T = Tax rate

c. Capitalization Rate= WACC – g

Terminal value = $(FCFF_5 \times (1+g)) / (WACC - g)$

Where:

FCFF = Year₅ FCFF

g = Growth rate

WACC = **Weighted average Cost of Capital**

Valuation Assumptions – Discounted Cash flow

1. The bank applies Capital Asset Pricing Model in determining the cost of equities for its various unquoted equities which were fair valued at the reporting period.
2. The risk free rate was determined using the yield on the 10 year Nigerian Government bond (for unquoted securities denominated in Naira) of 14.12% and the yield on the 10 year US Government bond (for unquoted securities denominated in US \$) of 2.41%.
3. Market premium of 5.8% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Beta = 1 or Less than 1
5. Growth rate used is growth rate in earnings between the latest year and prior period.

Summary of carrying amounts of equity Securities at fair value through equity

| In thousands of Nigerian Naira | Dec-17 | Dec-16 |
|--|------------------|------------------|
| Historical cost | (787,879) | (2,415,699) |
| Fair value | 3,011,648 | 4,279,461 |
| Unrealized Fair Value Gain recognized in Equity (OCI) | 2,223,768 | 1,863,762 |

The movement in equity securities at fair value during the year is as follows:

| In thousands of Nigerian Naira | Group Dec-17 | Group Dec-16 | Parent Dec-17 | Parent Dec-16 |
|---|--------------|--------------|---------------|---------------|
| Balance, beginning of the year | 4,279,462 | 4,116,988 | 4,279,462 | 4,116,988 |
| Reclassification to unquoted equity investments at cost | (1,290,144) | - | (1,290,144) | - |
| Fair value movement recognised in OCI | 22,330 | 162,474 | 22,330 | 162,474 |
| Write off | - | - | - | - |
| Disposals (cost) | - | - | - | - |
| | 3,011,648 | 4,279,462 | 3,011,648 | 4,279,462 |
| Impairment charges on equity | - | (508,016) | - | (508,016) |
| | | | | |
| Balance, end of the year | 3,011,648 | 3,771,446 | 3,011,648 | 3,771,446 |

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 31 December 2017 of N2,223,768,000 (31 December, 2016: N1,863,762,000) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

The movement in unquoted equity securities (i.e. SMEEIS Investments) at cost during the year is as follows:

| In thousands of Nigerian Naira | Group Dec-17 | Group Dec-16 | Parent Dec-17 | Parent Dec-16 |
|--|--------------------|--------------------|--------------------|--------------------|
| Balance, beginning of the year | 3,085,126 | 3,555,125 | 3,085,126 | 3,555,125 |
| Reclassification from equity Securities at fair value through equity | 1,127,820 | - | 1,127,820 | - |
| Equity securities at cost disposed | (61,288) | - | (61,288) | - |
| Reclassification to equity Securities at fair value through equity | - | (469,999) | - | (469,999) |
| Total Cost | 4,151,658 | 3,085,126 | 4,151,658 | 3,085,126 |
| Less Impairment | (4,151,658) | (2,946,962) | (4,151,658) | (2,946,962) |
| Balance at the end of the year | - | 138,164 | - | 138,164 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

The movement in other unquoted equity securities at cost during the year is as follows:

| In thousands of Nigerian Naira | Group Dec-17 | Group Dec-16 | Parent Dec-17 | Parent Dec-16 |
|--|-----------------|-----------------|------------------|------------------|
| Balance, beginning of the period | 7,412 | 4,972 | - | - |
| Reclassification to equity Securities at fair value through equity | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange difference- gain/(loss) | 1,636 | 2,440 | - | - |
| Balance, end of the period | 9,048 | 7,412 | - | - |

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

The Group estimated the fair value of its Foreign exchange derivatives as at 31 December 2017 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

The Bank transferred a sum of N15,438,501,000 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity in the Year. The total regulatory risk reserve was N67,762,679,000. Regulatory risk reserve represents

the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses under the Prudential Guideline and the Loan Impairment allowance determined in accordance with provisions of IFRS. As at December 31, 2017 CBN recommended provision amounted to N127,652,484,000. Of the amount recommended by the Central Bank of Nigeria, N23,981,770,000 relates to 2% General Loan Loss Provision on performing loans. Also, N4,151,066,000 recommended by CBN for Other Known Losses was adequately provided for in the December 2017 Financial Statements.

The Reconciliation between the CBN Recommended provisions and that under IFRS as at December 2017 is as shown in the table below:

a. Loan and Advance

| In thousands of Nigerian Naira | Reference | Specific | General | Total |
|---|----------------|-------------------|-------------------|-------------------|
| Provision per CBN Prudential Guidelines | | 103,670,715 | 23,981,770 | 127,652,484 |
| Impairment allowance per IAS 39: (Inclusive of collective allowance) | (Note 28 & 29) | (60,280,337) | - | (60,280,337) |
| Amount required in Regulatory Risk Reserve¹ | | 43,390,378 | 23,981,770 | 67,372,147 |

b. Provision for Other Known Losses:

| | | |
|---|-----------|------------------|
| Provision for Other Known Losses - CBN | | 4,151,066 |
| Provision for Other Known Losses - IFRS | | |
| Specific impairment for equities | (Note 26) | 3,454,978 |
| Impairment on other assets | (Note 34) | 126,846 |
| Litigation Claims Provisions | (Note 39) | 178,710 |
| Others – Regulatory Risk Reserve | | 390,532 |
| | | 4,151,066 |
| Amount required in Regulatory Risk Reserve | | - |

¹Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

c. Impairment of loans and advances and other Known Losses (OKL)

| | | |
|---|-------------------|-------------------|
| in thousands of Nigeria Niara | | |
| Regulatory reserve required for loans and advances | | 67,372,147 |
| Regulatory reserve required for Other Known Losses | | 390,532 |
| Balance required per Regulatory Risk Reserve | | 67,762,679 |
| Balance per Regulatory Risk Reserve | (SOCIE - Page 84) | 67,762,679 |
| Excess amount in regulatory risk reserve | | - |

d. Movement in Regulatory Reserves

| | Specific | General | Others | Total |
|--|-------------------|-------------------|----------------|-------------------|
| Movement in Regulatory Reserves | | | | |
| Balance as at 1 January | 23,840,782 | 28,092,869 | 390,527 | 52,324,178 |
| Transfer during the year | - | - | - | - |
| (Reversal)/Addition during the year | 19,549,596 | (4,111,099) | 5 | 15,438,501 |
| Balance, end of the year | 43,390,378 | 23,981,770 | 390,532 | 67,762,679 |

The regulatory risk reserve for the Group as at Dec 2017 was N71,218,191,000 (Dec 2016: N55,734,605,000)

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.
- **Commercial banking** – In corporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.
- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.
- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

OTHER NOTES TO THE FINANCIAL STATEMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Operating segments (Continued)

Information about operating segments

Group Dec-2017

| In thousands of Nigerian Naira | Corporate Banking | Retail Banking | Commercial Banking | SME Banking | Public Sector Banking | Total |
|--|----------------------|----------------------|---------------------|---------------------|-----------------------|----------------------|
| Revenue: | | | | | | |
| Derived from external customers | 311,851,202 | 50,279,577 | 38,452,885 | 9,204,870 | 8,870,563 | 418,659,097 |
| Derived from other business segments | (50,466,814) | 36,803,472 | 3,257,160 | 9,929,501 | 476,681 | - |
| Total revenue | 261,384,388 | 87,083,049 | 41,710,045 | 19,134,371 | 9,347,244 | 418,659,097 |
| Interest expenses | (66,844,028) | (6,084,565) | (4,592,694) | (1,737,831) | (1,411,233) | (80,670,351) |
| Fee and commission expenses | (752,071) | (951,242) | (322,574) | (136,818) | (26,956) | (2,189,661) |
| Net operating income | 193,788,289 | 80,047,242 | 36,794,777 | 17,259,722 | 7,909,055 | 335,799,085 |
| Expense: | | | | | | |
| Operating expenses | (38,908,019) | (35,259,671) | (18,616,023) | (10,075,391) | (5,015,638) | (107,874,742) |
| Net impairment loss on financial assets | (7,069,003) | (2,043,781) | (2,417,520) | (974,638) | (360,858) | (12,865,800) |
| Depreciation and amortization | (2,668,886) | (6,745,863) | (3,027,139) | (2,504,531) | (437,278) | (15,383,697) |
| Total cost | (48,645,908) | (44,049,315) | (24,060,682) | (13,554,560) | (5,813,774) | (136,124,239) |
| Profit before income tax from reportable segments | 145,142,381 | 35,997,927 | 12,734,095 | 3,705,162 | 2,095,281 | 199,674,846 |
| Tax | (21,641,359) | (5,367,447) | (1,898,709) | (552,456) | (312,416) | (29,772,387) |
| Profit after income tax from reportable segments | 123,501,022 | 30,630,480 | 10,835,386 | 3,152,706 | 1,782,865 | 169,902,459 |
| Assets and liabilities: | | | | | | |
| Total assets | 2,041,954,109 | 695,290,754 | 378,030,718 | 151,940,157 | 85,309,426 | 3,352,525,164 |
| Total liabilities | (1,022,638,991) | (1,044,170,116) | (375,641,600) | (249,188,312) | (25,752,080) | (2,717,391,099) |
| Net assets/ (liabilities) | 1,019,315,118 | (348,879,362) | 2,389,118 | (97,248,155) | 59,557,346 | 635,134,065 |
| Additions to Non-Current Assets | 3,793,622 | 9,588,737 | 4,302,850 | 3,560,003 | 621,557 | 21,866,769 |
| Assets: | | | | | | |
| Loans and advances to banks | 750,361 | - | - | - | - | 750,361 |
| Loans and advances to customers | 1,047,732,908 | 131,469,187 | 186,268,672 | 24,798,229 | 58,264,434 | 1,448,533,430 |
| Others | 993,470,840 | 563,821,567 | 191,762,046 | 127,141,928 | 27,044,992 | 1,903,241,373 |
| | 2,041,954,109 | 695,290,754 | 378,030,718 | 151,940,157 | 85,309,426 | 3,352,525,164 |
| Liabilities: | | | | | | |
| Deposits from banks | 85,430,514 | - | - | - | - | 85,430,514 |
| Deposits from customers | 537,048,866 | 958,021,845 | 325,611,262 | 220,975,596 | 20,390,064 | 2,062,047,633 |
| Others | 400,159,611 | 86,148,271 | 50,030,338 | 28,212,716 | 5,362,016 | 569,912,952 |
| | 1,022,638,991 | 1,044,170,116 | 375,641,600 | 249,188,312 | 25,752,080 | 2,717,391,099 |

Operating segments (Continued)

Information about operating segments

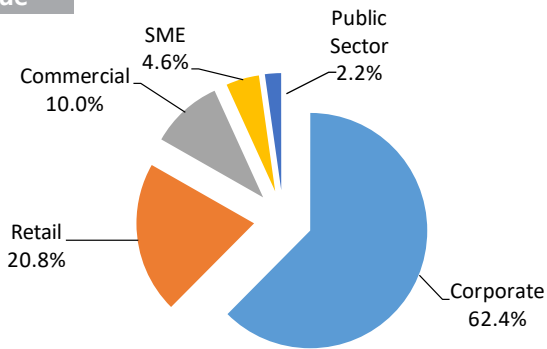
Group
Dec-2016

| In thousands of Nigerian Naira | Corporate Banking | Retail Banking | Commercial Banking | SME Banking | Public Sector Banking | Total |
|--|----------------------|----------------------|---------------------|----------------------|-----------------------|----------------------|
| Revenue: | | | | | | |
| Derived from external customers | 228,195,391 | 109,833,936 | 49,099,820 | 15,442,320 | 9,583,238 | 412,154,705 |
| Derived from other business segments | (14,559,633) | 10,526,263 | 971,919 | 3,010,143 | 51,308 | - |
| Total revenue | 213,635,758 | 120,360,199 | 50,071,739 | 18,452,463 | 9,634,546 | 412,154,705 |
| Interest expenses | (48,447,403) | (8,666,866) | (5,911,891) | (2,209,545) | (1,858,218) | (67,093,923) |
| Fee and commission expenses | (1,046,466) | (1,798,254) | (410,195) | (163,366) | (37,976) | (3,456,257) |
| Net operating income | 164,141,889 | 109,895,079 | 43,749,653 | 16,079,552 | 7,738,352 | 341,604,525 |
| Expense: | | | | | | |
| Operating expenses | (26,897,524) | (54,008,118) | (3,610,074) | (9,813,300) | (4,060,254) | (98,389,270) |
| Net impairment loss on financial assets | (18,408,931) | (16,218,421) | (27,247,938) | (1,731,916) | (1,683,104) | (65,290,310) |
| Depreciation and amortization | (3,836,222) | (5,235,053) | (3,471,920) | (2,161,213) | (544,958) | (15,249,366) |
| Total cost | (49,142,677) | (75,461,592) | (34,329,932) | (13,706,429) | (6,288,316) | (178,928,946) |
| Profit before income tax from reportable segments | 114,999,212 | 34,433,487 | 9,419,721 | 2,373,123 | 1,450,036 | 162,675,579 |
| Tax | (23,226,545) | (6,954,578) | (1,902,514) | (479,303) | (292,866) | (32,855,806) |
| Profit after income tax from reportable segments | 91,772,667 | 27,478,909 | 7,517,207 | 1,893,820 | 1,157,170 | 129,819,773 |
| Assets and liabilities: | | | | | | |
| Total assets | 2,055,936,178 | 532,308,775 | 330,810,288 | 108,146,592 | 91,274,910 | 3,118,476,743 |
| Total liabilities | (984,447,374) | (1,007,677,907) | (357,362,530) | (222,512,324) | (31,570,380) | (2,603,570,515) |
| Net assets/ (liabilities) | 1,071,488,804 | (475,369,132) | (26,552,242) | (114,365,732) | 59,704,530 | 514,906,228 |
| Additions to Non-Current Assets | 4,447,339 | 6,069,007 | 4,025,004 | 2,505,498 | 1,098,930 | 18,145,778 |
| Assets: | | | | | | |
| Loans and advances to banks | 653,718 | - | - | - | - | 653,718 |
| Loans and advances to customers | 1,150,005,477 | 164,343,230 | 191,244,145 | 21,477,471 | 62,359,511 | 1,589,429,834 |
| Others | 905,276,983 | 367,965,545 | 139,566,143 | 86,669,121 | 28,915,399 | 1,528,393,191 |
| | 2,055,936,178 | 532,308,775 | 330,810,288 | 108,146,592 | 91,274,910 | 3,118,476,743 |
| Liabilities: | | | | | | |
| Deposits from banks | 125,067,848 | - | - | - | - | 125,067,848 |
| Deposits from customers | 481,505,928 | 946,037,722 | 317,784,727 | 211,315,602 | 29,602,253 | 1,986,246,232 |
| Others | 377,873,598 | 61,640,185 | 39,577,803 | 11,196,722 | 1,968,127 | 492,256,435 |
| | 984,447,374 | 1,007,677,907 | 357,362,530 | 222,512,324 | 31,570,380 | 2,603,570,515 |

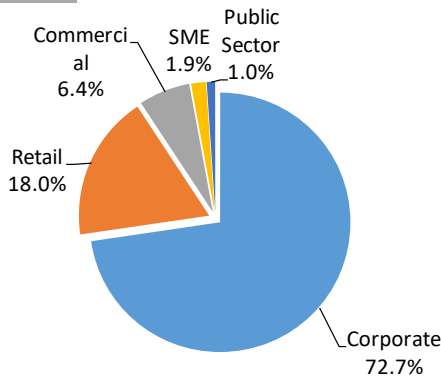
Operating segments (Continued)
Information about operating segments

Group
Dec - 2017

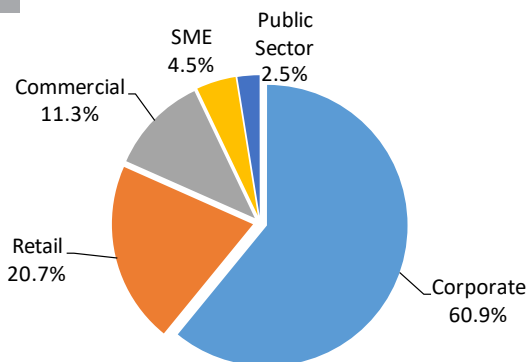
Revenue



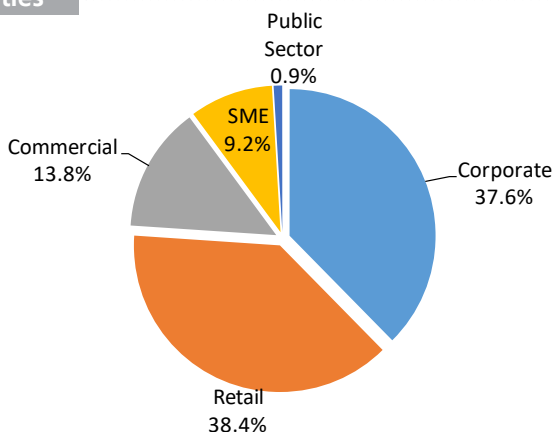
Profit before tax



Assets

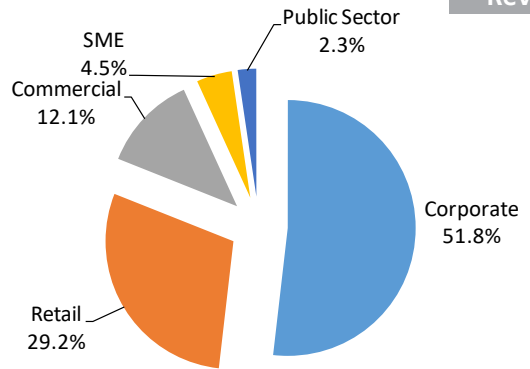


Liabilities

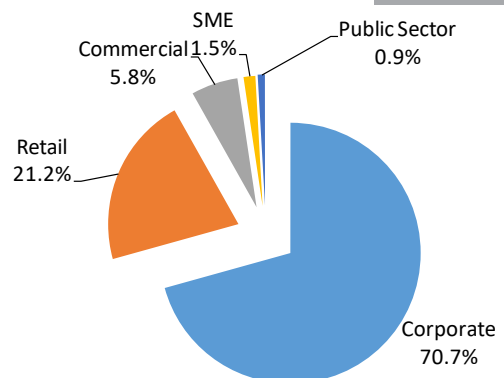


Group
Dec - 2016

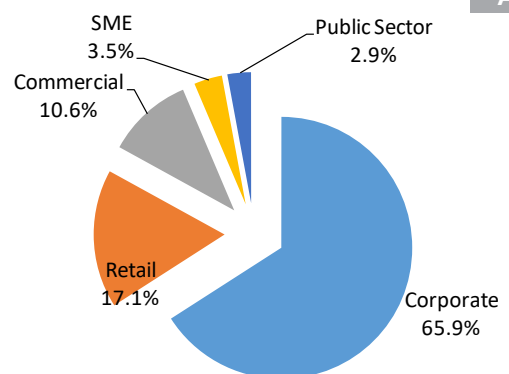
Revenue



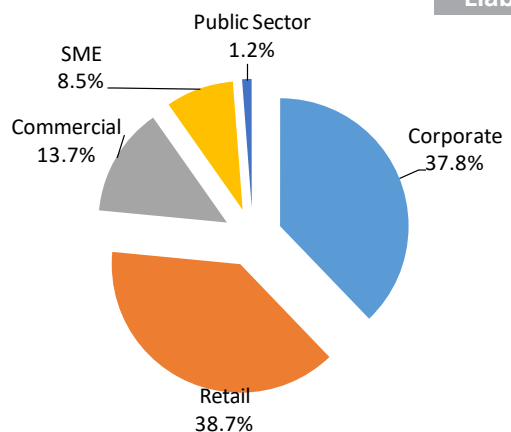
Profit before tax



Assets



Liabilities



Operating segments (Continued)

Information about operating segments

Parent
Dec-2017

| In thousands of Nigerian Naira | Corporate Banking | Retail Banking | Commercial Banking | SME Banking | Public Sector Banking | Total Continuing Operations | Discontinued Operations | Total |
|--|----------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------------|-------------------------|----------------------|
| Revenue: | | | | | | | | |
| Derived from external customers | 266,619,758 | 41,707,854 | 32,806,848 | 7,805,680 | 7,681,030 | 356,621,170 | - | 356,621,170 |
| Derived from other business segments | (43,633,767) | 31,820,398 | 2,816,151 | 8,585,078 | 412,140 | - | - | - |
| Total revenue | 222,985,991 | 73,528,252 | 35,622,999 | 16,390,758 | 8,093,170 | 356,621,170 | - | 356,621,170 |
| Interest expenses | (55,345,096) | (5,037,860) | (3,802,630) | (1,438,879) | (1,168,463) | (66,792,928) | - | (66,792,928) |
| Fee and commission expenses | (536,412) | (678,469) | (230,074) | (97,585) | (19,226) | (1,561,766) | - | (1,561,766) |
| Net operating income | 167,104,483 | 67,811,923 | 31,590,295 | 14,854,294 | 6,905,481 | 288,266,476 | - | 288,266,476 |
| Expense: | | | | | | | | |
| Operating expenses | (27,050,456) | (27,342,341) | (13,955,408) | (8,645,227) | (4,110,861) | (81,104,293) | - | (81,104,293) |
| Net impairment loss on financial assets | (6,335,770) | (1,831,789) | (2,166,762) | (873,543) | (323,428) | (11,531,292) | - | (11,531,292) |
| Depreciation and amortization | (2,262,704) | (5,719,198) | (2,566,433) | (2,123,362) | (370,728) | (13,042,425) | - | (13,042,425) |
| Total cost | (35,648,930) | (34,893,328) | (18,688,603) | (11,642,132) | (4,805,017) | (105,678,010) | - | (105,678,010) |
| Profit before income tax from reportable segments | 131,455,553 | 32,918,595 | 12,901,692 | 3,212,162 | 2,100,464 | 182,588,466 | - | 182,588,466 |
| Tax | (17,941,235) | (4,492,775) | (1,760,840) | (438,400) | (286,674) | (24,919,924) | - | (24,919,924) |
| Profit after income tax from reportable segments | 113,514,318 | 28,425,820 | 11,140,852 | 2,773,762 | 1,813,790 | 157,668,542 | - | 157,668,542 |
| Assets and liabilities: | | | | | | | | |
| Total assets | 1,720,087,914 | 585,694,466 | 318,443,037 | 127,990,353 | 71,862,395 | 2,824,078,165 | 850,820 | 2,824,928,985 |
| Total liabilities | (842,882,871) | (860,629,326) | (309,612,554) | (205,386,809) | (21,225,464) | (2,239,737,024) | (847,600) | (2,240,584,624) |
| Net assets/ (liabilities) | 877,205,043 | (274,934,860) | 8,830,483 | (77,396,456) | 50,636,931 | 584,341,141 | 3,220 | 584,344,361 |
| Additions to Non-Current Assets | 1,085,956 | 2,841,167 | 1,272,525 | 2,850,140 | 497,619 | 8,547,407 | - | 8,547,407 |
| Assets: | | | | | | | | |
| Loans and advances to banks | 43,480 | - | - | - | - | 43,480 | - | 43,480 |
| Loans and advances to customers | 915,684,907 | 114,899,847 | 162,792,836 | 21,672,856 | 50,921,242 | 1,265,971,688 | - | 1,265,971,688 |
| Others | 804,359,527 | 470,794,619 | 155,650,201 | 106,317,497 | 20,941,153 | 1,558,062,997 | 850,820 | 1,558,913,817 |
| | 1,720,087,914 | 585,694,466 | 318,443,037 | 127,990,353 | 71,862,395 | 2,824,078,165 | 850,820 | 2,824,928,985 |
| Liabilities: | | | | | | | | |
| Deposits from banks | 42,360 | - | - | - | - | 42,360 | - | 42,360 |
| Deposits from customers | 442,120,330 | 788,682,300 | 268,056,351 | 181,916,041 | 16,785,925 | 1,697,560,947 | - | 1,697,560,947 |
| Others | 400,720,181 | 71,947,026 | 41,556,203 | 23,470,768 | 4,439,539 | 542,133,717 | 847,600 | 542,981,317 |
| | 842,882,871 | 860,629,326 | 309,612,554 | 205,386,809 | 21,225,464 | 2,239,737,024 | 847,600 | 2,240,584,624 |

Operating segments (Continued)

Information about operating segments

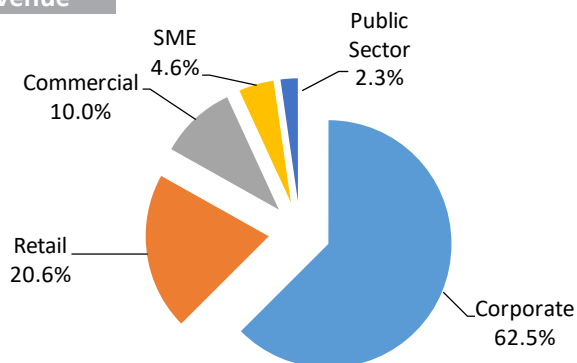
Parent
Dec-2016

| In thousands of Nigerian Naira | Corporate Banking | Retail Banking | Commercial Banking | SME Banking | Public Sector Banking | Total Continuing Operations | Discontinued Operations | Total |
|--|----------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------------|-------------------------|----------------------|
| Revenue: | | | | | | | | |
| Derived from external customers | 199,573,902 | 92,978,895 | 48,556,224 | 13,601,687 | 8,443,736 | 363,154,444 | - | 363,154,444 |
| Derived from other business segments | (13,236,029) | 9,569,330 | 883,563 | 2,736,493 | 46,643 | - | - | - |
| Total revenue | 186,337,873 | 102,548,225 | 49,439,787 | 16,338,180 | 8,490,379 | 363,154,444 | - | 363,154,444 |
| Interest expenses | (40,112,828) | (7,175,875) | (4,894,848) | (1,829,429) | (1,538,542) | (55,551,522) | - | (55,551,522) |
| Fee and commission expenses | (892,492) | (1,533,665) | (349,840) | (139,329) | (32,388) | (2,947,714) | - | (2,947,714) |
| Net operating income | 145,332,553 | 93,838,685 | 44,195,099 | 14,369,422 | 6,919,449 | 304,655,208 | - | 304,655,208 |
| Expense: | | | | | | | | |
| Operating expenses | (17,587,510) | (41,319,494) | (6,155,898) | (8,611,021) | (3,465,275) | (77,139,198) | - | (77,139,198) |
| Net impairment loss on financial assets | (17,916,166) | (15,784,292) | (26,518,574) | (1,685,557) | (1,638,051) | (63,542,640) | - | (63,542,640) |
| Depreciation and amortization | (3,202,510) | (4,370,266) | (2,898,388) | (1,804,199) | (454,935) | (12,730,298) | - | (12,730,298) |
| Total cost | (38,706,186) | (61,474,052) | (35,572,860) | (12,100,777) | (5,558,261) | (153,412,136) | - | (153,412,136) |
| Profit before income tax from reportable segments | 106,626,367 | 32,364,633 | 8,622,239 | 2,268,645 | 1,361,188 | 151,243,072 | - | 151,243,072 |
| Tax | (19,153,931) | (5,813,852) | (1,548,864) | (407,530) | (244,518) | (27,168,695) | - | (27,168,695) |
| Profit after income tax from reportable segments | 87,472,436 | 26,550,781 | 7,073,375 | 1,861,115 | 1,116,670 | 124,074,377 | - | 124,074,377 |
| Dec-2016 | | | | | | | | |
| Assets and liabilities: | | | | | | | | |
| Total assets | 1,722,911,807 | 446,084,409 | 277,225,022 | 90,628,806 | 76,490,030 | 2,613,340,074 | - | 2,613,340,074 |
| Total liabilities | (807,811,901) | (826,874,271) | (293,242,394) | (182,587,823) | (25,905,832) | (2,136,422,221) | - | (2,136,422,221) |
| Net assets/ (liabilities) | 915,099,906 | (380,789,862) | (16,017,372) | (91,959,017) | 50,584,198 | 476,917,853 | - | 476,917,853 |
| Additions to Non-Current Assets | 3,971,191 | 5,419,237 | 3,594,072 | 2,237,251 | 981,274 | 16,203,025 | - | 16,203,025 |
| Assets: | | | | | | | | |
| Loans and advances to banks | 29,943 | - | - | - | - | 29,943 | - | 29,943 |
| Loans and advances to customers | 1,025,404,440 | 146,536,934 | 170,523,184 | 19,150,425 | 55,602,969 | 1,417,217,952 | - | 1,417,217,952 |
| Others | 697,477,424 | 299,547,475 | 106,701,838 | 71,478,381 | 20,887,061 | 1,196,092,179 | - | 1,196,092,179 |
| | 1,722,911,807 | 446,084,409 | 277,225,022 | 90,628,806 | 76,490,030 | 2,613,340,074 | - | 2,613,340,074 |
| Liabilities: | | | | | | | | |
| Deposits from banks | 40,438 | - | - | - | - | 40,438 | - | 40,438 |
| Deposits from customers | 407,552,922 | 800,738,716 | 268,977,154 | 178,860,293 | 25,055,735 | 1,681,184,820 | - | 1,681,184,820 |
| Others | 400,218,541 | 26,135,555 | 24,265,240 | 3,727,530 | 850,097 | 455,196,963 | - | 455,196,963 |
| | 807,811,901 | 826,874,271 | 293,242,394 | 182,587,823 | 25,905,832 | 2,136,422,221 | - | 2,136,422,221 |

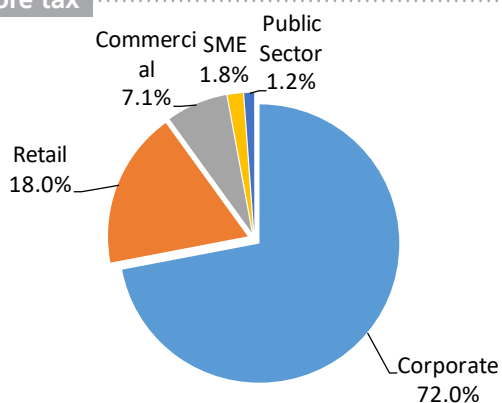
Operating segments (Continued)
Information about operating segments

Parent
 Dec - 2017

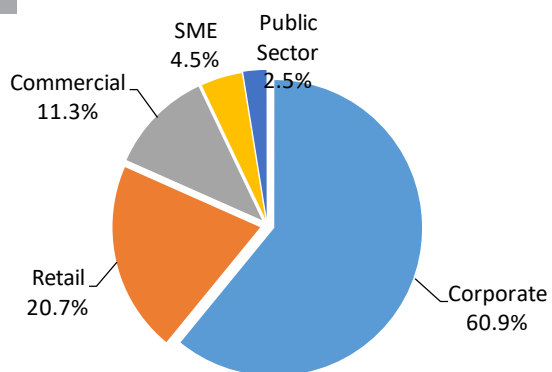
Revenue



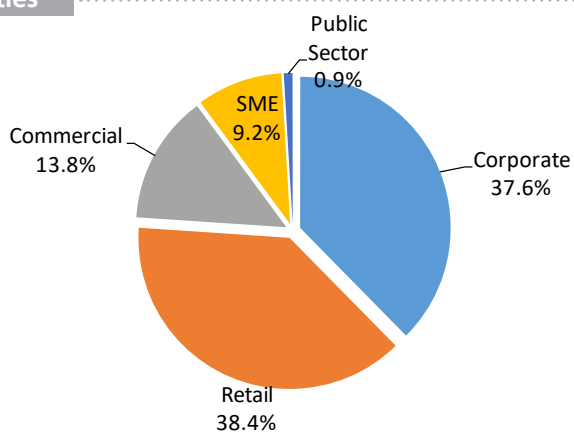
Profit before tax



Assets

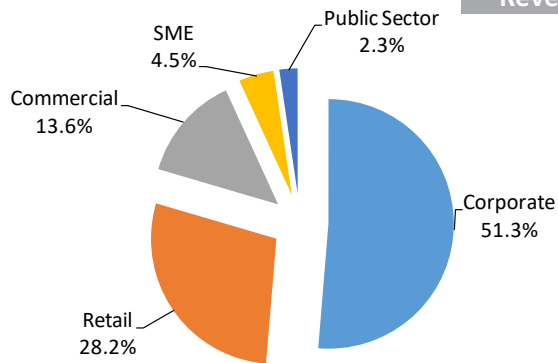


Liabilities

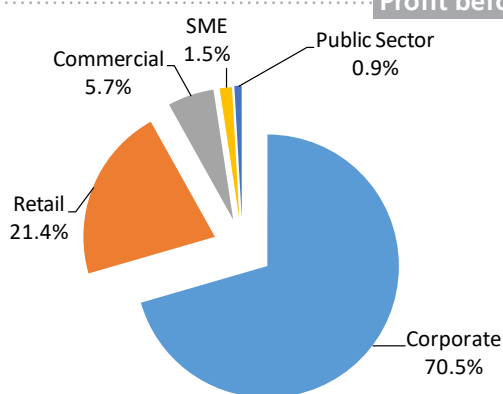


Parent
 Dec - 2016

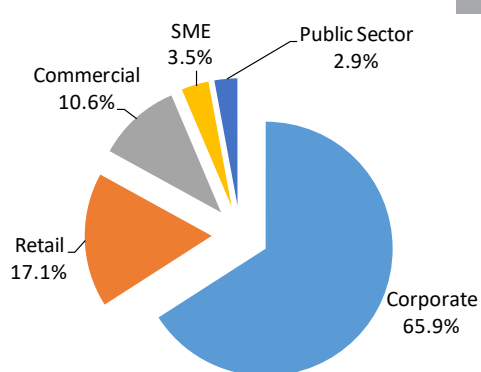
Revenue



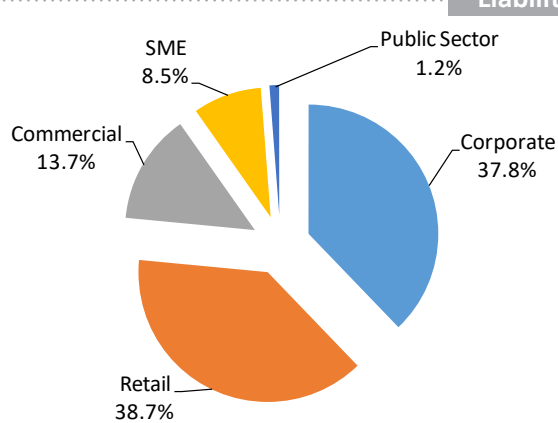
Profit before tax



Assets



Liabilities



OTHER NOTES TO THE FINANCIAL STATEMENTS

Operating segments (Continued)

The following is an analysis of the Group's revenue and gains from continuing operations by products and services;

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| Bonds | 3,445,810 | 3,388,249 | 2,960,953 | 2,990,281 |
| Placements | 16,765,891 | 11,428,492 | 14,406,777 | 10,086,157 |
| Treasury Bills | 116,685,055 | 55,054,225 | 100,266,403 | 48,587,824 |
| Loans | 248,356,233 | 238,228,733 | 213,410,251 | 210,247,546 |
| Contingents | 33,973,282 | 106,515,888 | 29,192,924 | 94,005,051 |
| | 419,226,271 | 414,615,587 | 360,237,308 | 365,916,859 |

Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities

Reconciliation of revenues

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|--------------------|--------------------|--------------------|--------------------|
| Continuing Operations: | | | | |
| Total revenue from reportable segments | 418,659,097 | 412,154,705 | 356,621,170 | 363,154,444 |
| Consolidation and adjustments: | | | | |
| - Other operating income | 267,565 | 1,691,942 | - | - |
| Revenue from continuing operations | 418,926,662 | 413,846,647 | 356,621,170 | 363,154,444 |

Revenue from continuing operations as shown above is made up of:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|--------------------|--------------------|--------------------|--------------------|
| Interest income | 327,333,512 | 262,494,101 | 284,442,547 | 226,579,479 |
| Fee and commission income | 42,921,857 | 39,403,171 | 30,048,147 | 28,527,039 |
| Net gains on financial instruments classified as held for trading | 11,338,819 | 5,218,451 | 6,542,636 | 2,248,241 |
| Other operating income | 37,632,083 | 107,499,864 | 39,203,978 | 108,562,100 |
| Revenue and gains from continuing operations | 419,226,271 | 414,615,587 | 360,237,308 | 365,916,859 |
| Less gains: | | | | |
| - Gain on disposal of fixed assets | (101,587) | (74,948) | (38,594) | (36,266) |
| - Dividends income | (179,310) | (93,237) | (3,558,832) | (2,546,148) |
| - Net portfolio gain on SMEEIS investments | (18,712) | (600,755) | (18,712) | (180,001) |
| Revenue from continuing operations | 418,926,662 | 413,846,647 | 356,621,170 | 363,154,444 |

Reconciliation of operating expenses

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|--------------------|-------------------|--------------------|--------------------|
| Continuing Operations: | | | | |
| Total operating expense from reportable segments | 107,874,742 | 98,389,270 | 81,104,293 | 77,139,198 |
| Operating expense from continuing operations | 107,874,742 | 98,389,270 | 81,104,293 | 77,139,198 |

Operating expense from continuing operations as shown above is made up of:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---------------------------------------|--------------------|-------------------|--------------------|--------------------|
| Personnel expenses (See Note17) | 32,832,341 | 29,453,465 | 22,354,351 | 20,704,772 |
| Operating lease expenses | 1,596,413 | 1,375,228 | 654,665 | 670,172 |
| Other operating expenses (See Note20) | 73,445,988 | 67,560,577 | 58,095,277 | 55,764,254 |
| | 107,874,742 | 98,389,270 | 81,104,293 | 77,139,198 |

Reconciliation of profit or loss

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Continuing Operations: | | | | |
| Total profit or loss for reportable segments | 199,674,846 | 162,675,579 | 182,588,466 | 151,243,072 |
| Consolidation and adjustments: | | | | |
| - Other operating income | 267,565 | 1,691,942 | - | - |
| Gains: | | | | |
| - Gain on disposal of fixed assets | 101,587 | 74,948 | 38,594 | 36,266 |
| - Dividends income | 179,310 | 93,237 | 3,558,832 | 2,546,148 |
| - Net portfolio gain on SMEEIS investments | 18,712 | 600,755 | 18,712 | 180,001 |
| Profit before income tax from continuing operations | 200,242,020 | 165,136,461 | 186,204,604 | 154,005,487 |

Reconciliation of assets

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Continuing Operations: | | | | |
| Total assets for reportable segments | 3,352,525,164 | 3,118,476,743 | 2,824,078,165 | 2,613,340,074 |
| Consolidation and adjustments | (1,428,505) | (2,083,304) | - | - |
| Total assets | 3,351,096,659 | 3,116,393,439 | 2,824,078,165 | 2,613,340,074 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Discontinued Operations:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Total assets for reportable segments (See note 34(b)) | - | - | 850,820 | - |
| Total assets | - | - | 850,820 | - |

Reconciliation of liabilities

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|----------------------|----------------------|----------------------|----------------------|
| Continuing Operations: | | | | |
| Total liabilities for reportable segments | 2,717,391,099 | 2,603,570,515 | 2,239,737,024 | 2,136,422,221 |
| Consolidation and adjustments | 8,537,765 | 7,920,089 | - | - |
| Total liabilities | 2,725,928,864 | 2,611,490,604 | 2,239,737,024 | 2,136,422,221 |

Discontinued Operations:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Total liabilities for reportable segments (See note 34(b)) | - | - | 847,600 | - |
| Total liabilities | - | - | 847,600 | - |

Geographical segments

The Group operates in four geographic regions, being:

- Nigeria
- Rest of West Africa (comprising Ghana, Gambia, Sierra Leone, Liberia, Cote D'Ivoire)
- East Africa (comprising Kenya, Uganda, Rwanda and Tanzania)
- Europe (UK and the Netherlands)

Dec-2017

| In thousands of Nigerian Naira | Nigeria | Rest of West Africa | East Africa | Europe | Total |
|---------------------------------|--------------------|---------------------|-------------------|-------------------|--------------------|
| Derived from external customers | 355,764,006 | 40,782,931 | 14,388,649 | 8,290,685 | 419,226,271 |
| Derived from other segments | - | - | - | - | - |
| Total Revenue | 355,764,006 | 40,782,931 | 14,388,649 | 8,290,685 | 419,226,271 |
| Interest expense | (64,390,224) | (9,047,370) | (4,075,265) | (3,157,492) | (80,670,351) |
| Fee and commission expenses | (1,561,762) | (237,813) | (390,086) | - | (2,189,661) |
| Net interest margin | 289,812,020 | 31,497,748 | 9,923,298 | 5,133,193 | 336,366,259 |
| Profit before income tax | 182,342,058 | 15,785,422 | 705,452 | 1,409,088 | 200,242,020 |
| Assets and liabilities: | | | | | |
| Total assets | 2,736,918,894 | 273,168,725 | 140,670,482 | 200,338,558 | 3,351,096,659 |
| Total liabilities | (2,248,222,881) | (218,203,350) | (102,418,365) | (157,084,268) | (2,725,928,864) |
| Net assets/(liabilities) | 488,696,013 | 54,965,375 | 38,252,117 | 43,254,290 | 625,167,795 |

Dec-2016

| In thousands of Nigerian Naira | Nigeria | Rest of West Africa | East Africa | Europe | Total |
|---------------------------------|--------------------|---------------------|-------------------|-------------------|--------------------|
| Derived from external customers | 354,300,301 | 32,473,266 | 14,174,650 | 13,667,370 | 414,615,587 |
| Derived from other segments | - | - | - | - | - |
| Total Revenue | 354,300,301 | 32,473,266 | 14,174,650 | 13,667,370 | 414,615,587 |
| Interest expense | (46,631,441) | (6,876,310) | (4,234,923) | (9,351,249) | (67,093,923) |
| Fee and commission expenses | (2,947,710) | (210,738) | (297,809) | - | (3,456,257) |
| Net interest margin | 304,721,150 | 25,386,218 | 9,641,918 | 4,316,121 | 344,065,407 |
| Profit before income tax | 150,377,773 | 11,564,401 | 1,667,659 | 1,526,628 | 165,136,461 |
| Assets and liabilities: | | | | | |
| Total assets | 2,417,496,427 | 304,556,278 | 122,680,359 | 271,660,375 | 3,116,393,439 |
| Total liabilities | (2,018,287,800) | (250,041,949) | (98,185,279) | (244,975,576) | (2,611,490,604) |
| Net assets/(liabilities) | 399,208,627 | 54,514,329 | 24,495,080 | 26,684,799 | 504,902,835 |

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities and their fair values.

Group Dec-2017

| In thousands of Nigerian Naira | Note | Held for trading | Designated at fair value | Carrying amount | | | | Fair Value | | | | |
|---|------|-------------------|--------------------------|----------------------|-----------------------|--------------------|--|-----------------------|--------------------|----------------------|--------------------|----------------------|
| | | | | Held-to-maturity | Loans and receivables | Available-for-sale | Other financial assets / liabilities at amortized cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total Fair value |
| Loans and advances to banks | 28 | - | - | 750,361 | - | - | - | 750,361 | - | - | - | 750,361 |
| Loans and advances to customers | 29 | - | - | 1,448,533,430 | - | - | - | 1,448,533,430 | - | 1,309,855,418 | 159,214,701 | 1,469,070,119 |
| Financial assets held for trading | 24 | 23,945,661 | - | - | - | - | - | 23,945,661 | 23,945,661 | - | - | 23,945,661 |
| Derivative financial assets | 25 | - | 2,839,078 | - | - | - | - | 2,839,078 | - | 2,839,078 | - | 2,839,078 |
| Assets pledged as collateral | 27 | - | - | - | - | 58,976,175 | - | 58,976,175 | 58,976,175 | - | - | 58,976,175 |
| Investment securities: | | | | | | | | | | | | |
| - Available for sale | | - | - | - | - | 517,492,733 | - | 517,492,733 | 507,845,054 | 6,626,983 | 3,020,696 | 517,492,733 |
| - Held to maturity | 26 | - | - | - | 96,466,598 | - | - | 96,466,598 | 94,459,345 | 2,007,253 | - | 96,466,598 |
| Restricted deposits and other assets ¹ | 34 | - | - | 424,254,168 | - | - | - | 424,254,168 | - | 424,254,168 | - | 424,254,168 |
| | | 23,945,661 | 2,839,078 | 1,873,537,959 | 96,466,598 | 576,468,908 | - | 2,573,258,204 | 685,226,235 | 1,746,333,261 | 162,235,397 | 2,593,794,893 |
| Deposits from banks | 35 | - | - | - | - | - | 85,430,514 | 85,430,514 | - | 84,933,772 | - | 84,933,772 |
| Deposits from customers | 36 | - | - | - | - | - | 2,062,047,633 | 2,062,047,633 | - | 2,060,101,998 | - | 2,060,101,998 |
| Financial liabilities held for trading | 37 | 2,647,469 | - | - | - | - | - | 2,647,469 | 2,647,469 | - | - | 2,647,469 |
| Derivative financial liabilities | 25 | - | 2,606,586 | - | - | - | - | 2,606,586 | - | 2,606,586 | - | 2,606,586 |
| Debt securities issued | 38 | - | - | - | - | - | 92,131,923 | 92,131,923 | - | 90,311,905 | - | 90,311,905 |
| Other borrowed funds | 41 | - | - | - | - | - | 220,491,914 | 220,491,914 | - | 219,063,376 | - | 219,063,376 |
| Other liabilities ² | 39 | - | - | - | - | - | 218,031,898 | 218,031,898 | - | 218,031,898 | - | 218,031,898 |
| | | 2,647,469 | 2,606,586 | - | - | - | 2,678,133,882 | 2,683,387,937 | 2,647,469 | 2,675,049,535 | - | 2,677,697,004 |

¹Excludes prepayments

² Excludes Deferred Income and Provision for Litigations

OTHER NOTE TO THE FINANCIAL STATEMENT

Group
Dec-2016

| | Note | Held for trading | Designated at fair value | Carrying amount | | | Fair Value | | | | | | | | | | | | |
|---|------|-------------------|--------------------------|-------------------|-----------------------|--------------------|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------|----------------------|--------------------|-------------------|-----------|----------|----------------------|
| | | | | Held-to-maturity | Loans and receivables | Available-for-sale | Other financial assets / liabilities at amortized cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total Fair value | | | | | | | |
| In thousands of Nigerian Naira | | | | | | | | | | | | | | | | | | | |
| Loans and advances to banks | 28 | - | - | - | 653,718 | - | - | 653,718 | - | - | 653,902 | - | - | 653,902 | - | - | - | - | 653,902 |
| Loans and advances to customers | 29 | - | - | - | 1,589,429,834 | - | - | 1,589,429,834 | - | - | 1,439,913,995 | 152,375,070 | - | 1,592,289,065 | - | - | - | - | 1,592,289,065 |
| Financial assets held for trading | 24 | 12,053,919 | - | - | - | - | - | 12,053,919 | - | - | - | - | - | 12,053,919 | - | - | - | - | 12,053,919 |
| Derivative financial assets | 25 | - | 1,042,470 | - | - | - | - | 1,042,470 | - | - | 1,042,470 | - | - | 1,042,470 | - | - | - | - | 1,042,470 |
| Assets pledged as collateral | 27 | - | - | - | - | - | 48,216,412 | - | - | - | 48,216,412 | - | - | 48,216,412 | - | - | - | - | 48,216,412 |
| Investment securities: | | | | | | | | | | | | | | | | | | | |
| - Available for sale | 26 | - | - | - | - | - | 448,056,733 | - | - | - | 448,056,733 | - | - | 448,056,733 | 397,735,340 | 46,404,372 | 3,917,021 | - | 448,056,733 |
| - Held to maturity | 26 | - | - | - | 80,155,825 | - | - | - | - | - | 80,155,825 | - | - | 80,155,825 | 79,209,621 | - | - | - | 79,209,621 |
| Restricted deposits and other assets ¹ | 34 | - | - | - | - | - | 353,290,506 | - | - | - | 353,290,506 | - | - | 353,290,506 | - | - | - | - | 353,290,506 |
| | | 12,053,919 | 1,042,470 | 80,155,825 | 1,943,374,058 | 496,273,145 | - | 2,532,899,417 | 537,215,292 | 1,841,305,245 | 156,292,091 | 2,534,812,628 | - | 2,532,899,417 | 125,067,848 | 93,921,196 | - | - | 2,534,812,628 |
| Deposits from banks | 35 | - | - | - | - | - | - | - | - | - | 125,067,848 | - | - | 125,067,848 | - | - | - | - | 125,067,848 |
| Deposits from customers | 36 | - | - | - | - | - | - | - | - | - | 1,986,246,232 | - | - | 1,986,246,232 | - | - | - | - | 1,986,246,232 |
| Financial liabilities held for trading | 37 | 2,065,402 | - | - | - | - | - | - | - | - | 2,065,402 | - | - | 2,065,402 | - | - | - | - | 2,065,402 |
| Derivative financial liabilities | 25 | - | 987,502 | - | - | - | - | - | - | - | 987,502 | - | - | 987,502 | - | - | - | - | 987,502 |
| Debt securities issued | 38 | - | - | - | - | - | - | - | - | - | 126,237,863 | - | - | 126,237,863 | - | - | - | - | 126,237,863 |
| Other borrowed funds | 41 | - | - | - | - | - | - | - | - | - | 219,633,604 | - | - | 219,633,604 | - | - | - | - | 219,633,604 |
| Other liabilities ² | 39 | - | - | - | - | - | - | - | - | - | 115,540,806 | - | - | 115,540,806 | - | - | - | - | 115,540,806 |
| | | 2,065,402 | 987,502 | - | - | - | - | 2,572,726,353 | 2,575,779,257 | 2,065,402 | 2,183,210,768 | - | - | 2,572,726,353 | 125,067,848 | 93,921,196 | - | - | 2,185,276,170 |

¹Excludes prepayments

² Excludes Deferred Income and Provision for Litigations

OTHER NOTE TO THE FINANCIAL STATEMENT

Parent Dec-2017

| In thousands of Nigerian Naira | Note | Carrying amount | | | | | | Fair Value | | | Total Fair value | | | |
|---|------|-------------------|--------------------------|----------------------|-----------------------|--------------------|--|-----------------------|----------------------|----------------------|----------------------|-------------|------------|---------------|
| | | Held for trading | Designated at fair value | Held-to-maturity | Loans and receivables | Available-for-sale | Other financial assets / liabilities at amortized cost | Total carrying amount | Level 1 | Level 2 | | Level 3 | | |
| Loans and advances to banks | 28 | - | - | - | 43,480 | - | - | - | - | 43,480 | - | - | - | 43,480 |
| Loans and advances to customers | 29 | - | - | - | 1,265,971,688 | - | - | - | - | 1,265,971,688 | - | - | 98,467,280 | 1,285,020,704 |
| Financial assets held for trading | 24 | 16,652,356 | - | - | - | - | - | - | - | 16,652,356 | 16,652,356 | - | - | 16,652,356 |
| Derivative financial assets | 25 | - | 2,839,078 | - | - | - | - | - | - | 2,839,078 | - | 2,839,078 | - | 2,839,078 |
| Assets pledged as collateral | 27 | - | - | - | - | 58,961,722 | - | - | - | 58,961,722 | 58,961,722 | - | - | 58,961,722 |
| Investment securities: | | | | | | | | | | | | | | |
| - Available for sale | 26 | - | - | - | - | - | 453,089,625 | - | - | 453,089,625 | 443,450,994 | 6,626,983 | 3,011,648 | 453,089,625 |
| - Held to maturity | 26 | - | - | 2,007,253 | - | - | - | - | - | 2,007,253 | - | 2,007,253 | - | 2,007,253 |
| Restricted deposits and other assets ¹ | 34 | - | - | - | 422,868,826 | - | - | - | - | 422,868,826 | - | 422,868,826 | - | 422,868,826 |
| | | 16,652,356 | 2,839,078 | 2,007,253 | 1,688,883,994 | 512,051,347 | 2,222,434,028 | 519,065,072 | 1,620,939,044 | 101,478,928 | 2,241,483,044 | | | |
| Deposits from banks | 35 | - | - | - | - | - | 42,360 | - | - | 42,360 | - | 42,360 | - | 42,360 |
| Deposits from customers | 36 | - | - | - | - | - | 1,697,560,947 | - | - | 1,697,560,947 | 1,695,615,510 | - | - | 1,695,615,510 |
| Financial liabilities held for trading | 37 | 2,647,469 | - | - | - | - | - | - | - | 2,647,469 | 2,647,469 | - | - | 2,647,469 |
| Derivative financial liabilities | 25 | - | 2,606,586 | - | - | - | - | - | - | 2,606,586 | - | 2,606,586 | - | 2,606,586 |
| Debt securities issued | 38 | - | - | - | - | - | 92,131,923 | - | - | 92,131,923 | - | 90,311,905 | - | 90,311,905 |
| Other borrowed funds | 41 | - | - | - | - | - | 210,671,384 | - | - | 210,671,384 | - | 210,671,385 | - | 210,671,385 |
| Other liabilities ² | 39 | - | - | - | - | - | 197,035,772 | - | - | 197,035,772 | - | 197,035,772 | - | 197,035,772 |
| | | 2,647,469 | 2,606,586 | 2,202,696,441 | 2,197,442,386 | 2,647,469 | 2,196,283,518 | 2,647,469 | 2,196,283,518 | 2,198,930,987 | | | | |

¹Excludes prepayments

² Excludes Deferred Income and Provision for Litigations

OTHER NOTES TO THE FINANCIAL STATEMENTS

Parent

Dec-2016

| In thousands of Nigerian Naira | Note | Held for trading | Designated at fair value | Carrying amount | | | Loans and receivables | Available-for-sale | Other financial assets / liabilities at amortized cost | Total carrying amount | Fair Value | | |
|---|-----------|------------------|--------------------------|------------------|--------------------------|--------------------------|-----------------------|----------------------|--|-----------------------|----------------------|--------------------|----------------------|
| | | | | Held-to-maturity | Designated at fair value | Designated at fair value | | | | | Level 1 | Level 2 | Level 3 |
| Loans and advances to banks | 28 | - | - | - | - | 29,943 | - | - | 29,943 | - | - | - | 29,943 |
| Loans and advances to customers | 29 | - | - | - | - | 1,417,217,951 | - | - | 1,417,217,951 | - | - | 108,014,646 | 1,419,848,471 |
| Financial assets held for trading | 24 | 6,321,370 | - | - | - | - | - | - | 6,321,370 | 6,321,370 | - | - | 6,321,370 |
| Derivative financial assets | 25 | - | 1,042,470 | - | - | - | - | - | 1,042,470 | - | 1,042,470 | - | 1,042,470 |
| Assets pledged as collateral | 27 | - | - | - | - | - | 48,205,702 | - | 48,205,702 | 48,205,702 | - | - | 48,205,702 |
| Investment securities: | | | | | | | | | | | | | |
| - Available for sale | 26 | - | - | - | - | - | 408,246,905 | - | 408,246,905 | 357,932,924 | 46,404,372 | 3,909,609 | 408,246,905 |
| - Held to maturity | 26 | - | - | - | 5,219,262 | - | - | - | 5,219,262 | 4,273,058 | - | - | 4,273,058 |
| Restricted deposits and other assets ¹ | 34 | - | - | - | - | 351,643,522 | - | - | 351,643,522 | - | 351,643,522 | - | 351,643,522 |
| Deposits from banks | 35 | - | 1,042,470 | - | - | - | - | - | 2,237,977,125 | 416,733,054 | 1,710,954,132 | 111,924,255 | 2,239,611,441 |
| Deposits from customers | 36 | - | - | - | - | - | - | 40,438 | 40,438 | - | 40,438 | - | 40,438 |
| Financial liabilities held for trading | 37 | 2,065,402 | - | - | - | - | - | 1,681,184,820 | 1,681,184,820 | - | 1,349,441,434 | - | 1,349,441,434 |
| Derivative financial liabilities | 25 | - | 987,502 | - | - | - | - | - | 2,065,402 | 2,065,402 | - | - | 2,065,402 |
| Debt securities issued | 38 | - | - | - | - | - | - | - | 987,502 | - | 987,502 | - | 987,502 |
| Other borrowed funds | 41 | - | - | - | - | - | - | 332,317,881 | 332,317,881 | - | 319,868,847 | - | 319,868,847 |
| Other liabilities ² | 39 | - | - | - | - | - | - | 90,013,993 | 90,013,993 | - | 90,013,993 | - | 90,013,993 |
| | | 2,065,402 | 987,502 | - | - | - | - | 2,103,557,132 | 2,106,610,036 | 2,065,402 | 1,760,352,214 | - | 1,762,417,616 |

¹Excludes prepayments

²Excludes Deferred Income and Provision for Litigations

Fair value of loans and advances

The fair values of non retail loans have been determined based on observable market data (transactions) (level 2) whilst those of retail loans have been estimated using Discounted Cash Flow (DCF) valuation models (level 3) Inputs into this valuation technique include: expected cash flows, expected losses, tenor and interest rates, risk premium between interest rate on the loan and risk free rate in the economy.

The expected cash flows (estimated recoverable amount from receivables, collateral and otherwise) are thus discounted to obtain the fair value of the retail loans. To improve the accuracy of fair value of retail loans, these loans are grouped into homogenous portfolio along product and customer type.

Fair value of customers' deposits

Fair values of customers' deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves and prices.

9. Interest income

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Loans and advances to banks | 1,628,715 | 718,344 | 5,768 | 1,403 |
| Loans and advances to customers | 201,601,525 | 195,434,614 | 178,213,368 | 173,340,268 |
| | 203,230,240 | 196,152,958 | 178,219,136 | 173,341,671 |
| Cash and cash equivalents | 10,286,671 | 6,091,764 | 6,400,143 | 2,735,024 |
| Financial assets held for trading | 2,535,671 | 1,215,246 | 1,827,629 | 1,139,045 |
| Investment securities: | | | | |
| – Available for sale | 87,811,265 | 46,197,640 | 86,105,553 | 43,639,814 |
| – Held to maturity | 12,329,568 | 7,540,698 | 749,989 | 428,130 |
| Assets pledged as collateral | 11,140,097 | 5,295,795 | 11,140,097 | 5,295,795 |
| | 327,333,512 | 262,494,101 | 284,442,547 | 226,579,479 |
| Geographical location | | | | |
| Interest income earned in Nigeria | 282,700,544 | 226,209,508 | 282,700,545 | 226,209,509 |
| Interest income earned outside Nigeria | 44,632,968 | 36,284,593 | 1,742,002 | 369,970 |
| | 327,333,512 | 262,494,101 | 284,442,547 | 226,579,479 |

Interest income for the year ended 31 December 2017 includes nil (December 2016: N10,295,000) interest accrued on impaired financial assets.

10. Interest expense

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Deposit from banks | 1,050,674 | 1,470,101 | 23,219 | 64,236 |
| Deposit from customers | 59,557,389 | 48,920,848 | 48,515,349 | 39,824,956 |
| | 60,608,063 | 50,390,949 | 48,538,568 | 39,889,192 |
| Financial liabilities held for trading | 2,119,104 | 710,882 | 2,119,104 | 439,295 |
| Other borrowed funds | 10,773,781 | 7,072,009 | 8,965,853 | 15,223,035 |
| Debt securities | 7,169,403 | 8,920,083 | 7,169,403 | - |
| Total interest expense | 80,670,351 | 67,093,923 | 66,792,928 | 55,551,522 |
| Geographical location | | | | |
| Interest expense paid in Nigeria | 52,668,184 | 41,294,160 | 52,884,240 | 41,477,841 |
| Interest expense paid outside Nigeria | 28,002,167 | 25,799,763 | 13,908,688 | 14,073,681 |
| | 80,670,351 | 67,093,923 | 66,792,928 | 55,551,522 |

11. Loan impairment charges

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Loans and advances to banks (Note 28) | 509 | 857 | 509 | 857 |
| Increase/(reversal) in collective impairment | 509 | 857 | 509 | 857 |
| Loans and advances to customers (Note 29) | 12,168,611 | 65,289,453 | 10,834,103 | 63,541,783 |
| Increase/(reversal) in collective impairment | (18,819,383) | 50,795,566 | (18,197,044) | 50,636,771 |
| Increase in specific impairment | 34,244,571 | 27,021,902 | 31,012,480 | 24,350,376 |
| Reversal of loans provisioned | (2,408,841) | (11,691,277) | (1,684,474) | (10,961,233) |
| Amounts written off during the period as uncollectible | - | 70 | - | - |
| Recovery of loan amounts previously written off | (847,736) | (836,808) | (296,859) | (484,131) |
| | 12,169,120 | 65,290,310 | 10,834,612 | 63,542,640 |

12. Fee and commission income

| In thousands of Nigerian Naira | Group Dec-2017 | Group Restated ¹ Dec-2016 | Parent Dec-2017 | Parent Restated ¹ Dec-2016 |
|---|-------------------|--|--------------------|---|
| Credit related fees and commissions | 7,880,415 | 9,287,158 | 5,161,610 | 6,753,429 |
| Account Maintenance Charges | 9,413,300 | 8,447,586 | 8,146,989 | 7,376,169 |
| Corporate finance fees | 3,755,735 | 1,823,928 | 3,755,735 | 1,823,928 |
| E-business Income | 7,476,160 | 6,701,553 | 6,302,245 | 5,730,533 |
| Commission on foreign exchange deals | 2,767,592 | 1,981,943 | 2,767,592 | 1,981,943 |
| Commission On Touch Points | 781,112 | 734,400 | 781,112 | 734,400 |
| Income from financial guarantee contracts issued | 3,400,290 | 3,486,337 | 1,958,114 | 2,684,478 |
| Account services, maintenance and ancillary banking charges | 5,410,210 | 5,362,071 | 1,174,750 | 1,442,159 |
| Transfers related charges | 2,037,043 | 1,578,195 | - | - |
| | 42,921,857 | 39,403,171 | 30,048,147 | 28,527,039 |

¹Non-vatable items have been appropriately reclassified from Fee and Commission to Other Income (see Note 50)

13. Fee and commission expense

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Bank charges | 1,066,008 | 2,191,731 | 772,045 | 1,947,916 |
| Loan recovery and brokerage expenses | 1,123,653 | 1,264,526 | 789,721 | 999,798 |
| | 2,189,661 | 3,456,257 | 1,561,766 | 2,947,714 |

14. Net gains on financial instruments classified as held for trading

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Bonds trading | 130,576 | 49,114 | 130,576 | 49,114 |
| Treasury bills trading | 4,036,759 | 1,320,515 | 3,227,226 | 826,090 |
| Foreign exchange | 7,171,484 | 3,848,822 | 3,184,834 | 1,373,037 |
| Net trading income | 11,338,819 | 5,218,451 | 6,542,636 | 2,248,241 |

All unrealised gains on financial instruments held for trading are recognised within Other Income.

15. Other income

| In thousands of Nigerian Naira | Group Dec-2017 | Group Restated ¹ Dec-2016 | Parent Dec-2017 | Parent Restated ¹ Dec-2016 |
|--|-------------------|--|--------------------|---|
| Mark to market gains on trading investments | 7,692 | (7,754) | 7,692 | (7,754) |
| Foreign exchange revaluation gain | 25,540,198 | 87,289,532 | 23,926,663 | 86,358,293 |
| Gain on disposal of fixed assets | 101,587 | 74,948 | 38,594 | 36,266 |
| Net portfolio gain on disposal of SMEEIS and long term investments | 18,712 | 600,755 | 18,712 | 180,001 |
| Discounts And Recoverables (FX) | 6,745,778 | 2,988,222 | 6,745,778 | 2,988,222 |
| Mark - Up Exchange Income | 1,430,838 | 8,882,517 | 1,430,838 | 8,882,517 |
| Valuation income - Others | - | 3,656,317 | - | 3,656,317 |
| Valuation income on repossessed collateral | 3,607,968 | 3,922,090 | 3,476,869 | 3,922,090 |
| Dividends income | 179,310 | 93,237 | 3,558,832 | 2,546,148 |
| | 37,632,083 | 107,499,864 | 39,203,978 | 108,562,100 |

¹Non-vatable items have been appropriately reclassified to Other Income from Fee and Commission (see Note 50)

16. Net impairment on other financial assets

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Impairment charges on equity investments | 696,680 | - | 696,680 | - |
| | 696,680 | - | 696,680 | - |

17. Personnel expenses**(a)**

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Wages and salaries | 30,337,132 | 27,374,803 | 22,202,806 | 20,491,636 |
| Contributions to defined contribution plans | 1,234,808 | 1,007,785 | 846,702 | 691,713 |
| Defined benefit costs | (1,083,110) | (395,489) | (1,176,734) | (454,606) |
| Cash-settled share-based payments (see 17(b) below) | 234,622 | (280,628) | 234,622 | (280,628) |
| Staff welfare expenses | 2,108,889 | 1,746,994 | 246,955 | 256,657 |
| | 32,832,341 | 29,453,465 | 22,354,351 | 20,704,772 |

Staff loans

Staff receive loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (staff welfare expenses) over the life of the loan.

Cash- settled share-based payments

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

Qualified employees must have been in the scheme for five years and must have held the shares for at least three years. The amount of cash payment is determined based on the fair value of the shares of the Bank. The details of SARs granted at the reporting date are provided below:

In thousands**Number of shares**

SARs granted to senior management employees at 31 December 2017

378,859

SARs granted to senior management employees at 31 December 2016

403,531

(b) Employee expenses for share-based payments

| In thousands of Nigerian Naira | Note | Group Dec-2017 | Group Dec-2016 |
|--|------|-------------------|-------------------|
| Total carrying amount of liabilities for cash-settled arrangements | 39 | 8,537,765 | 7,920,089 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of liabilities for cash-settled share based payments includes:

| In thousands of Nigerian Naira | Note | Group Dec-2017 | Group Dec-2016 |
|--|-----------|-------------------|-------------------|
| Balance, beginning of year | | 7,920,089 | 8,136,942 |
| Effect of changes in fair value of SAR at year end | | 234,622 | (280,628) |
| Share rights granted during the year | | 383,054 | 63,775 |
| Balance, end of year | 39 | 8,537,765 | 7,920,089 |

(i) The average number of persons employed during the period was as follows:

| | Group Dec-2017 Number | Group Dec-2016 Number | Parent Dec-2017 Number | Parent Dec-2016 Number |
|---------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| Executive directors | 6 | 6 | 6 | 6 |
| Management | 191 | 239 | 54 | 57 |
| Non-management | 5,040 | 4,961 | 3,224 | 3,286 |
| | 5,237 | 5,206 | 3,284 | 3,349 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

(ii) The average number of persons in employment during the period is shown below:

| | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|---------------------------|---------------------------|----------------------------|----------------------------|
| | Number | Number | Number | Number |
| Commercial Banking Abuja | 35 | 38 | 35 | 38 |
| Commercial Banking Lagos | 169 | 178 | 169 | 178 |
| Commercial Banking North East | 44 | 50 | 44 | 50 |
| Commercial Banking North West | 51 | 55 | 51 | 55 |
| Commercial Banking South East | 44 | 42 | 44 | 42 |
| Commercial Banking South South | 48 | 62 | 48 | 62 |
| Communication and External Affairs | 184 | 159 | 31 | 28 |
| Compliance Group | 28 | 30 | 28 | 30 |
| Corporate Services | 115 | 183 | 63 | 135 |
| Digital Banking Division | 141 | 154 | 106 | 124 |
| Enterprise Risk Management | 155 | 159 | 76 | 85 |
| Chief Executive Director | 1 | 1 | 1 | 1 |
| Financial Control, Group Reporting & Strategy | 29 | 30 | 29 | 30 |
| Human Resources | 27 | 26 | 27 | 26 |
| Institutional Banking | 363 | 379 | 152 | 168 |
| International Banking | 72 | 82 | 26 | 39 |
| Operations | 179 | 177 | 179 | 177 |
| Public Sector Abuja | 30 | 34 | 30 | 34 |
| Public Sector Lagos | 20 | 18 | 20 | 18 |
| Retail Lagos | 161 | 184 | 161 | 184 |
| Retail Abuja | 53 | 52 | 53 | 52 |
| Retail South East | 15 | 22 | 15 | 22 |
| South West Division | 93 | 98 | 93 | 98 |
| Retail South-South | 41 | 38 | 41 | 38 |
| SME Abuja | 41 | 42 | 41 | 42 |
| SME Division -Lagos | 100 | 97 | 100 | 97 |
| SME Division - South East | 37 | 39 | 37 | 39 |
| Systems and Control | 140 | 130 | 85 | 90 |
| Technology | 221 | 228 | 145 | 157 |
| Transaction Services | 1,701 | 1,644 | 1,231 | 1,178 |
| Wholesale Banking | 49 | 43 | 28 | 32 |
| Commercial Banking Subsidiaries | 108 | 101 | - | - |
| Retail Subsidiaries | 129 | 127 | - | - |
| Public Sector Subsidiaries | 11 | 10 | - | - |
| Other Support Services Subsidiaries | 507 | 494 | - | - |
| Customer Experience Management Division | 59 | - | 59 | - |
| Data Analytics Division | 4 | - | 4 | - |
| Fintech and Innovation Division | 7 | - | 7 | - |
| Legal Group | 25 | - | 25 | - |
| | 5,237 | 5,206 | 3,284 | 3,349 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

(iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

| | Group Dec-2017 Number | Group Dec-2016 Number | Parent Dec-2017 Number | Parent Dec-2016 Number |
|--------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| N720,001 - N1,400,000 | 1,635 | 1,538 | - | - |
| N1,400,001 - N2,050,000 | 123 | 732 | 7 | 613 |
| N2,190,001 - N2,330,000 | 51 | 51 | - | - |
| N2,330,001 - N2,840,000 | 674 | 16 | 654 | - |
| N2,840,001 - N3,000,000 | 20 | 18 | - | - |
| N3,001,001 - N3,830,000 | 793 | 843 | 780 | 834 |
| N3,830,001 - N4,530,000 | 5 | 5 | - | - |
| N4,530,001 - N5,930,000 | 699 | 659 | 685 | 650 |
| N6,000,001 - N6,800,000 | 362 | 419 | 362 | 406 |
| N6,800,001 - N7,300,000 | 10 | 10 | - | - |
| N7,300,001 - N7,800,000 | 8 | 326 | - | 318 |
| N7,800,001 - N8,600,000 | 308 | 8 | 300 | - |
| N8,600,001 - N11,800,000 | 345 | 367 | 329 | 351 |
| Above N11,800,000 | 198 | 208 | 161 | 171 |
| | 5,231 | 5,200 | 3,278 | 3,343 |

18 Operating lease expense

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Operating lease expense | 1,596,413 | 1,375,228 | 654,665 | 670,172 |
| | 1,596,413 | 1,375,228 | 654,665 | 670,172 |

This expense relates to amortised portion of lease rentals on branches leased by the Bank. The unamortised portion is classified as prepayment under Other Assets (Please refer to Note 34 (ii)). Lease rentals are fully paid in advance with the effect that there are no future minimum lease payments to be made in respect of the leases

19 Depreciation and amortisation

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Amortisation of intangible assets (see note 32) | 1,963,074 | 1,712,220 | 1,602,909 | 1,268,979 |
| Depreciation of property, plant and equipment (see note 31) | 13,420,623 | 13,537,146 | 11,439,516 | 11,461,319 |
| | 15,383,697 | 15,249,366 | 13,042,425 | 12,730,298 |

20 Other operating expenses

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Finance costs | 78,517 | 141,075 | 72,811 | 138,514 |
| Deposit insurance premium | 7,935,028 | 6,028,346 | 7,784,041 | 5,897,997 |
| Other insurance premium | 1,751,863 | 1,314,467 | 1,673,326 | 1,164,267 |
| Auditors' remuneration ¹ | 712,254 | 596,234 | 475,000 | 400,000 |
| Professional fees and other consulting costs | 1,091,991 | 1,137,316 | 883,654 | 894,752 |
| AMCON expenses | 13,066,700 | 11,388,146 | 13,066,700 | 11,388,146 |
| Stationery and postage | 1,512,264 | 2,193,166 | 1,089,842 | 1,858,138 |
| Business travel expenses | 734,489 | 705,635 | 421,028 | 421,464 |
| Advert, promotion and corporate gifts | 7,016,750 | 7,454,120 | 5,704,650 | 6,430,187 |
| Repairs and maintenance | 6,485,929 | 7,173,638 | 5,029,620 | 5,985,134 |
| Occupancy costs ² | 9,539,798 | 6,516,937 | 7,408,200 | 4,734,646 |
| Directors' emoluments | 879,294 | 669,761 | 269,580 | 247,127 |
| Outsourcing services | 8,589,309 | 8,312,649 | 7,115,198 | 7,068,944 |
| Administrative expense | 4,736,061 | 3,971,197 | 2,447,079 | 2,900,727 |
| Communications and sponsorship related expense | 5,883,081 | 5,806,941 | 2,523,178 | 2,947,449 |
| Human capital related expenses | 1,767,149 | 2,384,548 | 1,626,634 | 2,304,112 |
| Customer service related expenses | 1,665,511 | 1,766,401 | 504,736 | 982,650 |
| | 73,445,988 | 67,560,577 | 58,095,277 | 55,764,254 |

¹Auditor's remuneration represents fees for both the interim and full year audits of the Group and Bank for the year ended 31 December 2017. The Bank also paid the auditors professional fees in the sum of N8,400,000 for non-audit service (certification of financial covenant with the Bank's foreign lenders) rendered during the year. This service, in the Bank's opinion, did not impair the independence and objectivity of the external auditor.

²This relates to diesel, fuel, and electricity cost as well as ground rates and water cost

21 Income tax expense

(a)

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Current tax expense: | | | | |
| Company income tax | 13,239,655 | 19,877,967 | 9,027,858 | 14,236,106 |
| Education Tax | 957,276 | 1,353,365 | 957,276 | 1,353,365 |
| NITDA Levy | 1,862,046 | 1,540,055 | 1,862,046 | 1,540,055 |
| | 16,058,977 | 22,771,387 | 11,847,180 | 17,129,526 |
| Prior year's under provision | 228,595 | - | 228,595 | - |
| Dividend tax | 14,811,398 | 2,896,852 | 14,811,398 | 2,896,852 |
| Deferred tax expense: | | | | |
| Origination of temporary differences | (1,326,583) | 7,187,567 | (1,967,249) | 7,142,317 |
| | 29,772,387 | 32,855,806 | 24,919,924 | 27,168,695 |

**Reconciliation of effective tax rate
Group**

| In thousands of Nigerian Naira | Dec-2017 | Dec-2017 | Dec-2016 | Dec-2016 |
|--|-------------------|--------------|-------------------|--------------|
| Profit before income tax | 200,242,020 | | 165,136,461 | |
| Income tax using the domestic corporation tax rate | 60,072,606 | 30.0% | 49,540,938 | 30.0% |
| Effect of tax rates in foreign jurisdictions | 641,240 | 0.3% | 2,347,820 | 1.4% |
| Tax reliefs/WHT Credits | - | 0.0% | (525,677) | -0.3% |
| Non-deductible expenses | 4,606,833 | 2.3% | 19,055,532 | 11.5% |
| Education tax levy | 957,276 | 0.5% | 1,353,365 | 0.8% |
| NITDEF tax levy | 1,862,046 | 0.9% | 1,540,055 | 0.9% |
| Tax exempt income | (52,848,993) | -26.4% | (42,891,063) | -26.0% |
| Deductible expenses | (558,614) | -0.3% | (462,016) | -0.3% |
| Dividend tax | 14,811,398 | 7.4% | 2,896,852 | 1.8% |
| Prior year's under provision | 228,595 | 0.1% | - | 0.0% |
| Total income tax expense | 29,772,387 | 14.9% | 32,855,806 | 19.9% |

**Reconciliation of effective tax rate
Parent**

| In thousands of Nigerian Naira | Dec-2017 | Dec-2017 | Dec-2016 | Dec-2016 |
|--|-------------------|--------------|-------------------|--------------|
| Profit before income tax | 186,204,604 | | 154,005,487 | |
| Income tax using the domestic corporation tax rate | 55,861,383 | 30.0% | 46,201,647 | 30.0% |
| Tax reliefs/WHT Credits | - | 0.0% | (525,677) | -0.3% |
| Non-deductible expenses ¹ | 4,606,833 | 2.5% | 19,055,532 | 12.4% |
| Education tax levy | 957,276 | 0.5% | 1,353,365 | 0.9% |
| NITDEF tax levy | 1,862,046 | 1.0% | 1,540,055 | 1.0% |
| Tax exempt income ² | (52,848,993) | -28.4% | (42,891,063) | -27.9% |
| Deductible expenses | (558,614) | -0.3% | (462,016) | -0.3% |
| Dividend tax | 14,811,398 | 8.0% | 2,896,852 | 1.9% |
| Prior year's under provision | 228,595 | 0.1% | - | 0.0% |
| Total income tax expense | 24,919,924 | 13.4% | 27,168,695 | 17.6% |

¹Non-deductible expense include depreciation, collective impairment, non-allowable donations ,etc

²Tax exempt income include Deferred Tax Expense, and a percentage of other deductible lines; FX translation gains,Dividends, interest earned on treasury bills and bonds etc

Income tax recognised in other comprehensive income

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Income tax relating to actuarial gains and losses | 251,703 | 570,882 | 251,703 | 570,882 |
| Income tax relating to Foreign currency translation differences for foreign operations | 881,108 | 6,640,493 | - | - |
| Income tax relating to Net change in fair value of available for sale financial assets | 2,963,957 | (1,982,410) | 2,583,614 | (2,112,274) |
| | 4,096,768 | 5,228,965 | 2,835,317 | (1,541,392) |

OTHER NOTES TO THE FINANCIAL STATEMENTS

(b) Current income tax payable

The movement on the current income tax payable account during the period was as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Balance, beginning of the year | 17,928,279 | 17,739,676 | 17,819,039 | 19,378,526 |
| Exchange difference on translation | 121,717 | 590,906 | - | - |
| Charge for the year | 16,058,977 | 22,771,387 | 11,847,180 | 17,129,526 |
| Payments during the year | (25,001,610) | (26,070,542) | (20,696,442) | (21,585,865) |
| Prior year's under provision | 228,595 | - | 228,595 | - |
| Dividend Tax | 14,811,398 | 2,896,852 | 14,811,398 | 2,896,852 |
| Balance, end of the period | 24,147,356 | 17,928,279 | 24,009,770 | 17,819,039 |

22. Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit attributable to ordinary shareholders of N169,602,315,000 and a weighted average number of ordinary shares outstanding of 28,112,933,000 (after adjusting for Treasury shares) and it is calculated as follows:

Profit attributable to ordinary shareholders

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Net profit attributable to equity holders of the Company | 169,602,315 | 131,341,742 | 161,284,680 | 126,836,792 |
| Net profit used to determine diluted earnings per share | 169,602,315 | 131,341,742 | 161,284,680 | 126,836,792 |

Number of ordinary shares

| In thousands of shares | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Weighted average number of ordinary shares in issue | 28,112,933 | 28,112,933 | 29,431,179 | 29,431,179 |
| Basic earnings per share (expressed in naira per share) | 6.03 | 4.67 | 5.48 | 4.31 |

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Group.

23. Cash and cash equivalents

(a)

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Cash in hand | 67,303,684 | 45,378,374 | 42,123,376 | 36,794,249 |
| Balances held with other banks | 224,804,904 | 221,157,341 | 113,342,767 | 58,380,363 |
| Unrestricted balances with central banks | 83,203,161 | 53,411,505 | 54,379,661 | 18,683,027 |
| Money market placements | 266,662,035 | 135,916,085 | 245,450,392 | 119,989,594 |
| | 641,973,784 | 455,863,305 | 455,296,196 | 233,847,233 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

(b) Cash and cash equivalents in statement of cash flows includes:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Cash and cash equivalents | 641,973,785 | 455,863,305 | 455,296,196 | 233,847,233 |
| Cash and cash equivalents above three months | (32,798,888) | (23,314,881) | (28,870,700) | (22,984,571) |
| | 609,174,897 | 432,548,424 | 426,425,496 | 210,862,662 |

24 Financial assets held for trading

(a)

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Trading bonds (see note 24(b) below) | 6,940,582 | 391,141 | 4,124,124 | 391,141 |
| Trading treasury bills (see note 24(c) below) | 17,005,079 | 11,662,778 | 12,528,232 | 5,930,229 |
| | 23,945,661 | 12,053,919 | 16,652,356 | 6,321,370 |
| Current | 15,272,602 | 11,111,164 | 12,528,232 | 5,931,609 |
| Non-current | 8,673,059 | 942,755 | 4,124,124 | 389,761 |

(b) Trading bonds are analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|-----------------------------------|-------------------|-------------------|--------------------|--------------------|
| Local Contractor Bond | - | 1,380 | - | 1,380 |
| 9th FGN Bond Series 3 (16.00%) | - | 100,462 | - | 100,462 |
| 12th FGN Bond Series 1 (15.54%) | - | 105,098 | - | 105,098 |
| 13th FGN Bond Series 3 (14.50%) | - | 102,183 | - | 102,183 |
| 13th FGN Bond Series 2 (12.40%) | 291,320 | 82,018 | 291,320 | 82,018 |
| 13th FGN Bond Series 1 (12.50%) | 389,307 | - | 389,307 | - |
| 14th FGN Bond Series 1 (16.2884%) | 2,082,272 | - | 2,082,272 | - |
| 11th FGN Bond Series 2 (12.15%) | 93,183 | - | 93,183 | - |
| 11th FGN Bond Series 2 (14.20%) | 209,143 | - | 209,143 | - |
| 14th FGN Bond Series 2 (16.2499%) | 119,180 | - | 119,180 | - |
| FGN Sukuk 16.47 26-SEPT-2024/7Y | 939,719 | - | 939,719 | - |
| Non-Nigerian trading bonds | 2,816,458 | - | - | - |
| | 6,940,582 | 391,141 | 4,124,124 | 391,141 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

(c) Trading treasury bills is analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Nigerian treasury bills' maturities: | | | | |
| 05-January-2017 | - | 727,461 | - | 727,461 |
| 19-January-2017 | - | 772,557 | - | 772,557 |
| 02-February-2017 | - | 441 | - | 441 |
| 16-February-2017 | - | 624,201 | - | 624,201 |
| 23-February-2017 | - | 245,763 | - | 245,763 |
| 02-March-2017 | - | 274,950 | - | 274,950 |
| 09-March-2017 | - | 16,044 | - | 16,044 |
| 16-March-2017 | - | 152,949 | - | 152,949 |
| 30-March-2017 | - | 1,859 | - | 1,859 |
| 06-April-2017 | - | 44,406 | - | 44,406 |
| 13-April-2017 | - | 46,871 | - | 46,871 |
| 20-April-2017 | - | 1,880 | - | 1,880 |
| 27-April-2017 | - | 237,041 | - | 237,041 |
| 04-May-2017 | - | 236,184 | - | 236,184 |
| 11-May-2017 | - | 6,174 | - | 6,174 |
| 18-May-2017 | - | 38,232 | - | 38,232 |
| 25-May-2017 | - | 9,576 | - | 9,576 |
| 15-June-2017 | - | 45,288 | - | 45,288 |
| 22-June-2017 | - | 78,732 | - | 78,732 |
| 29-June-2017 | - | 23,429 | - | 23,429 |
| 06-July-2017 | - | 138,765 | - | 138,765 |
| 13-July-2017 | - | 59,987 | - | 59,987 |
| 20-July-2017 | - | 391,436 | - | 391,436 |
| 27-July-2017 | - | 28,660 | - | 28,660 |
| 03-August-2017 | - | 53,461 | - | 53,461 |
| 10-August-2017 | - | 1,402 | - | 1,402 |
| 17-August-2017 | - | 694 | - | 694 |
| 24-August-2017 | - | 9,178 | - | 9,178 |
| 31-August-2017 | - | 138,456 | - | 138,456 |
| 07-September-2017 | - | 80,316 | - | 80,316 |
| 14-September-2017 | - | 163,199 | - | 163,199 |
| 21-September-2017 | - | 22,380 | - | 22,380 |
| 28-September-2017 | - | 393,336 | - | 393,336 |
| 05-October-2017 | - | 12,610 | - | 12,610 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

| | | | | |
|-----------------------------|-------------------|-------------------|-------------------|------------------|
| 19-October-2017 | - | 28,894 | - | 28,894 |
| 09-November-2017 | - | 62,457 | - | 62,457 |
| 16-November-2017 | - | 13,693 | - | 13,693 |
| 30-November-2017 | - | 13,881 | - | 13,881 |
| 14-December-2017 | - | 10,044 | - | 10,044 |
| 21-December-2017 | - | 723,342 | - | 723,342 |
| 25-January-2018 | 12,122 | - | 12,122 | - |
| 01-February-2018 | 92,768 | - | 92,768 | - |
| 08-February-2018 | 1,644 | - | 1,644 | - |
| 15-February-2018 | 202,006 | - | 202,006 | - |
| 01-March-2018 | 735 | - | 735 | - |
| 08-March-2018 | 9,686 | - | 9,686 | - |
| 15-March-2018 | 2,826,433 | - | 2,826,433 | - |
| 29-March-2018 | 215,755 | - | 215,755 | - |
| 05-April-2018 | 4,906 | - | 4,906 | - |
| 12-April-2018 | 1,568,097 | - | 1,568,097 | - |
| 19-April-2018 | 40,246 | - | 40,246 | - |
| 26-April-2018 | 4,039 | - | 4,039 | - |
| 03-May-2018 | 105,021 | - | 105,021 | - |
| 10-May-2018 | 431,788 | - | 431,788 | - |
| 24-May-2018 | 1,163,996 | - | 1,163,996 | - |
| 31-May-2018 | 80,627 | - | 80,627 | - |
| 07-June-2018 | 928,720 | - | 928,720 | - |
| 14-June-2018 | 3,514 | - | 3,514 | - |
| 21-June-2018 | 593,890 | - | 593,890 | - |
| 05-July-2018 | 556,460 | - | 556,460 | - |
| 12-July-2018 | 307,129 | - | 307,129 | - |
| 19-July-2018 | 340,636 | - | 340,636 | - |
| 26-July-2018 | 126,060 | - | 126,060 | - |
| 16-August-2018 | 108,015 | - | 108,015 | - |
| 23-August-2018 | 14,255 | - | 14,255 | - |
| 30-August-2018 | 1,388,767 | - | 1,388,767 | - |
| 13-September-2018 | 2,167 | - | 2,167 | - |
| 20-September-2018 | 25,343 | - | 25,343 | - |
| 04-October-2018 | 16,868 | - | 16,868 | - |
| 18-October-2018 | 886,724 | - | 886,724 | - |
| 01-November-2018 | 224,159 | - | 224,159 | - |
| 15-November-2018 | 245,656 | - | 245,656 | - |
| Non-Nigerian treasury bills | 4,476,847 | 5,732,549 | - | - |
| | 17,005,079 | 11,662,778 | 12,528,232 | 5,930,229 |

25 Derivative financial instruments**(a) Group
Dec-2017**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value Assets | Fair Value Liability |
|---------------------------------|-----------------------------|----------------------|-------------------------|
| Foreign Exchange Derivatives: | | | |
| Foreign exchange forward | 30,688,033 | 638,261 | (592,320) |
| Put and Call options | 33,346,156 | 2,200,817 | (2,014,266) |
| Derivative assets/(liabilities) | 64,034,189 | 2,839,078 | (2,606,586) |

**Group
Dec-2016**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value Assets | Fair Value Liability |
|---------------------------------|-----------------------------|----------------------|-------------------------|
| Foreign Exchange Derivatives: | | | |
| Foreign exchange forward | 30,451,250 | 1,042,470 | (987,502) |
| Derivative assets/(liabilities) | 30,451,250 | 1,042,470 | (987,502) |

**Parent
Dec-2017**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value Assets | Fair Value Liability |
|---------------------------------|-----------------------------|----------------------|-------------------------|
| Foreign Exchange Derivatives: | | | |
| Foreign exchange forward | 30,688,033 | 638,261 | (592,320) |
| Put and Call options | 33,346,156 | 2,200,817 | (2,014,266) |
| Derivative assets/(liabilities) | 64,034,189 | 2,839,078 | (2,606,586) |

**Parent
Dec-2016**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value Assets | Fair Value Liability |
|---------------------------------|-----------------------------|----------------------|-------------------------|
| Foreign Exchange Derivatives: | | | |
| Foreign exchange forward | 30,451,250 | 1,042,470 | (987,502) |
| Derivative assets/(liabilities) | 30,451,250 | 1,042,470 | (987,502) |

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives and Options

The Group enters into foreign exchange forward contracts and currency swaps designated as held for trading. A foreign exchange forward contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when

a typical forward foreign exchange contract originates; a fund flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

OTHER NOTES TO THE FINANCIAL STATEMENTS

The Group also offered its customers derivatives in connection with their risk management objectives to transfer or reduce market risk (commodity price) for their own trading purpose. The hedge transaction with the customer is backed by visible trade transaction. The foreign currency forward and options contracts

are subject to the same risk management policies. The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

26 Investment securities

a. (i)

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Available for sale investment securities | | | | |
| Treasury bills | 492,469,374 | 421,164,870 | 433,094,854 | 385,504,653 |
| Bonds | 15,375,680 | 13,782,210 | 10,356,140 | 9,640,011 |
| Corporate bond | 6,626,983 | 9,192,632 | 6,626,983 | 9,192,632 |
| Equity securities at fair value (See note 26(a)(ii) below) | 3,011,648 | 4,279,461 | 3,011,648 | 4,279,461 |
| Unquoted equity securities at cost (see note 26(b) below) | 4,160,706 | 3,092,538 | 4,151,658 | 3,085,126 |
| | 521,644,391 | 451,511,711 | 457,241,283 | 411,701,883 |
| Specific impairment for equities (see note 26(c) below) | (4,151,658) | (3,454,978) | (4,151,658) | (3,454,978) |
| Total available for sale investment securities | 517,492,733 | 448,056,733 | 453,089,625 | 408,246,905 |
| Held to maturity investment securities | | | | |
| Bonds | 38,179,228 | 14,697,152 | 2,007,253 | 5,219,262 |
| Treasury bills | 57,931,373 | 65,138,463 | - | - |
| Corporate bond | 355,997 | 320,210 | - | - |
| Total held to maturity investment securities | 96,466,598 | 80,155,825 | 2,007,253 | 5,219,262 |
| Total investment securities | 613,959,331 | 528,212,558 | 455,096,878 | 413,466,167 |
| Current | | | | |
| Current | 565,340,377 | 486,497,010 | 433,094,854 | 385,512,418 |
| Non-current | | | | |
| Non-current | 48,618,954 | 41,715,548 | 22,002,024 | 27,953,749 |

(a) (ii) Unquoted equity securities at fair value is analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| SMEIS investment: | | | | |
| - Sokoa Chair Centre | - | 107,244 | - | 107,244 |
| - Iscare Nigeria Ltd | - | 74,765 | - | 74,765 |
| - Central Securities Clearing System | - | 92,102 | - | 92,102 |
| - 3 Peat Investment Ltd | - | 1,016,032 | - | 1,016,032 |
| | - | 1,290,143 | - | 1,290,143 |
| Other unquoted equity investment: | | | | |
| - Unified Payment Services Limited ¹ | 212,342 | 188,883 | 212,342 | 188,883 |
| - Nigeria Automated Clearing Systems | 700,406 | 557,759 | 700,406 | 557,759 |
| - Afrexim | 84,674 | 98,455 | 84,674 | 98,455 |
| - Africa Finance Corporation | 2,014,226 | 2,144,221 | 2,014,226 | 2,144,221 |
| | 3,011,648 | 2,989,318 | 3,011,648 | 2,989,318 |
| Total fair value of equity securities | 3,011,648 | 4,279,461 | 3,011,648 | 4,279,461 |
| Specific impairment for equities | - | (508,016) | - | (508,016) |
| | 3,011,648 | 3,771,445 | 3,011,648 | 3,771,445 |

¹Unified Payment Services Limited was formerly known as Valucard Nigeria Plc.

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| SMEEIS investment: | | | | |
| - Forrilon Translantic Ltd | 1,080,851 | 1,080,851 | 1,080,851 | 1,080,851 |
| - Iscare Nigeria Ltd | 40,000 | - | 40,000 | - |
| - Ruqayya Integrated Farms | 40,500 | 40,500 | 40,500 | 40,500 |
| - National E-Government Strategy | 25,000 | 25,000 | 25,000 | 25,000 |
| - Central Securities Clearing System | 10,500 | - | 10,500 | - |
| - Bookcraft Ltd | 20,000 | 20,000 | 20,000 | 20,000 |
| - 3 Peat Investment Ltd | 1,016,032 | - | 1,016,032 | - |
| - Shonga F.H. Nigeria Ltd | 200,000 | 200,000 | 200,000 | 200,000 |
| - Safe Nigeria Ltd | 350,000 | 350,000 | 350,000 | 350,000 |
| - CRC Credit Bureau | 61,111 | 61,111 | 61,111 | 61,111 |
| - Cards Technology Limited | 265,000 | 265,000 | 265,000 | 265,000 |
| - Thisday Events Center | 500,000 | 500,000 | 500,000 | 500,000 |
| - HITV Limited | 500,000 | 500,000 | 500,000 | 500,000 |
| - SCC Algon Ltd | 42,664 | 42,664 | 42,664 | 42,664 |
| Cost of SMIEES investment | 4,151,658 | 3,085,126 | 4,151,658 | 3,085,126 |
| Less specific impairment for equities | (4,151,658) | (2,946,962) | (4,151,658) | (2,946,962) |
| Carrying value of SMIEES investment | - | 138,164 | - | 138,164 |
| Other unquoted equity investment: | | | | |
| - GIM UEMOA | 9,048 | 7,412 | - | - |
| Cost of other unquoted equity investment | 9,048 | 7,412 | - | - |
| Carrying value of other unquoted equity investment | 9,048 | 7,412 | - | - |
| Total cost of unquoted equity investment | 4,160,706 | 3,092,538 | 4,151,658 | 3,085,126 |
| Total impairment of unquoted equity investment | (4,151,658) | (2,946,962) | (4,151,658) | (2,946,962) |
| Total carrying value of unquoted equity investment | 9,048 | 145,576 | - | 138,164 |

Movement in unquoted equities at cost:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Balance at 1 January | 145,576 | 613,135 | 138,164 | 608,163 |
| - Exchange difference | 1,636 | 2,440 | - | - |
| - Disposal | (61,288) | (469,999) | (61,288) | (469,999) |
| - Additional impairment on equity investment | (696,680) | - | (696,680) | - |
| - Transfer from equity investments at fair value | 1,127,820 | - | 1,127,820 | - |
| - Impairment charge previously taken on equity investments at fair value | (508,016) | - | (508,016) | - |
| Balance, end of the year | 9,048 | 145,576 | - | 138,164 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no 'active market for these financial instruments; they have therefore been disclosed at cost less impairment.

Kindly refer to Note 6e for the movement in the value of equity securities at fair value during the year.

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table.

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

- There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.
- The Group does not provide essential technical information to the entities.
- There is no inter-change of personnel between the Group and the entities.
- Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses. Accordingly, the accounts of these businesses have not been consolidated.

(c) Specific impairment for equities

Movement in specific impairment for equities during the year is as shown below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---------------------------------|-------------------|-------------------|--------------------|--------------------|
| Balance at 1 January | 3,454,978 | 3,454,978 | 3,454,978 | 3,454,978 |
| - Charge for the year | 696,680 | - | 696,680 | - |
| Balance, end of the year | 4,151,658 | 3,454,978 | 4,151,658 | 3,454,978 |

The Bank would only lose cost of investment if decline in value is considered significant or prolonged.

Specific impairment for equities is further analysed by classification below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Specific impairment on equity securities at fair value | - | 508,016 | - | 508,016 |
| Specific impairment on equity securities at cost | 4,151,658 | 2,946,962 | 4,151,658 | 2,946,962 |
| | 4,151,658 | 3,454,978 | 4,151,658 | 3,454,978 |

27 Assets pledged as collateral

(a)

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Financial assets held for trading | 14,453 | 10,710 | - | - |
| - Treasury bills | 14,453 | 10,710 | - | - |
| Investment Securities - available for sale (See note (c) below): | 58,961,722 | 48,205,702 | 58,961,722 | 48,205,702 |
| - Treasury bills | 58,961,722 | 48,205,702 | 58,961,722 | 48,205,702 |
| | 58,976,175 | 48,216,412 | 58,961,722 | 48,205,702 |
| Current | 58,976,175 | 48,205,702 | 58,961,722 | 48,205,702 |
| Non-current | - | 10,710 | - | - |

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions.

(c) Treasury Bills pledged as collateral of N58,961,722,000 (December 2016: N48,205,702,000) have been reclassified from available for sale and investment securities at fair value.

(d) Assets pledged as collateral are based on prices in an active market.

28. Loans and advances to banks

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Loans and advances to banks | 751,991 | 654,839 | 45,110 | 31,064 |
| Less collective allowances for impairment | (1,630) | (1,121) | (1,630) | (1,121) |
| | 750,361 | 653,718 | 43,480 | 29,943 |
| Current | 750,361 | 653,718 | 43,480 | 29,943 |

Reconciliation of allowance accounts for losses on loans and advances to banks

Group

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | | Total allowance for impairment |
|-----------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | |
| Balance at 1 January | - | 1,121 | 1,121 | - | 264 | 264 | 264 |
| Increase in impairment allowances | - | 509 | 509 | - | 857 | 857 | 857 |
| | - | 1,630 | 1,630 | - | 1,121 | 1,121 | 1,121 |

Parent

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | | Total allowance for impairment |
|-----------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | |
| Balance at 1 January | - | 1,121 | 1,121 | - | 264 | 264 | 264 |
| Increase in impairment allowances | - | 509 | 509 | - | 857 | 857 | 857 |
| | - | 1,630 | 1,630 | - | 1,121 | 1,121 | 1,121 |

29 Loans and advances to customers

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| Loans to individuals: | | | | |
| Loans | 153,951,256 | 150,410,695 | 99,137,780 | 107,506,692 |
| Overdrafts | 12,115,194 | 7,515,758 | 6,181,249 | 6,061,176 |
| Others ¹ | - | 1,839 | - | - |
| Gross loans | 166,066,450 | 157,928,292 | 105,319,029 | 113,567,868 |
| Loans | (1,219,772) | (1,048,642) | (392,090) | (1,450) |
| Overdrafts | (89,602) | (36,559) | - | (1,050) |
| Others ¹ | - | (39) | - | - |
| Specific impairment | (1,309,374) | (1,085,240) | (392,090) | (2,500) |
| Loans | (1,427,724) | (1,274,077) | (1,364,333) | (1,219,075) |
| Overdrafts | (871,039) | (861,180) | (864,176) | (859,315) |
| Others ¹ | - | (2) | - | - |
| Collective impairment | (2,298,763) | (2,135,259) | (2,228,509) | (2,078,390) |
| Loans | (2,647,496) | (2,322,719) | (1,756,423) | (1,220,525) |
| Overdrafts | (960,641) | (897,739) | (864,176) | (860,365) |
| Others ¹ | - | (41) | - | - |
| Total impairment | (3,608,137) | (3,220,499) | (2,620,599) | (2,080,890) |
| Loans | 151,303,760 | 148,087,976 | 97,381,357 | 106,286,167 |
| Overdrafts | 11,154,553 | 6,618,019 | 5,317,073 | 5,200,811 |
| Others ¹ | - | 1,798 | - | - |
| Carrying amount | 162,458,313 | 154,707,793 | 102,698,430 | 111,486,978 |

| | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| Loans to Non-individuals: | | | | |
| Loans | 1,083,739,003 | 1,224,589,560 | 1,050,931,690 | 1,173,637,927 |
| Overdrafts | 218,451,039 | 203,622,761 | 134,473,702 | 128,653,633 |
| Others ¹ | 48,066,648 | 83,937,058 | 35,525,974 | 75,258,288 |
| Gross loans | 1,350,256,690 | 1,512,149,379 | 1,220,931,366 | 1,377,549,848 |
| Loans | (39,243,656) | (16,387,454) | (37,827,497) | (14,865,641) |
| Overdrafts | (7,820,027) | (3,244,652) | (4,195,066) | (1,005,489) |
| Others ¹ | (541,330) | (259,216) | - | - |
| Specific impairment | (47,605,013) | (19,891,322) | (42,022,563) | (15,871,130) |
| Loans | (9,612,470) | (11,906,458) | (9,373,753) | (11,305,230) |
| Overdrafts | (6,543,740) | (5,061,009) | (5,932,692) | (4,176,375) |
| Others ¹ | (420,350) | (40,568,549) | (329,100) | (40,466,139) |
| Collective impairment | (16,576,560) | (57,536,016) | (15,635,545) | (55,947,744) |
| Loans | (48,856,126) | (28,293,912) | (47,201,250) | (26,170,871) |
| Overdrafts | (14,363,767) | (8,305,661) | (10,127,758) | (5,181,864) |
| Others ¹ | (961,680) | (40,827,765) | (329,100) | (40,466,139) |
| Total impairment | (64,181,573) | (77,427,338) | (57,658,108) | (71,818,874) |
| Loans | 1,034,882,877 | 1,196,295,648 | 1,003,730,440 | 1,147,467,056 |
| Overdrafts | 204,087,272 | 195,317,100 | 124,345,944 | 123,471,769 |
| Others ¹ | 47,104,968 | 43,109,293 | 35,196,874 | 34,792,149 |
| Carrying amount | 1,286,075,117 | 1,434,722,041 | 1,163,273,258 | 1,305,730,974 |
| Total carrying amount (individual and non individual) | 1,448,533,430 | 1,589,429,834 | 1,265,971,688 | 1,417,217,952 |

¹Others include Usances and Usances Settlement

| | | | | |
|-------------|-------------|-------------|-------------|-------------|
| Current | 679,267,218 | 995,484,613 | 569,007,523 | 861,300,437 |
| Non-current | 769,266,212 | 593,945,221 | 696,964,165 | 555,917,515 |

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS

Group

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 1,085,240 | 2,135,259 | 3,220,499 | 474,946 | 771,212 | 1,246,158 |
| Foreign currency translation and other adjustments | 36,782 | 130,505 | 167,287 | 262,311 | (115,185) | 147,126 |
| Increase in impairment allowances | 937,850 | 32,999 | 970,849 | 570,343 | 1,479,232 | 2,049,575 |
| Write offs | (750,498) | - | (750,498) | (222,360) | - | (222,360) |
| Balance, end of year | 1,309,374 | 2,298,763 | 3,608,137 | 1,085,240 | 2,135,259 | 3,220,499 |

Parent

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|---|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 2,500 | 2,078,390 | 2,080,890 | 138,049 | 671,594 | 809,643 |
| Increase/ (reversal) in impairment allowances | 954,760 | 150,119 | 1,104,879 | (3,089) | 1,406,796 | 1,403,707 |
| Write offs | (565,170) | - | (565,170) | (132,460) | - | (132,460) |
| Balance, end of year | 392,090 | 2,228,509 | 2,620,599 | 2,500 | 2,078,390 | 2,080,890 |

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS

Group

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 19,891,322 | 57,536,016 | 77,427,338 | 21,485,367 | 7,617,493 | 29,102,860 |
| Foreign currency translation and other adjustments | 305,576 | (142,038) | 163,538 | 1,570,827 | 602,189 | 2,173,016 |
| Increase/ (reversal) in impairment allowances | 30,897,880 | (18,852,382) | 12,045,498 | 14,760,282 | 49,316,334 | 64,076,616 |
| Reclassifications | 21,965,036 | (21,965,036) | - | - | - | - |
| Write offs | (25,454,801) | - | (25,454,801) | (17,925,154) | - | (17,925,154) |
| Balance, end of year | 47,605,013 | 16,576,560 | 64,181,573 | 19,891,322 | 57,536,016 | 77,427,338 |

Parent

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 15,871,130 | 55,947,744 | 71,818,874 | 18,781,373 | 6,717,769 | 25,499,142 |
| Foreign currency translation and other adjustments | 71 | - | 71 | 427 | - | 427 |
| Increase/ (reversal) in impairment allowances | 28,373,246 | (18,347,163) | 10,026,083 | 13,392,232 | 49,229,975 | 62,622,207 |
| Reclassifications | 21,965,036 | (21,965,036) | - | - | - | - |
| Write offs | (24,186,920) | - | (24,186,920) | (16,302,902) | - | (16,302,902) |
| Balance, end of year | 42,022,563 | 15,635,545 | 57,658,108 | 15,871,130 | 55,947,744 | 71,818,874 |

Reconciliation of allowance accounts for losses on loans and advances to banks

Group
Dec-2017

| | Loans | | | Overdrafts | | | Others | | | Total | | |
|-----------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| In thousands of Nigerian Naira | | | | | | | | | | | | |
| Balance at 1 January | - | 1,108 | 1,108 | - | 13 | 13 | - | - | - | - | - | 1,121 |
| Increase in impairment allowances | - | 1 | 1 | - | 508 | 508 | - | - | - | - | - | 509 |
| Balance, end of year | - | 1,109 | 1,109 | - | 521 | 521 | - | - | - | - | - | 1,630 |

Group
Dec-2016

| | Loans | | | Overdrafts | | | Others | | | Total | | |
|---|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| In thousands of Nigerian Naira | | | | | | | | | | | | |
| Balance at 1 January | - | 4 | 4 | - | 260 | 260 | - | - | - | - | - | 264 |
| Increase/ (reversal) in impairment allowances | - | 1,104 | 1,104 | - | (247) | (247) | - | - | - | - | - | 857 |
| Balance, end of year | - | 1,108 | 1,108 | - | 13 | 13 | - | - | - | - | - | 1,121 |

Reconciliation of allowance accounts for losses on loans and advances to banks

Parent
Dec-2017

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total |
|-----------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | |
| Balance at 1 January | - | 1,108 | 1,108 | - | 13 | 13 | - | - | - | 1,121 |
| Increase in impairment allowances | - | 1 | 1 | - | 508 | 508 | - | - | - | 509 |
| Balance end of the year | - | 1,109 | 1,109 | - | 521 | 521 | - | - | - | 1,630 |

Parent
Dec-2016

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | |
| Balance at 1 January | - | 4 | 4 | - | 260 | 260 | - | - | - | 264 |
| Increase/(reversal) in impairment allowances | - | 1,104 | 1,104 | - | (247) | (247) | - | - | - | 857 |
| Balance end of the year | - | 1,108 | 1,108 | - | 13 | 13 | - | - | - | 1,121 |

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS

Group
Dec-2017

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 1,048,642 | 1,274,077 | 2,322,719 | 36,559 | 861,180 | 897,739 | 39 | 2 | 41 | 1,085,240 | 2,135,259 | 3,220,499 |
| Foreign currency translation and other adjustments | 50,880 | 81,055 | 131,935 | (14,098) | 49,450 | 35,352 | - | - | - | 36,782 | 130,505 | 167,287 |
| Increase/ (reversal) in impairment allowances | 240,710 | 72,592 | 313,302 | 696,124 | (39,591) | 656,533 | 1,016 | (2) | 1,014 | 937,850 | 32,999 | 970,849 |
| Write offs | (120,460) | - | (120,460) | (628,983) | - | (628,983) | (1,055) | - | (1,055) | (750,498) | - | (750,498) |
| Balance, end of year | 1,219,772 | 1,427,724 | 2,647,496 | 89,602 | 871,039 | 960,641 | - | - | - | 1,309,374 | 2,298,763 | 3,608,137 |

Group
Dec-2016

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 411,556 | 331,344 | 742,900 | 62,594 | 439,633 | 502,227 | 796 | 235 | 1,031 | 474,946 | 771,212 | 1,246,158 |
| Foreign currency translation and other adjustments | 270,080 | (68,729) | 201,351 | (7,778) | (46,456) | (54,234) | 9 | - | 9 | 262,311 | (115,185) | 147,126 |
| Increase/ (reversal) in impairment allowances | 401,688 | 1,011,462 | 1,413,150 | 168,363 | 468,003 | 636,366 | 292 | (233) | 59 | 570,343 | 1,479,232 | 2,049,575 |
| Write offs | (34,682) | - | (34,682) | (186,620) | - | (186,620) | (1,058) | - | (1,058) | (222,360) | - | (222,360) |
| Balance, end of year | 1,048,642 | 1,274,077 | 2,322,719 | 36,559 | 861,180 | 897,739 | 39 | 2 | 41 | 1,085,240 | 2,135,259 | 3,220,499 |

Reconciliation of allowance accounts In thousands of Nigerian Naira losses on loans and advances to INDIVIDUALS

Parent
Dec-2017

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|-----------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 1,450 | 1,219,075 | 1,220,525 | 1,050 | 859,315 | 860,365 | - | - | - | 2,500 | 2,078,390 | 2,080,890 |
| Increase in impairment allowances | 390,640 | 145,258 | 535,898 | 564,120 | 4,861 | 568,981 | - | - | - | 954,760 | 150,119 | 1,104,879 |
| Write offs | - | - | - | (565,170) | - | (565,170) | - | - | - | (565,170) | - | (565,170) |
| Balance, end of year | 392,090 | 1,364,333 | 1,756,423 | - | 864,176 | 864,176 | - | - | - | 392,090 | 2,228,509 | 2,620,599 |

Parent
Dec-2016

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|---|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 137,114 | 250,194 | 387,308 | 935 | 421,400 | 422,335 | - | - | - | 138,049 | 671,594 | 809,643 |
| Increase/ (reversal) in impairment allowances | (135,664) | 968,881 | 833,217 | 132,575 | 437,915 | 570,490 | - | - | - | (3,089) | 1,406,796 | 1,403,707 |
| Write offs | - | - | - | (132,460) | - | (132,460) | - | - | - | (132,460) | - | (132,460) |
| Balance, end of year | 1,450 | 1,219,075 | 1,220,525 | 1,050 | 859,315 | 860,365 | - | - | - | 2,500 | 2,078,390 | 2,080,890 |

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS

Group
Dec-2017

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 16,387,454 | 11,906,458 | 28,293,912 | 3,244,652 | 5,061,009 | 8,305,661 | 259,216 | 40,568,549 | 40,827,765 | 19,891,322 | 57,536,016 | 77,427,338 |
| Foreign currency translation and other adjustments | 284,670 | (88,217) | 196,453 | 20,906 | (53,821) | (32,915) | - | - | - | 305,576 | (142,038) | 163,538 |
| Increase/(reversal) in impairment allowances | 25,974,534 | (2,205,771) | 23,768,763 | 4,641,239 | 1,536,552 | 6,177,791 | 282,107 | (18,183,163) | (17,901,056) | 30,897,880 | (18,852,382) | 12,045,498 |
| Reclassifications | 21,965,036 | - | 21,965,036 | - | - | - | - | (21,965,036) | (21,965,036) | 21,965,036 | (21,965,036) | - |
| Write offs | (25,368,038) | - | (25,368,038) | (86,770) | - | (86,770) | 7 | - | 7 | (25,454,801) | - | (25,454,801) |
| Balance, end of year | 39,243,656 | 9,612,470 | 48,856,126 | 7,820,027 | 6,543,740 | 14,363,767 | 541,330 | 420,350 | 961,680 | 47,605,013 | 16,576,560 | 64,181,573 |

Group
Dec-2016

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 9,063,530 | 3,738,153 | 12,801,683 | 12,420,930 | 3,638,513 | 16,059,443 | 907 | 240,827 | 241,734 | 21,485,367 | 7,617,493 | 29,102,860 |
| Foreign currency translation and other adjustments | 1,517,868 | 359,317 | 1,877,185 | 52,903 | 242,871 | 295,774 | 56 | 1 | 57 | 1,570,827 | 602,189 | 2,173,016 |
| Increase/(reversal) in impairment allowances | 23,676,502 | 7,808,988 | 31,485,490 | (9,174,524) | 1,179,625 | (7,994,899) | 258,304 | 40,327,721 | 40,586,025 | 14,760,282 | 49,316,334 | 64,076,616 |
| Write offs | (17,870,446) | - | (17,870,446) | (54,657) | - | (54,657) | (51) | - | (51) | (17,925,154) | - | (17,925,154) |
| Balance, end of year | 16,387,454 | 11,906,458 | 28,293,912 | 3,244,652 | 5,061,009 | 8,305,661 | 259,216 | 40,568,549 | 40,827,765 | 19,891,322 | 57,536,016 | 77,427,338 |

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS

Parent
Dec-2017

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 14,865,641 | 11,305,230 | 26,170,871 | 1,005,489 | 4,176,375 | 5,181,864 | - | 40,466,139 | 40,466,139 | 15,871,130 | 55,947,744 | 71,818,874 |
| Foreign currency translation and other adjustments | 71 | - | 71 | - | - | - | - | - | - | 71 | - | 71 |
| Increase/(reversal) in impairment allowances | 25,183,669 | (1,931,477) | 23,252,192 | 3,189,577 | 1,756,317 | 4,945,894 | - | (18,172,003) | (18,172,003) | 28,373,246 | (18,347,163) | 10,026,083 |
| Reclassifications | 21,965,036 | - | 21,965,036 | - | - | - | - | (21,965,036) | (21,965,036) | 21,965,036 | (21,965,036) | - |
| Write offs | (24,186,920) | - | (24,186,920) | - | - | - | - | - | - | (24,186,920) | - | (24,186,920) |
| Balance, end of year | 37,827,497 | 9,373,753 | 47,201,250 | 4,195,066 | 5,932,692 | 10,127,758 | - | 329,100 | 329,100 | 42,022,563 | 15,635,545 | 57,658,108 |

Parent
Dec-2016

| In thousands of Nigerian Naira | Loans | | | Overdrafts | | | Others | | | Total | | |
|--|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment | Specific allowance for impairment | Collective allowance for impairment | Total allowance for impairment |
| Balance at 1 January | 6,979,085 | 3,044,577 | 10,023,662 | 11,802,288 | 3,432,667 | 15,234,955 | - | 240,525 | 240,525 | 18,781,373 | 6,717,769 | 25,499,142 |
| Foreign currency translation and other adjustments | 427 | - | 427 | - | - | - | - | - | - | 427 | - | 427 |
| Increase/(reversal) in impairment allowances | 24,189,031 | 8,260,653 | 32,449,684 | (10,796,799) | 743,708 | (10,053,091) | - | 40,225,614 | 40,225,614 | 13,392,232 | 49,229,975 | 62,622,207 |
| Write offs | (16,302,902) | - | (16,302,902) | - | - | - | - | - | - | (16,302,902) | - | (16,302,902) |
| Balance, end of year | 14,865,641 | 11,305,230 | 26,170,871 | 1,005,489 | 4,176,375 | 5,181,864 | - | 40,466,139 | 40,466,139 | 15,871,130 | 55,947,744 | 71,818,874 |

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

| | Parent Dec-2017 % ownership | Parent Dec-2016 % ownership | Parent Dec-2017 N'000 | Parent Dec-2016 N'000 |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| GTB Gambia | 77.81 | 77.81 | 574,278 | 574,278 |
| GTB Sierra Leone | 84.24 | 84.24 | 594,109 | 594,109 |
| GTB Ghana | 97.97 | 97.97 | 9,042,739 | 9,042,739 |
| GTB Finance B.V. | 100.00 | 100.00 | - | 3,220 |
| GTB UK Limited | 100.00 | 100.00 | 9,597,924 | 9,597,924 |
| GTB Liberia Limited | 99.43 | 99.43 | 1,947,264 | 1,947,264 |
| GTB Cote D'Ivoire Limited | 100.00 | 100.00 | 5,077,458 | 5,077,458 |
| GTB Kenya Limited | 70.00 | 70.00 | 17,131,482 | 17,131,482 |
| GTB Tanzania | 70.00 | 0.00 | 2,241,750 | - |
| | | | 46,207,004 | 43,968,474 |
| Current | | | - | - |
| Non-current | | | 46,207,004 | 43,968,474 |

(a) (i) The movement in investment in subsidiaries during the year is as follows:

| In thousands of Nigerian Naira | Parent Dec-2017 | Parent Dec-2016 |
|---|--------------------|--------------------|
| Balance, beginning of the year | 43,968,474 | 41,905,781 |
| Additions during the year | 2,241,750 | 2,062,693 |
| Transferred to assets classified as held for sale | (3,220) | - |
| Balance, end of the year | 46,207,004 | 43,968,474 |

(a) (ii) Additions during the year relates to GTB Tanzania which commenced operation during the year. The Bank holds 70% (N2,241,750,000) interest in Tanzania while 30% (N960,750,000) belongs to Non-Controlling Interest.

Please refer to Note 45 for more information on the Group structure

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 31 December 2017, are as follows:

**Full year profit and loss
Dec-2017**

| In thousands of Nigerian Naira | Staff Investment Trust | GTB Finance B.V. | GT Bank Ghana | GT Bank Sierra Leone | GT Bank Liberia | GT Bank UK | GT Bank Gambia | GT Bank Cote D'Ivoire | GT Bank Kenya | GT Bank Tanzania |
|--------------------------------|------------------------|------------------|------------------|----------------------|------------------|----------------|------------------|-----------------------|----------------|------------------|
| Operating income | 2,466,265 | 266,967 | 16,819,395 | 5,565,042 | 5,239,695 | 4,650,170 | 4,161,973 | 1,503,588 | 9,908,873 | 14,425 |
| Operating expenses | (2,198,700) | (266,967) | (7,615,921) | (2,837,446) | (2,574,449) | (3,724,105) | (2,535,955) | (1,359,089) | (8,108,819) | (355,943) |
| Loan impairment charges | - | - | 123,400 | 188,322 | (895,773) | - | 2,628 | - | (753,084) | - |
| Profit before tax | 267,565 | - | 9,326,874 | 2,915,918 | 1,769,473 | 926,065 | 1,628,646 | 144,499 | 1,046,970 | (341,518) |
| Taxation | - | - | (2,875,754) | (874,775) | (415,480) | (1,656) | (488,596) | - | (196,201) | - |
| Profit after tax | 267,565 | - | 6,451,120 | 2,041,143 | 1,353,993 | 924,409 | 1,140,050 | 144,499 | 850,769 | (341,518) |

Condensed financial position Dec-2017

| In thousands of Nigerian Naira | Staff Investment Trust | GTB Finance B.V. | GT Bank Ghana | GT Bank Sierra Leone | GT Bank Liberia | GT Bank UK | GT Bank Gambia | GT Bank Cote D'Ivoire | GT Bank Kenya | GT Bank Tanzania |
|-----------------------------------|------------------------|------------------|--------------------|----------------------|-------------------|--------------------|-------------------|-----------------------|--------------------|------------------|
| Assets | | | | | | | | | | |
| Cash and cash equivalents | 147,329 | 7,948 | 33,957,550 | 13,795,410 | 6,459,540 | 135,385,632 | 8,240,527 | 3,007,428 | 23,970,384 | 1,138,938 |
| Loans and advances to banks | - | - | - | - | - | 706,881 | - | - | - | - |
| Loans and advances to customers | - | 2,392,230 | 29,743,423 | 13,869,985 | 24,565,351 | 37,988,167 | 5,004,774 | 6,923,602 | 65,895,071 | - |
| Financial assets held for trading | - | - | 7,293,305 | - | - | - | - | - | - | - |
| Investment securities: | | | | | | | | | | |
| - Available for sale | 53,914,878 | - | - | - | - | 29,143,939 | 16,766,463 | 9,048 | 18,483,658 | - |
| - Held to maturity | - | - | 64,262,504 | 8,588,863 | 2,791,687 | - | - | 6,837,321 | 11,978,970 | - |
| Assets pledged as collateral | - | - | - | - | - | - | - | 14,453 | - | - |
| Other assets | - | - | 3,089,533 | 385,461 | 739,780 | 445,432 | 2,691,691 | 331,617 | 3,632,858 | 85,745 |
| Property and equipment | - | - | 1,948,612 | 1,242,819 | 1,922,441 | 714,733 | 2,304,290 | 1,188,378 | 2,558,000 | 1,810,933 |
| Intangible assets | - | - | 160,233 | - | 44,115 | - | 78,437 | 37,835 | 1,407,052 | - |
| Deferred tax assets | - | - | 125,991 | - | - | 387,188 | - | - | 1,153,811 | - |
| Total assets | 54,062,207 | 2,400,178 | 140,581,151 | 37,882,538 | 36,522,914 | 204,771,972 | 35,086,182 | 18,349,682 | 129,079,804 | 3,035,616 |
| Financed by: | | | | | | | | | | |
| Deposits from banks | - | - | 1 | - | 496,740 | 118,020,085 | - | 6,164 | 6,246,352 | - |
| Deposits from customers | - | - | 110,065,633 | 27,097,040 | 27,482,857 | 70,535,360 | 28,812,264 | 12,052,735 | 88,484,758 | - |
| Current income tax liabilities | - | - | 103,954 | 163,791 | 309,605 | - | 41,512 | - | (481,276) | - |
| Deferred tax liabilities | - | - | 132,255 | 14,321 | - | - | 163,757 | - | 205,664 | - |
| Other liabilities | 8,537,765 | - | 3,042,083 | 3,341,147 | 1,574,185 | 1,072,533 | 1,721,966 | 456,529 | 1,276,693 | 66,373 |
| Other borrowed funds | 1,428,505 | - | 2,076,854 | - | 1,160,153 | - | - | - | 6,583,523 | - |
| Total liabilities | 9,966,270 | - | 115,420,780 | 30,616,299 | 31,023,540 | 189,627,978 | 30,739,499 | 12,515,428 | 102,315,714 | 66,373 |
| Equity and reserve | 44,095,937 | 2,400,178 | 25,160,371 | 7,266,239 | 5,499,374 | 15,143,994 | 4,346,683 | 5,834,254 | 26,764,090 | 2,969,243 |
| | 54,062,207 | 2,400,178 | 140,581,151 | 37,882,538 | 36,522,914 | 204,771,972 | 35,086,182 | 18,349,682 | 129,079,804 | 3,035,616 |

Condensed cash flow Dec-2017

| In thousands of Nigerian Naira | Staff Investment Trust | GTB Finance B.V. | GT Bank Ghana | GT Bank Sierra Leone | GT Bank Liberia | GT Bank UK | GT Bank Gambia | GT Bank Cote D'Ivoire | GT Bank Kenya | GT Bank Tanzania |
|---------------------------------------|------------------------|------------------|-------------------|----------------------|------------------|--------------------|------------------|-----------------------|-------------------|------------------|
| Net cash flow: | | | | | | | | | | |
| from operating activities | 617,676 | 133,192,729 | 43,598,636 | 3,983,990 | (4,097,036) | 26,296,648 | (663,137) | 2,928,411 | (5,735,102) | 2,949,871 |
| from investing activities | 71,223 | - | (34,103,202) | (1,968,921) | (728,781) | (9,065,433) | 2,326,226 | (1,479,462) | 3,637,780 | (1,810,933) |
| from financing activities | (654,799) | (133,184,781) | (4,125,097) | (128,309) | (479,844) | - | (5,353,772) | - | 2,728,562 | - |
| Increase in cash and cash equivalents | 34,100 | 7,948 | 5,370,337 | 1,886,760 | (5,305,661) | 17,231,215 | (3,690,683) | 1,448,949 | 631,240 | 1,138,938 |
| Cash balance, beginning of year | 113,229 | - | 28,349,278 | 13,270,847 | 11,182,901 | 101,736,739 | 12,289,074 | 1,458,398 | 22,370,681 | - |
| Effect of exchange difference | - | - | 237,935 | (1,362,197) | 582,302 | 16,417,676 | (357,864) | 100,080 | 968,465 | - |
| Cash balance, end of year | 147,329 | 7,948 | 33,957,550 | 13,795,410 | 6,459,542 | 135,385,630 | 8,240,527 | 3,007,427 | 23,970,386 | 1,138,938 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2017, are as follows:

Profit and loss

Dec-2017

| In thousands of Nigerian Naira | GT Bank Kenya | GT Bank Uganda | GT Bank Rwanda |
|--------------------------------|---------------|----------------|----------------|
| Operating income | 5,213,476 | 1,808,624 | 2,966,278 |
| Operating expenses | (4,051,878) | (1,706,893) | (2,387,509) |
| Loan impairment charges | (217,828) | (19,872) | (193,043) |
| Profit before tax | 943,770 | 81,859 | 385,726 |
| Taxation | (283,132) | (71,992) | - |
| Profit after tax | 660,638 | 9,867 | 385,726 |

Condensed financial position

Dec-2017

| In thousands of Nigerian Naira | GT Bank Kenya | GT Bank Uganda | GT Bank Rwanda |
|---------------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 10,420,208 | 7,102,845 | 6,447,685 |
| Loans and advances to customers | 42,549,247 | 7,501,690 | 16,258,852 |
| Investment securities: | | | |
| – Available for sale | 18,483,658 | - | - |
| – Held to maturity | 3,825,678 | 1,965,870 | 6,187,422 |
| Investment in subsidiaries | 10,496,401 | - | - |
| Property and equipment | 894,507 | 300,825 | 1,362,668 |
| Intangible assets | 569,850 | 332,945 | 434,314 |
| Deferred tax assets | 235,947 | 888,761 | - |
| Other assets | 1,825,502 | 448,452 | 2,343,802 |
| Total assets | 89,300,998 | 18,541,388 | 33,034,743 |
| Financed by: | | | |
| Deposits from banks | 5,365,203 | 880,613 | 536 |
| Deposits from customers | 48,508,848 | 13,009,271 | 26,925,467 |
| Deferred tax liabilities | - | - | 205,664 |
| Other liabilities | 1,534,770 | 244,964 | 580,242 |
| Other borrowed funds | 6,588,177 | - | - |
| Total liabilities | 61,996,998 | 14,134,848 | 27,711,909 |
| Equity and reserve | 27,304,000 | 4,406,540 | 5,322,834 |
| | 89,300,998 | 18,541,388 | 33,034,743 |

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

Dec-2016

| In thousands of Nigerian Naira | Staff Investment Trust | GTB Finance B.V. | GT Bank Ghana | GT Bank Sierra Leone | GT Bank Liberia | GT Bank UK | GT Bank Gambia | GT Bank Cote D'Ivoire | GT Bank Kenya |
|--------------------------------|------------------------|------------------|------------------|----------------------|-----------------|----------------|------------------|-----------------------|------------------|
| Condensed profit and loss | | | | | | | | | |
| Operating income | 2,142,912 | 991,120 | 13,840,329 | 4,851,097 | 2,833,481 | 3,141,319 | 3,661,362 | 1,131,185 | 9,641,918 |
| Operating expenses | (450,970) | (991,120) | (6,101,585) | (2,174,467) | (1,953,949) | (2,789,493) | (2,116,611) | (1,377,621) | (7,255,414) |
| Loan impairment charges | - | - | (593,793) | (244,647) | (59,317) | - | 36,121 | (167,186) | (718,845) |
| Profit before tax | 1,691,942 | - | 7,144,951 | 2,431,983 | 820,215 | 351,826 | 1,580,872 | (413,622) | 1,667,659 |
| Taxation | - | - | (2,218,295) | (652,424) | (205,054) | - | (468,025) | - | (643,311) |
| Profit after tax | 1,691,942 | - | 4,926,656 | 1,779,559 | 615,161 | 351,826 | 1,112,847 | (413,622) | 1,024,348 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

Dec-2016

| In thousands of Nigerian Naira | Staff Investment Trust | GTB Finance B.V. | GT Bank Ghana | GT Bank Sierra Leone | GT Bank Liberia | GT Bank UK | GT Bank Gambia | GT Bank Cote D'Ivoire | GT Bank Kenya |
|-----------------------------------|------------------------|--------------------|--------------------|----------------------|-------------------|--------------------|-------------------|-----------------------|--------------------|
| Condensed financial position | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | 113,229 | - | 28,349,278 | 13,270,847 | 11,182,901 | 101,736,739 | 12,289,074 | 1,458,398 | 22,370,681 |
| Loans and advances to banks | - | - | - | - | - | 129,666 | - | 494,108 | - |
| Loans and advances to customers | - | 127,903,847 | 46,602,126 | 14,280,796 | 14,570,559 | 27,852,101 | 6,103,846 | 5,623,853 | 59,254,839 |
| Financial assets held for trading | - | - | 5,732,549 | - | - | - | - | - | - |
| Investment securities: | | | | | | | | | |
| – Available for sale | 32,560,683 | - | - | - | - | 17,330,138 | 20,305,737 | 7,412 | 2,166,541 |
| – Held to maturity | - | - | 30,338,621 | 8,024,436 | 2,306,248 | - | - | 4,257,564 | 30,009,694 |
| Assets pledged as collateral | - | - | - | - | - | - | - | 10,710 | - |
| Other assets | - | - | 1,737,159 | 498,712 | 1,178,423 | 348,989 | 527,380 | 241,877 | 3,309,849 |
| Property and equipment | - | - | 1,803,575 | 1,274,750 | 1,628,793 | 625,750 | 2,379,586 | 1,023,122 | 3,042,459 |
| Intangible assets | - | - | 212,469 | - | 26,619 | - | 41,159 | 54,220 | 1,540,492 |
| Deferred tax assets | - | - | 162,366 | 48,797 | - | 381,461 | - | - | 985,804 |
| Total assets | 32,673,912 | 127,903,847 | 114,938,143 | 37,398,338 | 30,893,543 | 148,404,844 | 41,646,782 | 13,171,264 | 122,680,359 |
| Financed by: | | | | | | | | | |
| Deposits from banks | - | - | 4,276,137 | 247,937 | - | 79,114,770 | 359,634 | - | 9,717,458 |
| Deposits from customers | - | - | 82,641,543 | 30,112,825 | 22,334,685 | 56,501,480 | 23,791,695 | 6,869,499 | 82,876,236 |
| Debt securities issued | - | 125,639,949 | - | - | - | - | - | - | 597,914 |
| Current income tax liabilities | - | - | 40,314 | 177,813 | 149,265 | - | 47,359 | - | 42,499 |
| Deferred tax liabilities | - | - | 90,220 | - | - | - | 169,862 | - | 270,462 |
| Other liabilities | 7,920,089 | - | 3,301,791 | 842,452 | 1,642,974 | 580,074 | 8,065,864 | 1,653,598 | 1,614,549 |
| Other borrowed funds | 2,083,304 | - | 3,530,615 | - | 1,547,092 | - | 4,811,803 | - | 3,066,162 |
| Total liabilities | 10,003,393 | 125,639,949 | 93,880,620 | 31,381,027 | 25,674,016 | 136,196,324 | 37,246,217 | 8,523,097 | 98,185,280 |
| Equity and reserve | 22,670,519 | 2,263,898 | 21,057,523 | 6,017,311 | 5,219,527 | 12,208,520 | 4,400,565 | 4,648,167 | 24,495,079 |
| | 32,673,912 | 127,903,847 | 114,938,143 | 37,398,338 | 30,893,543 | 148,404,844 | 41,646,782 | 13,171,264 | 122,680,359 |

Dec-2016

| In thousands of Nigerian Naira | Staff Invest- ment Trust | GTB Finance B.V. | GT Bank Ghana | GT Bank Sierra Leone | GT Bank Liberia | GT Bank UK | GT Bank Gambia | GT Bank Cote D'Ivoire | GT Bank Kenya |
|---------------------------------------|-----------------------------|---------------------|-------------------|-------------------------|--------------------|--------------------|-------------------|--------------------------|-------------------|
| Condensed cash flow | | | | | | | | | |
| Net cash flow: | | | | | | | | | |
| - from operating activities | (216,853) | 156,440,616 | 11,328,810 | 332,834 | 548,716 | 37,562,688 | 18,952,598 | 1,765,584 | (4,032,950) |
| - from investing activities | 1,154,853 | - | (10,995,490) | 2,585,602 | 715,873 | (4,075,411) | (17,183,790) | (1,213,309) | 8,967,240 |
| - from financing activities | (880,645) | (156,448,038) | (3,082,258) | (752,063) | 1,547,092 | - | 131,390 | - | 2,796,708 |
| Increase in cash and cash equivalents | 57,355 | (7,422) | (2,748,938) | 2,166,373 | 2,811,681 | 33,487,277 | 1,900,198 | 552,275 | 7,730,998 |
| Cash balance, beginning of year | 55,874 | 4,729 | 22,364,533 | 9,449,243 | 5,653,178 | 52,137,389 | 7,632,855 | 853,821 | 10,519,188 |
| Effect of exchange difference | - | 2,693 | 8,733,683 | 1,655,231 | 2,718,042 | 16,112,073 | 2,756,021 | 52,302 | 4,120,495 |
| Cash balance, end of year | 113,229 | - | 28,349,278 | 13,270,847 | 11,182,901 | 101,736,739 | 12,289,074 | 1,458,398 | 22,370,681 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2016, are as follows:

Profit and loss Dec-2016

| In thousands of Nigerian Naira | GT Bank Kenya | GT Bank Uganda | GT Bank Rwanda |
|--------------------------------|------------------|------------------|----------------|
| Operating income | 5,568,997 | 1,322,930 | 2,749,991 |
| Operating expenses | (3,784,987) | (1,394,307) | (2,076,121) |
| Loan impairment charges | (66,736) | (57,426) | (594,683) |
| Profit before tax | 1,717,274 | (128,803) | 79,187 |
| Taxation | (600,035) | (43,276) | - |
| Profit after tax | 1,117,239 | (172,079) | 79,187 |

Condensed financial position Dec-2016

| In thousands of Nigerian Naira | GT Bank Kenya | GT Bank Uganda | GT Bank Rwanda |
|---------------------------------|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 13,365,466 | 2,824,698 | 6,180,517 |
| Loans and advances to customers | 39,335,585 | 6,177,951 | 13,741,303 |
| Investment securities: | | | |
| – Available for sale | 2,166,541 | - | - |
| – Held to maturity | 23,731,672 | 1,749,359 | 4,528,663 |
| Investment in subsidiaries | 8,709,682 | - | - |
| Property and equipment | 1,210,223 | 370,717 | 1,461,519 |
| Intangible assets | 617,001 | 353,199 | 437,334 |
| Deferred tax assets | 255,012 | 730,792 | - |
| Other assets | 956,672 | 234,632 | 2,118,545 |
| Total assets | 90,347,854 | 12,441,348 | 28,467,881 |
| Financed by: | | | |
| Deposits from banks | 9,599,910 | 117,034 | 514 |
| Deposits from customers | 50,476,758 | 8,764,401 | 23,635,077 |
| Debt securities issued | 3,664,076 | - | - |
| Current income tax liabilities | 42,499 | - | - |
| Deferred tax liabilities | 68,616 | - | 201,846 |
| Other liabilities | 1,052,032 | 130,905 | 431,612 |
| Total liabilities | 64,903,891 | 9,012,340 | 24,269,049 |
| Equity and reserve | 25,443,963 | 3,429,008 | 4,198,832 |
| | 90,347,854 | 12,441,348 | 28,467,881 |

31. Property and equipment

(a) Group

Cost

| In thousands of Nigerian Naira | Leasehold improvement and buildings ¹ | Land | Furniture & equipment | Motor vehicle | Aircraft | Capital work-in-progress ² | Total |
|------------------------------------|--|-------------------|-----------------------|-------------------|-------------------|---------------------------------------|--------------------|
| Balance at 1 January 2017 | 52,358,464 | 13,830,084 | 66,952,716 | 9,622,070 | 12,602,476 | 10,195,212 | 165,561,022 |
| Exchange difference | 288,286 | (17,260) | 422,057 | 11,744 | - | 21,211 | 726,038 |
| Additions | 2,161,128 | 11,828 | 9,147,724 | 1,607,854 | 650 | 6,074,334 | 19,003,518 |
| Disposals/Reclass | (575,333) | - | (301,563) | (553,390) | - | (105,948) | (1,536,234) |
| Transfers | 1,403,555 | 138,648 | 609,892 | - | - | (2,152,095) | - |
| Balance at 31 December 2017 | 55,636,100 | 13,963,300 | 76,830,826 | 10,688,278 | 12,603,126 | 14,032,714 | 183,754,344 |
| Balance at 1 January 2016 | 42,863,912 | 9,334,026 | 54,717,391 | 8,610,235 | 12,569,888 | 18,477,260 | 146,572,712 |
| Exchange difference | 2,114,456 | 266,667 | 3,482,693 | 674,904 | - | 481,901 | 7,020,621 |
| Additions | 1,474,835 | 10,081 | 7,173,198 | 1,224,554 | 32,588 | 5,838,096 | 15,753,352 |
| Disposals | (186,921) | - | (2,023,811) | (1,317,335) | - | (257,596) | (3,785,663) |
| Transfers | 6,092,182 | 4,219,310 | 3,603,245 | 429,712 | - | (14,344,449) | - |
| Balance at 31 December 2016 | 52,358,464 | 13,830,084 | 66,952,716 | 9,622,070 | 12,602,476 | 10,195,212 | 165,561,022 |

¹Of this amount as at December 2017, Leasehold improvement accounts for N12,878,201,000 (23.1%) while Buildings accounts for N42,760,025,000 (76.9%)

²Capital work in progress refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation

| In thousands of Nigerian Naira | Leasehold improvement and buildings | Land | Furniture & equipment | Motor vehicle | Aircraft | Capital work-in progress | Total |
|------------------------------------|-------------------------------------|-------------------|-----------------------|------------------|------------------|--------------------------|-------------------|
| Balance at 1 January 2017 | 11,252,837 | 910,517 | 48,768,107 | 6,218,413 | 4,923,093 | - | 72,072,967 |
| Exchange difference | 81,808 | (2,867) | 342,034 | 6,896 | - | - | 427,871 |
| Charge for the year | 1,629,943 | 171,273 | 8,367,607 | 1,479,607 | 1,772,193 | - | 13,420,623 |
| Disposal | (47,503) | - | (303,712) | (485,900) | - | - | (837,115) |
| Balance at 31 December 2017 | 12,917,085 | 1,078,923 | 57,174,036 | 7,219,016 | 6,695,286 | - | 85,084,346 |
| Balance at 1 January 2016 | 9,161,702 | 735,342 | 39,885,651 | 5,462,806 | 3,338,433 | - | 58,583,934 |
| Exchange difference | 578,294 | 31,608 | 2,366,748 | 415,218 | - | - | 3,391,868 |
| Charge for the year | 1,682,901 | 143,567 | 8,517,757 | 1,608,261 | 1,584,660 | - | 13,537,146 |
| Disposal | (170,060) | - | (2,002,049) | (1,267,872) | - | - | (3,439,981) |
| Balance at 31 December 2016 | 11,252,837 | 910,517 | 48,768,107 | 6,218,413 | 4,923,093 | - | 72,072,967 |
| Carrying amounts: | | | | | | | |
| Balance at 31 December 2017 | 42,719,015 | 12,884,377 | 19,656,790 | 3,469,262 | 5,907,840 | 14,032,714 | 98,669,998 |
| Balance at 31 December 2016 | 41,105,627 | 12,919,567 | 18,184,609 | 3,403,657 | 7,679,383 | 10,195,212 | 93,488,055 |

Property and equipment (continued)**(b) Parent****Cost**

| In thousands of Nigerian Naira | Leasehold improvement and buildings ¹ | Land | Furniture & equipment | Motor vehicle | Aircraft | Capital work-in-progress ² | Total |
|--------------------------------|--|------------|-----------------------|---------------|------------|---------------------------------------|-------------|
| Balance at 1 January 2017 | 44,305,594 | 12,919,926 | 54,990,812 | 7,335,418 | 12,602,476 | 9,257,593 | 141,411,819 |
| Additions ³ | 1,381,103 | 13,000 | 7,985,308 | 1,213,460 | 650 | 4,186,780 | 14,780,301 |
| Disposals/Reclass | - | - | (203,809) | (530,528) | - | (4,930) | (739,267) |
| Transfers | 1,403,556 | 138,648 | 406,941 | - | - | (1,949,145) | - |
| Balance at 31 December 2017 | 47,090,253 | 13,071,574 | 63,179,252 | 8,018,350 | 12,603,126 | 11,490,298 | 155,452,853 |
| Balance at 1 January 2016 | 37,765,872 | 8,700,616 | 47,172,750 | 7,040,772 | 12,569,888 | 17,473,732 | 130,723,630 |
| Additions | 1,086,365 | - | 6,355,042 | 1,066,480 | 32,588 | 5,508,569 | 14,049,044 |
| Disposals | (62,595) | - | (2,096,714) | (1,201,546) | - | - | (3,360,855) |
| Transfers | 5,515,952 | 4,219,310 | 3,559,734 | 429,712 | - | (13,724,708) | - |
| Balance at 31 December 2016 | 44,305,594 | 12,919,926 | 54,990,812 | 7,335,418 | 12,602,476 | 9,257,593 | 141,411,819 |

¹Of this amount as at December 2017, Leasehold improvement accounts for N10,899,660,000 (23.1%) while Buildings accounts for N36,190,593,000 (76.9%)

²Capital work in progress refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

³Included in additions under Capital work in progress is the sum of N1,433,787,000 (Dec 2016: N1,063,346,000) relating to Lands acquired by the Bank.

Property and equipment (continued)**Parent****Depreciation**

| In thousands of Nigerian Naira | Leasehold improvement and buildings | Land | Furniture & equipment | Motor vehicle | Aircraft | Capital work-in-progress | Total |
|--------------------------------|-------------------------------------|------------|-----------------------|---------------|-----------|--------------------------|-------------|
| Balance at 1 January 2017 | 9,021,001 | 798,540 | 40,269,000 | 4,690,160 | 4,923,093 | - | 59,701,794 |
| Charge for the year | 1,202,588 | 171,633 | 7,028,585 | 1,264,517 | 1,772,193 | - | 11,439,516 |
| Disposal | - | - | (203,809) | (464,446) | - | - | (668,255) |
| Balance at 31 December 2017 | 10,223,589 | 970,173 | 47,093,776 | 5,490,231 | 6,695,286 | - | 70,473,055 |
| Balance at 1 January 2016 | 7,817,005 | 657,720 | 35,145,312 | 4,572,412 | 3,338,433 | - | 51,530,882 |
| Charge for the year | 1,266,591 | 140,820 | 7,197,509 | 1,271,739 | 1,584,660 | - | 11,461,319 |
| Disposal | (62,595) | - | (2,073,821) | (1,153,991) | - | - | (3,290,407) |
| Balance at 31 December 2016 | 9,021,001 | 798,540 | 40,269,000 | 4,690,160 | 4,923,093 | - | 59,701,794 |
| Carrying amounts: | | | | | | | |
| Balance at 31 December 2017 | 36,866,664 | 12,101,401 | 16,085,476 | 2,528,119 | 5,907,840 | 11,490,298 | 84,979,798 |
| Balance at 31 December 2016 | 35,284,593 | 12,121,386 | 14,721,812 | 2,645,258 | 7,679,383 | 9,257,593 | 81,710,025 |

(c) The Bank had capital commitments of N165,155,000 (31 December 2016: N863,599,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2016: nil)

32. Intangible Assets

(a) Group

| In thousands of Nigerian Naira | Goodwill | Purchased Software | Total |
|---|-----------|--------------------|------------|
| Cost | | | |
| Balance at 1 January 2017 | 8,672,465 | 12,674,080 | 21,346,545 |
| Exchange translation differences | 3,463 | 222,335 | 225,798 |
| Additions | - | 2,863,251 | 2,863,251 |
| Disposals | - | (10,892) | (10,892) |
| Reclass from other assets | - | - | - |
| Balance at 31 December 2017 | 8,675,928 | 15,748,774 | 24,424,702 |
| Balance at 1 January 2016 | 8,648,385 | 9,067,360 | 17,715,745 |
| Exchange translation differences | 24,080 | 1,263,502 | 1,287,582 |
| Additions | - | 2,392,426 | 2,392,426 |
| Disposals | - | (49,208) | (49,208) |
| Balance at 31 December 2016 | 8,672,465 | 12,674,080 | 21,346,545 |
| Amortization and impairment losses | | | |
| Balance at 1 January 2017 | - | 7,487,639 | 7,487,639 |
| Exchange translation differences | - | 149,927 | 149,927 |
| Amortization for the year | - | 1,963,074 | 1,963,074 |
| Disposals | - | (10,892) | (10,892) |
| Balance at 31 December 2017 | - | 9,589,748 | 9,589,748 |
| Balance at 1 January 2016 | - | 5,245,133 | 5,245,133 |
| Exchange translation differences | - | 579,494 | 579,494 |
| Amortization for the year | - | 1,712,220 | 1,712,220 |
| Disposals | - | (49,208) | (49,208) |
| Balance at 31 December 2016 | - | 7,487,639 | 7,487,639 |
| Carrying amounts | | | |
| Balance at 31 December 2017 | 8,675,928 | 6,159,026 | 14,834,954 |
| Balance at 31 December 2016 | 8,672,465 | 5,186,441 | 13,858,906 |

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the year ended December 2017 (2016: nil).

(b) Parent

| In thousands of Nigerian Naira | Purchased Software |
|---|--------------------|
| Cost | |
| Balance at 1 January 2017 | 8,867,445 |
| Additions | 2,726,244 |
| Reclass from other assets | - |
| Balance at 31 December 2017 | 11,593,689 |
| Balance at 1 January 2016 | 6,726,359 |
| Additions | 2,153,981 |
| Disposals | (12,895) |
| Balance at 31 December 2016 | 8,867,445 |
| Amortization and impairment losses | |
| Balance at 1 January 2017 | 5,489,484 |
| Amortization for the year | 1,602,909 |
| Balance at 31 December 2017 | 7,092,393 |
| Balance at 1 January 2016 | 4,233,400 |
| Amortization for the year | 1,268,979 |
| Disposals | (12,895) |
| Balance at 31 December 2016 | 5,489,484 |
| Carrying amounts | |
| Balance at 31 December 2017 | 4,501,296 |
| Balance at 31 December 2016 | 3,377,961 |

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated to the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

| Cash Generating Units | Dec-17 | Dec -16 |
|-----------------------|------------------|------------------|
| Rest of West Africa: | | |
| - Corporate Banking | 33,422 | 82,428 |
| - Commercial Banking | 6,177 | 13,346 |
| - Retail Banking | 11,323 | 21,627 |
| East Africa: | | |
| - Corporate Banking | 5,660,796 | 6,006,585 |
| - Commercial Banking | 1,046,282 | 972,531 |
| - Retail Banking | 1,917,928 | 1,575,947 |
| | 8,675,928 | 8,672,463 |

No impairment loss on goodwill was recognised during the year ended 31 December 2017 (31 December 2016: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by senior management covering a five-year period and appropriate discount rates.

Cash Flow Forecasts

The cash flow projections used for the 2 years were based on actual operating results and the 5-year business plan appropriately approved by senior management. Cash flows to perpetuity were estimated using a 10-year average growth of GDP in the countries where the subsidiaries operate; 4.5 per cent and 6.6 per cent for CGUs in West Africa and East Africa regions respectively. These constant growth rates are based on the long term forecast of GTBank's growth in the countries in which the CGU's operate centred on past performance, current industry trend and management's expectations of market

development. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.

Valuation Assumptions and Other Disclosures

For each of the CGUs to which the goodwill was allocated, the key assumptions used in Value-in-use calculations are as follows:

The recoverable amounts of the East Africa region for which goodwill were allocated have been based on their value in use which were determined by discounting the projected cash flows generated by the segments in the region with the weighted discount rate of 15.86% derived using CAPM approach. It would require over N0.96 billion change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired. 13 basis

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point increase in the discount rate will make the recoverable amount of the East Africa region Commercial segment equal to its carrying amount.

| 2017-Key Assumptions | Rest of West Africa | | | East Africa | | |
|-----------------------------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| | Corporate | Commercial | Retail | Corporate | Commercial | Retail |
| Revenue Growth Rate (%) | 22.17% | 23.17% | 23.67% | 16.06% | 16.56% | 18.06% |
| Operating Income Growth Rate (%) | 19.83% | 20.33% | 21.83% | 14.35% | 14.85% | 15.85% |
| Other Operating Costs (₦'Million) | 19,577 | 3,618 | 6,633 | 6,645 | 1,228 | 2,251 |
| Capital Expenditure (₦'Million) | 2,335 | 432 | 791 | 462 | 85 | 156 |
| Recoverable Amount (₦'Million) | 57,827 | 10,688 | 19,592 | 24,862 | 4,595 | 8,423 |
| Long Term Growth Rate (%) | 4%- 5% | 4%- 5% | 4%- 5% | 6%- 7% | 6%- 7% | 6%- 7% |
| Discount Rate (%) | 22.55% | 22.55% | 22.55% | 15.86% | 15.86% | 15.86% |

| 2016-Key Assumptions | Rest of West Africa | | | East Africa | | |
|-----------------------------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| | Corporate | Commercial | Retail | Corporate | Commercial | Retail |
| Revenue Growth Rate (%) | 12.0% | 11.5% | 12.5% | 15.2% | 15.7% | 16.2% |
| Operating Income Growth Rate (%) | 13.0% | 12.5% | 13.5% | 15.8% | 16.3% | 16.8% |
| Other Operating Costs (₦'Million) | 1,507 | 348 | 2,903 | 251 | 58 | 483 |
| Capital Expenditure (₦'Million) | 236 | 206 | 308 | 53 | 46 | 70 |
| Recoverable Amount (₦'Million) | 83,759 | 16,786 | 28,596 | 30,213 | 5,628 | 7,502 |
| Long Term Growth Rate (%) | 6%- 8% | 6%- 8% | 6%- 8% | 6%- 8% | 6%- 8% | 6%- 8% |
| Discount Rate (%) | 11.32% | 11.32% | 11.32% | 15.22% | 15.22% | 15.22% |

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount

OTHER NOTES TO THE FINANCIAL STATEMENTS

33. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group Deferred tax assets

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|--|-----------|-------------|-----------|-----------|-----------------|-----------------|
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Property and equipment, and software | 1,666,990 | - | 1,666,990 | 592,623 | - | 592,623 |
| Fair value reserves | - | - | - | 255,012 | - | 255,012 |
| Allowances for loan losses/Fraud loss provision | - | - | - | 730,792 | - | 730,792 |
| Net deferred tax assets/(liabilities) | 1,666,990 | - | 1,666,990 | 1,578,427 | - | 1,578,427 |
| In thousands of Nigerian Naira | - | | | | Dec-2017 | Dec-2016 |
| Deferred tax assets | | | | | | |
| -Deferred tax assets to be recovered within 12 months | | | | | - | 985,804 |
| -Deferred tax assets to be recovered after more than 12 months | | | | | 1,666,990 | 592,623 |
| Deferred tax liabilities | | | | | | |

Group Deferred tax liabilities

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Property and equipment, and software | - | 10,889,409 | 10,889,409 | - | 11,020,971 | 11,020,971 |
| Fair value reserves | - | 1,355,995 | 1,355,995 | 1,159,001 | - | (1,159,001) |
| Allowances for loan losses/Fraud loss provision | 5,359,705 | - | (5,359,705) | 17,408,177 | - | 17,408,177 |
| Defined benefit obligation/Actuarial Loss | 641,268 | - | (641,268) | 125,966 | - | (125,966) |
| Revaluation gain and Other assets | - | 7,086,332 | 7,086,332 | - | 20,149,417 | 20,149,417 |
| Foreign currency translation difference | - | 4,745,462 | 4,745,462 | - | 5,164,140 | 5,164,140 |
| Net deferred tax (assets)/liabilities | 6,000,973 | 24,077,198 | 18,076,225 | 18,693,144 | 36,334,528 | 17,641,384 |

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 |
|---|------------|------------|
| Deferred tax assets | | |
| -Deferred tax assets to be recovered within 12 months | 6,000,973 | 18,693,144 |
| Deferred tax liabilities | | |
| -Deferred tax liabilities to be recovered within 12 months | 13,187,789 | 25,313,557 |
| -Deferred tax liabilities to be recovered after more than 12 months | 10,889,409 | 11,020,971 |

Parent
Deferred tax liabilities

| In thousands of Nigerian Naira | Dec-2017 | | | Dec-2016 | | |
|---|-----------|-------------|-------------|------------|-------------|--------------|
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Property and equipment, and software | - | 10,373,412 | 10,373,412 | - | 10,559,043 | 10,559,043 |
| Fair value reserves | - | 1,355,995 | 1,355,995 | 1,227,618 | - | (1,227,618) |
| Allowances for loan losses/Fraud loss provision | 5,359,705 | - | (5,359,705) | 17,408,177 | - | (17,408,177) |
| Defined benefit obligation/Actuarial Loss | 641,268 | - | (641,268) | 125,966 | - | (125,966) |
| Revaluation gain and Other assets | - | 7,086,332 | 7,086,332 | - | 20,149,417 | 20,149,417 |
| Net deferred tax (assets)/liabilities | 6,000,973 | 18,815,739 | 12,814,766 | 18,761,761 | 30,708,460 | 11,946,699 |

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 |
|---|------------|------------|
| Deferred tax assets | | |
| -Deferred tax assets to be recovered within 12 months | 6,000,973 | 18,761,761 |
| Deferred tax liabilities | | |
| -Deferred tax liabilities to be recovered within 12 months | 8,442,327 | 20,149,417 |
| -Deferred tax liabilities to be recovered after more than 12 months | 10,373,412 | 10,559,043 |

Movements in deferred tax assets during the year

**Group
Dec-2017**

| In thousands of Nigerian Naira | | | | | | | | |
|--------------------------------|--------------------------------------|---------------------|----------------------------|--|----------------------------|-----------------------------------|---|-----------|
| | Property and equipment, and software | Fair value reserves | Allowances for loan losses | Mark to market loss on valuation of securities | Defined benefit obligation | Revaluation gain and Other assets | Foreign currency translation difference | Total |
| Balance at Jan 1, 2017 | 592,623 | 255,012 | 730,792 | - | - | - | - | 1,578,427 |
| Recognised in Profit or loss | 1,074,367 | - | (730,792) | - | - | - | - | 343,575 |
| Other comprehensive Income | - | (255,012) | - | - | - | - | - | (255,012) |
| Balance at 31 December 2017 | 1,666,990 | - | - | - | - | - | - | 1,666,990 |

Movements in deferred tax liabilities during the year

**Group
Dec-2017**

| In thousands of Nigerian Naira | | | | | | | | |
|--------------------------------|--------------------------------------|---------------------|----------------------------|--|----------------------------|-----------------------------------|---|-------------|
| | Property and equipment, and software | Fair value reserves | Allowances for loan losses | Mark to market loss on valuation of securities | Defined benefit obligation | Revaluation gain and Other assets | Foreign currency translation difference | Total |
| Balance at Jan 1, 2017 | 11,020,971 | (1,159,001) | (17,408,177) | - | (125,966) | 20,149,416 | 5,164,141 | 17,641,384 |
| Exchange Difference | (86,481) | 648,860 | 92,787 | - | - | (3,473,133) | 394,061 | (2,423,906) |
| Recognised in Profit or loss | (45,080) | (842,809) | 11,955,685 | - | (767,005) | (9,589,951) | (1,693,849) | (983,009) |
| Other comprehensive Income | - | 2,708,945 | - | - | 251,703 | - | 881,108 | 3,841,756 |
| Balance at 31 December 2017 | 10,889,410 | 1,355,995 | (5,359,705) | - | (641,268) | 7,086,332 | 4,745,461 | 18,076,225 |

Movements in deferred tax assets during the year

**Group
Dec-2016**

| In thousands of Nigerian Naira | | | | | | | | |
|--------------------------------|--------------------------------------|---------------------|----------------------------|--|----------------------------|-----------------------------------|---|-------------|
| | Property and equipment, and software | Fair value reserves | Allowances for loan losses | Mark to market loss on valuation of securities | Defined benefit obligation | Revaluation gain and Other assets | Foreign currency translation difference | Total |
| Balance at Jan 1, 2016 | 639,651 | 74,564 | 483,504 | - | - | - | 2,046,422 | 3,244,141 |
| Recognised in Profit or loss | (47,028) | - | 247,288 | - | - | - | - | 200,260 |
| Other comprehensive Income | - | 180,448 | - | - | - | - | (2,046,422) | (1,865,974) |
| Balance at 31 December 2016 | 592,623 | 255,012 | 730,792 | - | - | - | - | 1,578,427 |

Movements in deferred tax liabilities during the year

**Group
Dec-2016**

| In thousands of Nigerian Naira | | | | | | | | |
|--------------------------------|--------------------------------------|---------------------|----------------------------|--|----------------------------|-----------------------------------|---|------------|
| | Property and equipment, and software | Fair value reserves | Allowances for loan losses | Mark to market loss on valuation of securities | Defined benefit obligation | Revaluation gain and Other assets | Foreign currency translation difference | Total |
| Balance at Jan 1, 2016 | 9,596,589 | 907,831 | (2,216,888) | - | (1,356,344) | (67,338) | (24,329) | 6,839,521 |
| Exchange Difference | (86,208) | (26,202) | 92,279 | - | - | (523,222) | 594,399 | 51,046 |
| Recognised in Profit or loss | 1,510,590 | (238,668) | (15,283,568) | - | 659,496 | 20,739,976 | - | 7,387,826 |
| Other comprehensive Income | - | (1,801,962) | - | - | 570,882 | - | 4,594,071 | 3,362,991 |
| Balance at 31, Dec 2016 | 11,020,971 | (1,159,001) | (17,408,177) | - | (125,966) | 20,149,416 | 5,164,141 | 17,641,384 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

Parent Dec-2017

| In thousands of Nigerian Naira | | | | | | | | |
|--------------------------------|--------------------------------------|---------------------|----------------------------|--|----------------------------|-----------------------------------|---|-------------|
| | Property and equipment, and software | Fair value reserves | Allowances for loan losses | Mark to market loss on valuation of securities | Defined benefit obligation | Revaluation gain and Other assets | Foreign currency translation difference | Total |
| Balance at Jan 1, 2017 | 10,559,043 | (1,227,618) | (17,408,177) | - | (125,966) | 20,149,417 | - | 11,946,699 |
| Recognised in Profit or loss | (185,631) | - | 12,048,472 | - | (767,005) | (13,063,085) | - | (1,967,249) |
| Other comprehensive Income | - | 2,583,613 | - | - | 251,703 | - | - | 2,835,316 |
| Balance at 31 December 2017 | 10,373,412 | 1,355,995 | (5,359,705) | - | (641,268) | 7,086,332 | - | 12,814,766 |

Parent Dec-2016

| In thousands of Nigerian Naira | | | | | | | | |
|--------------------------------|--------------------------------------|---------------------|----------------------------|--|----------------------------|-----------------------------------|---|-------------|
| | Property and equipment, and software | Fair value reserves | Allowances for loan losses | Mark to market loss on valuation of securities | Defined benefit obligation | Revaluation gain and Other assets | Foreign currency translation difference | Total |
| Balance at Jan 1, 2016 | 9,126,017 | 884,656 | (2,216,888) | - | (1,356,344) | (91,667) | - | 6,345,774 |
| Recognised in Profit or loss | 1,433,026 | - | (15,191,289) | - | 659,496 | 20,241,084 | - | 7,142,317 |
| Other comprehensive Income | - | (2,112,274) | - | - | 570,882 | - | - | (1,541,392) |
| Balance at 31, Dec 2016 | 10,559,043 | (1,227,618) | (17,408,177) | - | (125,966) | 20,149,417 | - | 11,946,699 |

34 Restricted deposits and other assets

| In thousands of Nigerian Naira | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
| Repossessed collaterals | 7,398,961 | 3,922,091 | 7,398,961 | 3,922,091 |
| Prepayments (See note 34(ii) below) | 20,819,575 | 18,705,329 | 10,786,689 | 12,509,255 |
| Accounts Receivable | 6,749,165 | 1,476,452 | 6,749,165 | 1,476,452 |
| Foreign Banks - Cash Collateral | 19,228,807 | 11,944,208 | 19,228,807 | 11,944,208 |
| Restricted deposits with central banks (See note 34(i) below) | 374,877,033 | 328,747,009 | 373,491,691 | 327,100,025 |
| Contribution to AGSMEIS (See note 34(iii) below) | 6,341,840 | - | 6,341,840 | - |
| Recognised assets for defined benefit obligations (See note 40) | 9,658,362 | 7,506,302 | 9,658,362 | 7,506,302 |
| | 445,073,743 | 372,301,391 | 433,655,515 | 364,458,333 |
| Impairment on other assets (See note 34(iv) below) | (126,846) | (305,556) | (126,846) | (305,556) |
| | 444,946,897 | 371,995,835 | 433,528,669 | 364,152,777 |
| Current | 56,797,097 | 35,705,636 | 413,914,062 | 29,509,562 |
| Non-current | 388,149,800 | 336,290,199 | 19,614,607 | 334,643,215 |

i Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N373,491,691,000 with the Central Bank of Nigeria (CBN) as at 31 December 2017 (December 2016: N327,100,025,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2016: 27.5%) of total Naira deposits made up of 22.5% regular CRR and 5% Special Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.

ii Included in Prepayments is an amount of N4,990,629,000 as at 31 December 2017 (December

2016: N5,364,548,000) which relates to prepaid operating lease rentals on branches leased by the Bank.

iii This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at upporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

OTHER NOTES TO THE FINANCIAL STATEMENTS

iv Movement in impairment of other assets:

| | Group | Group | Parent | Parent |
|--------------------------------|-----------|----------|-----------|----------|
| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Opening Balance | 305,556 | 305,556 | 305,556 | 305,556 |
| Reclassification ¹ | (178,710) | - | (178,710) | - |
| Closing Balance | 126,846 | 305,556 | 126,846 | 305,556 |

¹This relates to provision on pending cases that the bank is currently involved in. This has been reclassified to Other Liabilities (Note 39)

34b Assets of disposal group classified as held for sale

| In thousands of Nigerian Naira | Group | Group | Parent | Parent |
|--|----------|----------|----------|----------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Investment in subsidiaries | - | - | 3,220 | - |
| Other assets ¹ | - | - | 847,600 | - |
| Total assets of disposal group | - | - | 850,820 | - |
| Liabilities of disposal group classified as held for sale | | | | |
| In thousands of Nigerian Naira | Group | Group | Parent | Parent |
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Other borrowed funds ¹ | - | - | 847,600 | - |
| Total liabilities of disposal group | - | - | 847,600 | - |

¹This relates to \$2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were offset in prior period.

35 Deposits from banks

| In thousands of Nigerian Naira | Group | Group | Parent | Parent |
|--------------------------------|-------------------|--------------------|---------------|---------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| Money market deposits | 6,419,514 | 12,485,830 | - | - |
| Other deposits from banks | 79,011,000 | 112,582,018 | 42,360 | 40,438 |
| | 85,430,514 | 125,067,848 | 42,360 | 40,438 |
| Current | 85,430,514 | 125,067,848 | 42,360 | 40,438 |
| Non-current | - | - | - | - |

36 Deposits from customers

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| Retail customers: | | | | |
| Term deposits | 160,211,639 | 167,670,395 | 118,973,888 | 123,744,581 |
| Current deposits | 378,641,048 | 356,575,696 | 278,205,508 | 273,472,107 |
| Savings | 479,772,792 | 454,436,327 | 398,163,682 | 390,615,952 |
| Corporate customers: | | | | |
| Term deposits | 204,719,751 | 241,549,629 | 153,045,770 | 208,000,749 |
| Current deposits | 838,702,403 | 766,014,185 | 749,172,099 | 685,351,431 |
| | 2,062,047,633 | 1,986,246,232 | 1,697,560,947 | 1,681,184,820 |
| Current | 2,028,914,996 | 1,957,923,345 | 1,697,556,864 | 1,681,181,153 |
| Non-current | 33,132,637 | 28,322,887 | 4,083 | 3,667 |

37 Financial liabilities held for trading

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Bond short positions | - | 629,202 | - | 629,202 |
| Treasury bills short positions | 2,647,469 | 1,436,200 | 2,647,469 | 1,436,200 |
| | 2,647,469 | 2,065,402 | 2,647,469 | 2,065,402 |
| Current | 2,647,469 | 2,065,402 | 2,647,469 | 2,065,402 |
| Non-current | - | - | - | - |

38 Debt securities issued

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|------------------------------------|-------------------|--------------------|--------------------|--------------------|
| Debt securities at amortized cost: | | | | |
| Eurobond debt security | 92,131,923 | 125,639,949 | 92,131,923 | - |
| Corporate bonds | - | 597,914 | - | - |
| | 92,131,923 | 126,237,863 | 92,131,923 | - |
| Current | 92,131,923 | - | 92,131,923 | - |
| Non-current | - | 126,237,863 | - | - |

Debt securities of N92,131,923,000 (USD 278,210,000) (December 2016: N125,639,949,000 (USD 402,177,000)) represents amortised cost of Dollar guaranteed note originally issued by GTB B.V. Netherlands. The Parent has, during the period, substituted the liability. Therefore the liability is now reported under the Parent's book. This is in line with the decision of the Group to liquidate GTB B.V. Netherlands. The outstanding note of USD 276,934,000 (principal) was the outstanding balance of the USD400,000,000 issued in November 2013 for a period of 5 years at 6% per annum payable semi-annually. During the year under review the Bank through a tender offer redeemed USD123,066,000 out of the USD400,000,000 notes, thus reducing the outstanding obligation to USD276,934,000.

39 Other liabilities

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|--------------------|--------------------|--------------------|--------------------|
| Cash settled share based payment liability (Note 39(d)) | 8,537,765 | 7,920,089 | - | - |
| Liability for defined contribution obligations (Note 39(a)) | 58,629 | 51,512 | - | - |
| Deferred income on financial guarantee contracts | 138,636 | 141,684 | 37,337 | 46,447 |
| Litigation Claims Provision (Note 39(e)) | 178,710 | - | 178,710 | - |
| Certified cheques | 10,482,214 | 11,060,137 | 7,660,447 | 7,321,435 |
| Lease obligation (Note 39(b)) | 262,599 | 1,675,041 | 262,599 | 1,675,041 |
| Customers' deposit for foreign trade (Note 39(c)) | 19,938,543 | 12,220,426 | 19,828,369 | 11,972,086 |
| Customers' escrow balances | 156,588,741 | 30,786,203 | 156,588,741 | 30,786,203 |
| Account Payables | 11,183,326 | 7,455,494 | 9,175,514 | 7,200,437 |
| Creditors and agency services | 9,295,176 | 19,047,197 | 1,835,197 | 5,734,116 |
| Customers deposit for shares of other Corporates | 1,684,905 | 25,324,707 | 1,684,905 | 25,324,675 |
| | 218,349,244 | 115,682,490 | 197,251,819 | 90,060,440 |
| Current | 208,560,825 | 106,021,253 | 197,035,772 | 89,003,270 |
| Non-current | 9,788,419 | 9,661,237 | 216,047 | 1,057,170 |

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

(b) The lease obligation relates to an Aircraft held under a finance lease arrangement. The net carrying amount of the Aircraft, included within property, plant and equipment is N5,907,835,000 (December 2016: N7,679,381,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2016: Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Not more than one year | 264,899 | 1,499,354 | 264,899 | 1,499,354 |
| Over one year but less than five years | - | 249,893 | - | 249,893 |
| | 264,899 | 1,749,247 | 264,899 | 1,749,247 |
| | (2,300) | (74,206) | (2,300) | (74,206) |
| | 262,599 | 1,675,041 | 262,599 | 1,675,041 |

The present value of finance lease liabilities is as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Not more than one year | 262,599 | 1,427,318 | 262,599 | 1,427,318 |
| Over one year but less than five years | - | 247,723 | - | 247,723 |
| | 262,599 | 1,675,041 | 262,599 | 1,675,041 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

- (c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.
- (d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | Dec-2017 Average | | Dec-2016 Average | |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Exercise Price Per Share | Share Rights (thousands) | Exercise Price Per Share | Share Rights (thousands) |
| At 1 January | 19.63 | 403,531 | 20.64 | 394,199 |
| Granted | 14.84 | 25,808 | 13.25 | 27,139 |
| Exercised | 26.44 | (50,479) | 16.60 | (17,808) |
| As at end of the year | 22.54 | 378,860 | 19.63 | 403,531 |

The total unit of shares of the scheme stood at 1,318,246,000 as at December 2017, out of which 378,346,000 have been granted. Out of the 378,346,000 Share Appreciation Right (SARs) granted as at Dec 2017 (Dec 2016: 403,531,000 SARs), 292,251,197 SARs (Dec 2016: 308,615,835) have met the vesting criteria. SARs exercised in 2017 resulted in 50,478,910 shares (Dec 2016: 17,807,653) being granted at a weighted average price of N26.44 each (Dec 2016: N16.60 each).

As at 31st Dec 2017, the impact of the SAR on the statement of financial position of the Group stood at N8,537,765,000 (2016: N7,920,089,000). Of this amount, the liability on vested but unexercised SARs was N7,618,703,000 (2016: N7,001,465,000). The impact on the income statement for the year ended 31st Dec 2017 stood at N234,622,000 (2016: N63,775,000)

The Share Appreciation Right is a cash settled share based compensation scheme managed by a Special Purpose Vehicle (SPV) Guaranty Trust Bank Staff Investment Trust. The scheme was introduced as a compensation plan for the bank's qualifying personnel to enhance employee retention, by offering the shares acquired by the SPV to qualifying

members of staff at the prevailing net book value of the bank. Under the terms of the plan, the shares vest only if a member has spent 10 years in the bank, 5 years in the scheme and the purchased shares are up to 3 years old from the date of purchase. Upon exit if a member meets vesting conditions, the shares would be repurchased from the staff by the scheme.

The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs, by applying an option pricing model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the employees have rendered services to date. The expected life used in the model has been adjusted based on management's best estimate for the effects of exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

OTHER NOTES TO THE FINANCIAL STATEMENTS

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Grant-Vest | Exercise price | | Share options (thousands of Naira) | |
|------------|----------------|----------|------------------------------------|------------------|
| | Dec-2017 | Dec-2016 | Dec-2017 | Dec-2016 |
| 2004-2009 | 25.94 | 22.56 | 3,604,809 | 3,895,257 |
| 2004-2017 | 23.58 | 20.09 | 97,723 | 77,400 |
| 2005-2010 | 24.75 | 20.14 | 537,377 | 426,202 |
| 2005-2011 | 24.16 | 20.94 | 74,932 | 64,289 |
| 2005-2013 | 25.62 | 22.41 | 551,268 | 477,592 |
| 2006-2011 | 23.37 | 20.01 | 218,514 | 175,375 |
| 2006-2014 | 25.13 | 21.78 | 241,968 | 209,010 |
| 2007-2012 | 23.31 | 19.44 | 694,210 | 542,924 |
| 2007-2013 | 23.04 | 16.90 | 66,036 | 43,356 |
| 2007-2014 | 23.25 | 19.54 | 211,467 | 173,395 |
| 2007-2015 | 20.48 | 20.34 | 38,921 | 120,511 |
| 2007-2016 | 22.87 | 20.91 | 436,550 | 353,132 |
| 2008-2013 | 22.33 | 17.11 | 346,175 | 249,753 |
| 2008-2014 | 22.32 | 17.54 | 49,195 | 86,273 |
| 2008-2015 | 20.72 | 17.12 | 55,064 | 40,363 |
| 2008-2017 | 25.43 | 20.35 | 54,098 | 42,983 |
| 2009-2014 | 23.37 | 20.66 | 83,776 | 101,959 |
| 2009-2015 | 26.07 | 22.62 | 12,643 | 10,973 |
| 2009-2016 | 26.07 | 22.69 | 4,073 | 3,545 |
| 2010-2015 | 16.92 | 14.87 | 49,373 | 98,998 |
| 2010-2016 | 23.21 | 20.54 | 61,614 | 50,406 |
| 2010-2017 | 22.84 | 19.96 | 42,112 | 33,811 |
| 2010-2018 | 21.72 | 15.95 | 47,780 | 32,377 |
| 2010-2019 | 22.85 | 16.54 | 51,209 | 37,074 |
| 2011-2016 | 19.78 | 15.22 | 306,455 | 212,152 |
| 2011-2017 | 21.62 | 12.05 | 30,022 | 16,725 |
| 2011-2018 | 21.05 | 13.54 | 38,947 | 23,014 |
| 2011-2019 | 19.12 | 17.34 | 43,498 | 42,930 |
| 2011-2020 | 15.31 | 17.27 | 26,019 | 18,996 |
| 2012-2017 | 17.38 | 11.80 | 67,856 | 65,101 |
| 2012-2018 | 15.05 | 10.41 | 11,193 | 6,391 |
| 2012-2021 | 22.59 | 11.17 | 6,777 | 3,352 |
| 2012-2022 | 10.54 | 11.65 | 8,868 | 5,139 |
| 2013-2018 | 15.34 | 10.04 | 151,266 | 83,733 |
| 2014-2019 | 12.73 | 5.94 | 77,252 | 27,983 |
| 2014-2022 | 12.31 | 4.83 | 2,419 | 635 |
| 2015-2020 | 6.88 | 4.76 | 46,143 | 27,347 |
| 2015-2022 | 5.71 | 4.23 | 11,989 | 8,033 |
| 2015-2023 | 5.19 | 4.34 | 1,870 | 717 |
| 2015-2024 | 4.71 | 3.92 | 110 | 91 |
| 2016-2021 | 5.28 | 3.93 | 61,104 | 30,028 |
| 2016-2025 | 4.14 | 3.81 | 1,655 | 764 |
| 2017-2022 | 4.03 | 0.00 | 12,654 | - |
| 2017-2023 | 3.91 | 0.00 | 781 | - |
| | | | 8,537,765 | 7,920,089 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

- (e) Provision for litigation arose from the assessment carried out by the Solicitors of the Bank of all the pending litigations the Bank was involved in as at Dec 31, 2017. Please see Note 44 for further information on Litigations.

Movement in provision for litigation claims during the year is as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Opening Balance | - | - | - | - |
| Reclassification ¹ | 178,710 | - | 178,710 | - |
| Closing Balance | 178,710 | - | 178,710 | - |

¹This relates to provision on pending cases that the bank is currently involved in which was initially recognised under Other Assets.

40 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years. The defined benefit obligation valuation was carried out by Alexander Forbes Consulting Actuaries.

- (a) The amounts recognised in the statement of financial position are as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Present value of funded obligations | (2,976,569) | (2,322,827) | (2,976,569) | (2,322,827) |
| Total present value of defined benefit obligations | (2,976,569) | (2,322,827) | (2,976,569) | (2,322,827) |
| Fair value of plan assets | 12,634,931 | 9,829,129 | 12,634,931 | 9,829,129 |
| Present value of net asset/(obligations) | 9,658,362 | 7,506,302 | 9,658,362 | 7,506,302 |
| Recognized asset/(liability) for defined benefit obligations | 9,658,362 | 7,506,302 | 9,658,362 | 7,506,302 |

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses. Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 34

OTHER NOTES TO THE FINANCIAL STATEMENTS

(b) Movement in the present value of defined benefit obligations:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| (Deficit)/surplus on defined benefit obligations, beginning of year | 7,506,302 | 5,095,333 | 7,506,302 | 5,095,333 |
| Net (Expense) / Income recognised in Profit and Loss ¹ | 1,176,734 | 454,606 | 1,176,734 | 454,606 |
| Re-measurements recognised in Other Comprehensive Income ² | 839,010 | 1,902,941 | 839,010 | 1,902,941 |
| Contributions paid | 136,316 | 53,422 | 136,316 | 53,422 |
| (Deficit)/surplus for defined benefit obligations, end of year | 9,658,362 | 7,506,302 | 9,658,362 | 7,506,302 |

¹Net (Expense) / Income recognised in Profit and Loss is analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Interest income on Net defined benefit obligation ^a | 1,232,986 | 570,680 | 1,232,986 | 570,680 |
| Current service costs | (56,252) | (116,074) | (56,252) | (116,074) |
| | 1,176,734 | 454,606 | 1,176,734 | 454,606 |

^aInterest cost on Net Defined benefit Obligation is analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Interest income on assets | 1,611,977 | 943,207 | 1,611,977 | 943,207 |
| Interest cost on defined benefit obligation | (378,991) | (372,527) | (378,991) | (372,527) |
| | 1,232,986 | 570,680 | 1,232,986 | 570,680 |

²Remeasurements recognised in Other Comprehensive income is analysed below:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| Return on plan assets, excluding amounts included in interest expense/income | 1,037,941 | (293,176) | 1,037,941 | (293,176) |
| Effect of Exchange rate fluctuation | 155,884 | 905,350 | 155,884 | 905,350 |
| Gain/(loss) from change in demographic assumptions | (354,815) | 1,290,766 | (354,815) | 1,290,766 |
| | 839,010 | 1,902,940 | 839,010 | 1,902,940 |

(c) Plan assets consist of the following:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Equity securities: | | | | |
| - Quoted | 4,131,173 | 2,205,902 | 4,131,173 | 2,205,902 |
| Government securities | | | | |
| - Quoted | 1,295,360 | 1,033,440 | 1,295,360 | 1,033,440 |
| Offshore investments | | | | |
| - Quoted | 2,909,629 | 2,591,416 | 2,909,629 | 2,591,416 |
| Cash and bank balances | | | | |
| - Unquoted | 4,298,769 | 3,998,371 | 4,298,769 | 3,998,371 |
| | 12,634,931 | 9,829,129 | 12,634,931 | 9,829,129 |

Group

| In thousands of Nigerian Naira | Dec-2017 | | Dec-2016 | |
|--------------------------------|-------------------|-------------|------------------|-------------|
| Equity securities | 4,131,173 | 33% | 2,205,902 | 22% |
| Government securities | 1,295,360 | 10% | 1,033,440 | 11% |
| Offshore investments | 2,909,629 | 23% | 2,591,416 | 26% |
| Cash and bank balances | 4,298,769 | 34% | 3,998,371 | 41% |
| | 12,634,931 | 100% | 9,829,129 | 100% |

Parent

| In thousands of Nigerian Naira | Dec-2017 | | Dec-2016 | |
|--------------------------------|-------------------|-------------|------------------|-------------|
| Equity securities | 4,131,173 | 33% | 2,205,902 | 22% |
| Government securities | 1,295,360 | 10% | 1,033,440 | 11% |
| Offshore investments | 2,909,629 | 23% | 2,591,416 | 26% |
| Cash and bank balances | 4,298,769 | 34% | 3,998,371 | 41% |
| | 12,634,931 | 100% | 9,829,129 | 100% |

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

The N4,131,173,000 equity investments of the scheme includes the Group's ordinary shares with a fair value of N3,907,048,000 (Dec 2016: N2,058,015,000). Additionally, out of the cash and bank balances of N4,298,769,000, an amount with a fair value of N3,954,045,000 (Dec 2016: N3,762,410,000) represents deposit with the Group.

Expected contributions to post-employment benefit plans for the year ending 31 December 2018 are N163,738,000 (December 2017: N136,316,000) while gratuity payments are estimated to be N163,738,000 (December 2017: N136,316,000)

(d) Defined benefit cost for year ending December 2018 is expected to be as follows:

| In thousands of Nigerian Naira | Parent Dec-2018 | Parent Dec-2017 |
|---|--------------------|--------------------|
| Current service cost | 68,770 | 56,252 |
| Net Interest on Net benefit liability | (1,470,063) | (1,232,986) |
| Expense/(Income) recognised in profit or loss | (1,401,293) | (1,176,734) |

Components of net interest on defined benefit liability for the year ending December 2018 is estimated to be as follows:

| In thousands of Nigerian Naira | Parent Dec-2018 | Parent Dec-2017 |
|---|--------------------|--------------------|
| Interest cost on defined benefit obligation | 450,447 | 378,991 |
| Interest income on assets | (1,920,510) | (1,611,977) |
| Total net interest cost | (1,470,063) | (1,232,986) |

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Fair value of plan assets, beginning of the year | 9,829,129 | 8,273,747 | 9,829,129 | 8,273,747 |
| Contributions paid into/(withdrawn from) the plan | 136,316 | 53,422 | 136,316 | 53,422 |
| Benefits paid by the plan | (136,316) | (53,422) | (136,316) | (53,422) |
| Actuarial gain | 1,193,825 | 612,175 | 1,193,825 | 612,175 |
| Return on plan assets | 1,611,977 | 943,207 | 1,611,977 | 943,207 |
| Fair value of plan assets, end of the year | 12,634,931 | 9,829,129 | 12,634,931 | 9,829,129 |

Actual return on plan asset is made up of expected return on plan assets and actuarial gains/losses

(f) Movement in present value of obligations:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Present value of obligation, beginning of the year | 2,322,827 | 3,178,414 | 2,322,827 | 3,178,414 |
| Interest cost | 378,991 | 372,527 | 378,991 | 372,527 |
| Current service cost | 56,252 | 116,074 | 56,252 | 116,074 |
| Benefits paid | (136,316) | (53,422) | (136,316) | (53,422) |
| Actuarial (gain) on obligation | 354,815 | (1,290,766) | 354,815 | (1,290,766) |
| Present value of obligation at end of the year | 2,976,569 | 2,322,827 | 2,976,569 | 2,322,827 |

OTHER NOTES TO THE FINANCIAL STATEMENTS

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | 2017 | 2016 |
|---|----------|----------|
| Discount rate | 15.2% | 16.4% |
| Salary increase rate | 10% | 10% |
| Inflation | 12.5% | 12.5% |
| Retirement age for both male and female | 60 years | 60 years |
| Withdrawal Rate: 18 – 29 | 4.5% | 4.5% |
| Withdrawal Rate: 30 – 44 | 6.0% | 6.0% |
| Withdrawal Rate: 45 – 50 | 5.0% | 5.0% |
| Withdrawal Rate: 51 | 4.5% | 4.5% |
| Withdrawal Rate: 52 | 4.0% | 4.0% |
| Withdrawal Rate: 53 | 3.5% | 3.5% |
| Withdrawal Rate: 54 | 3.0% | 3.0% |
| Withdrawal Rate: 55 | 2.5% | 2.5% |
| Withdrawal Rate: 56 | 2.0% | 2.0% |
| Withdrawal Rate: 57 | 1.5% | 1.5% |
| Withdrawal Rate: 58 | 1.0% | 1.0% |
| Withdrawal Rate: 59 | 0.5% | 0.5% |
| Withdrawal Rate: 60 | 100.0% | 100.0% |

Assumptions regarding future mortality before retirement are based on A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 15.2%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 10% per annum. The inflation component has been worked out at 12.5% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(h) Reasonably possible changes at the reporting date of discount rate, salary increase rate and mortality rate would have affected the defined benefit obligation by the amounts shown below:

Group

Dec-2017

| In thousands of Nigerian Naira except percentages | | Impact on defined benefit obligation | |
|---|------------|--------------------------------------|-------------|
| Change in Defined benefit obligation | | | |
| | Assumption | Increase | Decrease |
| Discount rate | 1.00% | (2,795,685) | 3,178,177 |
| Salary increase rate | 1.00% | 3,191,398 | (2,781,344) |
| Mortality rate | 1 year | 2,980,401 | (2,973,087) |

Group

Dec-2016

| In thousands of Nigerian Naira except percentages | | Impact on defined benefit obligation | |
|---|------------|--------------------------------------|-------------|
| Change in Defined benefit obligation | | | |
| | Assumption | Increase | Decrease |
| Discount rate | 1.00% | (2,183,090) | 2,477,712 |
| Salary increase rate | 1.00% | 2,489,777 | (2,170,493) |
| Mortality rate | 1 year | 2,326,775 | (2,319,236) |

**Parent
Dec-2017**

| In thousands of Nigerian Naira except percentages | Impact on defined benefit obligation | | |
|---|--------------------------------------|-------------|-------------|
| | Change in Defined benefit obligation | | |
| | Assumption | Increase | Decrease |
| Discount rate | 1.00% | (2,795,685) | 3,178,177 |
| Salary increase rate | 1.00% | 3,191,398 | (2,781,344) |
| Mortality rate | 1 year | 2,980,401 | (2,973,087) |

**Parent
Dec-2016**

| In thousands of Nigerian Naira except percentages | Impact on defined benefit obligation | | |
|---|--------------------------------------|-------------|-------------|
| | Change in Defined benefit obligation | | |
| | Assumption | Increase | Decrease |
| Discount rate | 1.00% | (2,183,090) | 2,477,712 |
| Salary increase rate | 1.00% | 2,489,777 | (2,170,493) |
| Mortality rate | 1 year | 2,326,775 | (2,319,236) |

In practice, changing an actuarial assumption while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

(i) Expected maturity analysis of undiscounted pension and post-employment benefits:

| In thousands of Nigerian Naira | Less than ¹ year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|--------------------------------|----------------------|----------------------|-------------------|-------------------|
| Present value of the defined benefit obligation | 666 | 1,538 | 2,091,979 | 39,870,471 | 41,964,654 |
| | 666 | 1,538 | 2,091,979 | 39,870,471 | 41,964,654 |

(j) Historical information

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 | Dec-2015 | Dec-2014 | Dec-2013 |
|---|------------------|------------------|------------------|------------------|------------------|
| Present value of the defined benefit obligation | (2,621,754) | (3,613,593) | (2,693,447) | (2,099,823) | (2,303,929) |
| Fair value of plan assets | 11,441,106 | 9,216,954 | 9,131,514 | 8,542,922 | 7,427,603 |
| Experience adjustments on plan liabilities | (354,815) | 1,290,766 | (484,967) | (200,436) | 523,263 |
| Experience adjustments on plan assets | 1,193,825 | 612,175 | (857,767) | (595,564) | 132,505 |
| Surplus/(deficit) | 9,658,362 | 7,506,302 | 5,095,333 | 5,647,099 | 5,779,442 |

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities.

Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature

of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities.

This growth in liabilities should be offset with increased plan assets.

41. Other borrowed funds

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Due to IFC (see note (i) below) | 77,341,263 | 89,172,633 | 70,757,740 | 81,294,668 |
| Due to ADB (see note (ii) below) | 2,946,842 | 8,437,674 | 2,946,842 | 8,437,674 |
| Due to FMO | 2,076,854 | 3,530,615 | - | - |
| Due to BOI (see note (iii) below) | 41,710,002 | 47,804,677 | 41,710,002 | 47,804,677 |
| Due to GTBV (see note (iv) below) | - | - | - | 125,639,949 |
| Due to CACS (see note (v) below) | 25,429,458 | 21,104,769 | 25,429,458 | 21,104,769 |
| Due to Proparco (see note (vi) below) | 14,834,598 | 17,298,941 | 13,674,445 | 15,751,849 |
| MSME Development Fund (see note (vii) below) | 284,392 | 432,279 | 284,392 | 432,279 |
| Excess Crude Account -Secured Loans Fund (see note (viii) below) | 14,547,930 | 14,906,364 | 14,547,930 | 14,906,364 |
| Due to DEG (see note (ix) below) | 18,546,673 | 16,945,652 | 18,546,673 | 16,945,652 |
| RSSF on lending (see note (x) below) | 22,773,902 | - | 22,773,902 | - |
| | 220,491,914 | 219,633,604 | 210,671,384 | 332,317,881 |
| Current | 50,140,861 | 45,366,170 | 48,064,006 | 37,023,752 |
| Non-current | 170,351,053 | 174,267,434 | 162,607,378 | 295,294,129 |

- i). The amount of N70,757,740,000 (USD 213,666,000) (December 2016: N81,294,668,000; USD 260,226,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014 (USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.
- ii). The amount of N2,946,842,000 (USD 8,899,000) (December 2016: N8,437,674,000; USD 27,009,000) represents the outstanding balance on the second tranche of the facility granted to the Parent by the African Development Bank(AfDB). The first tranche was disbursed in August 2007(USD 40,000,000) for a period of 5.5 years and was fully re-paid in February 2013. The second tranche was disbursed in February 2012 (USD 90,000,000) for a period of 6 years. The principal amount on this is payable semi annually from August 2013. Interest is payable semi annually on the second tranche at 5.157%.
- iii). The amount of N41,710,002,000 (December 2016: N47,804,677,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/ Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.
- iv). This represents amortised cost of dollar guaranteed notes originally issued by GTB Finance B.V., Netherlands and subsequently granted

OTHER NOTES TO THE FINANCIAL STATEMENTS

as a loan to the Parent. The Parent has substituted the liability during the year and has been reclassified and presented as Debt Securities Issued on the books of the Parent. It represents the balances on the third tranche of USD 400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum. The principal amount is repayable at the end of the tenor while interest on the note is payable semi-annually.

v). The amount of N25,429,458,000 (December 2016: N21,104,769,000) represents the outstanding balance on the on-lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Rural Development (FMARD) with the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years. at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme is 9% p.a inclusive of all charges.

vi). The amount of N13,674,445,000 (USD 41,293,000) (December 2016: N15,751,849,000 ; USD 50,422,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development (Afd). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and second tranche at Libor plus 4.26%. The first tranche matured in January 2016 while the second tranche will mature in April 2022.

vii). The amount of N284,392,000 (December 2016: N432,279,000) represents the outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate,

inclusive of all charges, to the eligible MSMEs is 9% p.a. and the tenor of the facility ranges from 1 to 3 years depending on the type of enterprise.

viii). The amount of N14,547,930,000 (December 2016: N14,906,364,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges.

The principal is repayable monthly from the Federal Account Allocation Committee (FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order (ISPO) by those States. The tenor of the facility is 20 years.

ix). The amount of N18,546,673,000 (USD 56,005,000) (December 2016: N16,945,652,000 ; USD 54,243,000) represents the amortised cost of the 7 year facility granted to the Parent by DEG, a wholly-owned subsidiary of KfW Group. The facility was disbursed in December 2016 and is repayable semi annually from July 2019. Interest is priced at 5.4% p.a. plus 6-months USD LIBOR and paid on a semi-annual basis.

x). The amount of N22,773,902,000 (December 2016: N0,,000) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for startups and expansion financing needs. The real sector activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate/charge of 9% per annum payable on quarterly basis. The Central Bank of Nigeria is entitled to earn 3% as interest while the Bank makes a 6% Spread.

OTHER NOTES TO THE FINANCIAL STATEMENTS

41b Reconciliation of Financial Liabilities

For the year ended 31 December 2017

Group

| In thousands of Nigerian Naira | Debt securities issued | Long term borrowings | Finance lease |
|---------------------------------------|------------------------|----------------------|------------------|
| Opening Balance | 126,237,863 | 19,633,604 | 1,675,041 |
| Net Cash inflow/(outflow) - Principal | (41,374,839) | (11,477,202) | (1,513,030) |
| Net Cash outflow - Interest | (7,730,482) | (9,521,383) | - |
| Effect of exchange rate fluctuation | 7,575,981 | 15,036,740 | 100,588 |
| Other non-cash | 7,423,400 | 6,820,155 | - |
| Closing Balance | 92,131,923 | 220,491,914 | 262,599 |

Parent

| In thousands of Nigerian Naira | Debt securities issued | Long term borrowings | Finance lease |
|---------------------------------------|------------------------|----------------------|------------------|
| Opening Balance | - | 332,317,881 | 1,675,041 |
| Reclassification | 125,639,949 | (125,639,949) | - |
| Net Cash inflow/(outflow) - Principal | (40,754,537) | (4,380,047) | (1,513,030) |
| Net Cash outflow - Interest | (7,730,482) | (5,819,611) | - |
| Effect of exchange rate fluctuation | 7,553,593 | 7,372,787 | 100,588 |
| Other non-cash | 7,423,400 | 6,820,155 | - |
| Closing Balance | 92,131,923 | 210,671,216 | 262,599 |

42. Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group.

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| (a) Authorised - 50,000,000,000 ordinary shares of 50k each (31 December 2016: 50,000,000,000 of 50k each) | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 |

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| (b) Issued and fully paid: 29,431,179,224 ordinary shares of 50 kobo each (31 December 2016: 29,431,179,224 ordinary shares of 50k each) | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|-------------------|-------------------|--------------------|--------------------|
| 26,519,639,837 ordinary shares (Non-GDR) of 50k each (31 December 2016: 26,393,537,587) | 13,259,820 | 13,196,769 | 13,259,820 | 13,196,769 |
| 2,911,539,387 ordinary shares (GDR) of 50k each (31 December 2016: 3,037,641,637) | 1,455,770 | 1,518,821 | 1,455,770 | 1,518,821 |
| | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the year was as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Balance, beginning of year | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |
| Balance, end of year | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |

Share capital

Movement in the components of share capital is as shown below:

| | Number of shares (thousands) | Ordinary shares | Share premium | Treasury shares |
|---|------------------------------------|--------------------|--------------------|--------------------|
| At January 2016 | 29,431,180 | 14,715,590 | 123,471,114 | (4,754,156) |
| (Purchases)/sales of treasury shares | - | - | - | (537,089) |
| At 31 December 2016/1 January 2017 | 29,431,180 | 14,715,590 | 123,471,114 | (5,291,245) |
| (Purchases)/sales of treasury shares | - | - | - | - |
| At 31 December 2017 | 29,431,180 | 14,715,590 | 123,471,114 | (5,291,245) |

Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

- (i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve.

As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. In the current period, the bank appropriated N48,385,404,000 representing 30% of its Profit after tax to statutory reserve. Total statutory reserves was N247,571,078,000 at the end of the year.

- (ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

Total SMEEIS reserves was N4,232,478,000 at the end of the year.

- (iii) **Treasury shares**

Treasury shares in the sum of N5,291,245,000 (31 December 2016: N5,291,245,000) represents the Bank's shares held by the Staff Investment Trust as

at 31 December 2017.

- (iv) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

- (v) **Regulatory risk reserve**

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required by IAS 39.

Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N67,762,679,000. The Bank did not transfer any amount to this Reserve during the year.

- (vi) **Retained earnings**

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(vii) Non-controlling interest

The analysis of non-controlling interest per subsidiary is as shown below:

| | Group Dec-2017 | Group Dec-2016 | Group Dec-2017 | Group Dec-2016 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | % | % | ₦'000 | ₦'000 |
| GTB (Gambia) Limited | 22.19 | 22.19 | 996,493 | 897,736 |
| GTB (Sierra Leone) Limited | 15.76 | 15.76 | 1,169,853 | 919,463 |
| GTB (Ghana) Limited | 2.03 | 2.03 | 517,808 | 399,661 |
| GTB Liberia | 0.57 | 0.57 | 32,531 | 27,288 |
| GTB Kenya Limited | 30.00 | 30.00 | 7,884,888 | 6,598,547 |
| GTB Tanzania | 30.00 | 0.00 | 881,030 | - |
| | | | 11,482,603 | 8,842,695 |

Please refer to Note 45 for more information on the Group structure

(viii) Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS): The AGSMEIS is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

(ix) Other regulatory reserves breakdown

| | Dec-2017 | | | |
|---|--------------------|------------------|------------------|--------------------|
| In thousands of Nigerian Naira | Statutory Reserves | SMEEIS Reserves | AGSMEIS Reserves | SMEEIS Reserves |
| Opening Balance | 199,185,674 | 4,232,478 | - | 203,418,152 |
| Total comprehensive income for the year: | | | | |
| Transfers for the year ¹ | 48,385,404 | - | 6,341,840 | 54,727,244 |
| Total transactions with equity holders | 48,385,404 | - | 6,341,840 | 54,727,244 |
| Balance as at 31 December 2017 | 247,571,078 | 4,232,478 | 6,341,840 | 258,145,396 |

¹The amount of ₦6,341,840,000 transferred into SMEEIS reserves represents 5% of Dec 2016 PAT which was contributed into the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) during the year. The contribution from Dec 2017 PAT will be made during 2018 financial year. This is in line with Section 9.0(i) of the Guidelines for the Operations of the AGSMEIS issued by the Central Bank of Nigeria on April 5, 2017.

| | Dec-2017 | | | |
|---|--------------------|------------------|------------------|--------------------|
| In thousands of Nigerian Naira | Statutory Reserves | SMEEIS Reserves | AGSMEIS Reserves | SMEEIS Reserves |
| Opening Balance | 161,134,636 | 4,232,478 | - | 165,367,114 |
| Total comprehensive income for the year: | | | | |
| Transfers for the year | 38,051,038 | - | - | 38,051,038 |
| Total transactions with equity holders | 38,051,038 | - | - | 38,051,038 |
| Balance as at 31 December 2016 | 199,185,674 | 4,232,478 | - | 203,418,152 |

43 Dividends

The following dividends were declared and paid by the Group during the year ended:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Balance, beginning of year | - | - | - | - |
| Final dividend declared ¹ | 51,504,563 | 44,735,384 | 51,504,563 | 44,735,384 |
| Interim dividend declared | 8,829,354 | 7,357,795 | 8,829,354 | 7,357,795 |
| Payment during the year | (60,333,917) | (52,093,179) | (60,333,917) | (52,093,179) |
| Balance, end of year | - | - | - | - |

¹This relates to the final dividend declared for the 2016 financial year.

The Bank during the year declared and paid an interim dividend of 30k per share.

Subsequent to the balance sheet date, the Board of directors proposed a final dividend of 240k per share (31 December 2016: 175k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

43 Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 470 cases as a defendant (31 December 2016: 452) and 427 cases as a plaintiff (31 December 2016: 263). The total amount claimed in the 470 cases against the Bank is estimated at N530.59 Billion and \$132.80 Million (31 December 2016: N464.9 Billion and \$132.5 Million) while the total amount claimed in the 427 cases instituted by the Bank is N110.86 Billion (31 December 2016: N72.9 Billion). However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N178.71 Million (31 December 2016: N139.47 Million). This probable liability has been fully provided for by the Bank (please refer to Note 39).

OTHER NOTES TO THE FINANCIAL STATEMENTS

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and Commitments comprise guarantees and letters of credit.

Nature of instruments

Guarantees and letters of credit are given as security to support the performance of a customer to third parties.

As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness.

Documentary credits commit the Group to make payments to third parties on production of documents, which is usually reimbursed immediately by customers. The following tables summarise the nominal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--|--------------------|--------------------|--------------------|--------------------|
| Contingent liabilities: | | | | |
| Transaction related bonds and guarantees | 433,620,435 | 503,027,562 | 414,229,702 | 468,303,919 |
| | 433,620,435 | 503,027,562 | 414,229,702 | 468,303,919 |
| Commitments: | | | | |
| Short term foreign currency related transactions | - | 1,641,614 | - | - |
| Clean line facilities and letters of credit | 51,861,890 | 70,895,854 | 22,369,921 | 43,091,160 |
| Other commitments | 8,890,842 | 7,932,788 | - | - |
| | 60,752,732 | 80,470,256 | 22,369,921 | 43,091,160 |

b. 48% (N204,244,780,000) of all the transaction related bonds and guarantees are collateralised (December 2016: N289,210,631,000). The cash-collateralised component of the bond and guarantee is N50,888,704,000 (31 December 2016: N108,360,331,000) while the balance of N153,356,076,000 (December 2016: N180,850,299,000) is non-cash.

OTHER NOTES TO THE FINANCIAL STATEMENTS

45. Group entities

The Group is controlled by Guaranty Trust Bank Plc “the ultimate Parent” (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

| i Significant subsidiaries | | | | | | |
|---|--|---------------------------------|---------------------------|---------------|---------------------------|---------------|
| | | Country of incorporation | Ownership interest | NCI | Ownership interest | NCI |
| | | | Dec-17 | Dec-17 | Dec-16 | Dec-16 |
| 1 | Guaranty Trust Bank Gambia Limited | Gambia | 77.81% | 22.19% | 77.81% | 22.19% |
| 2 | Guaranty Trust Bank Sierra Leone Limited | Sierra Leone | 84.24% | 15.76% | 84.24% | 15.76% |
| 3 | Guaranty Trust Bank Ghana Limited | Ghana | 97.97% | 2.03% | 97.97% | 2.03% |
| 4 | Guaranty Trust Bank UK Limited | United Kingdom | 100.00% | 0.00% | 100.00% | 0.00% |
| 5 | Guaranty Trust Bank Liberia Limited | Liberia | 99.43% | 0.57% | 99.43% | 0.57% |
| 6 | Guaranty Trust Bank Cote D'Ivoire S.A | Cote D'Ivoire | 100.00% | 0.00% | 100.00% | 0.00% |
| 7 | Guaranty Trust Bank Kenya Limited | Kenya | 70.00% | 30.00% | 70.00% | 30.00% |
| 8 | Guaranty Trust Bank Tanzania Limited | Tanzania | 70.00% | 30.00% | - | - |
| Special purpose entity: | | | | | | |
| | Staff Investment Trust | Nigeria | 100.00% | 0.00% | 100.00% | 0.00% |
| ii Indirect investment in Subsidiaries | | | | | | |
| | | Country of incorporation | Ownership interest | NCI | Ownership interest | NCI |
| | | | Dec-17 | Dec-17 | Dec-16 | Dec-16 |
| 1 | Guaranty Trust Bank Rwanda Limited | Rwanda | 67.20% | 32.8% | 67.20% | 32.8% |
| 2 | Guaranty Trust Bank Uganda Limited | Uganda | 70.00% | 30.00% | 70.00% | 30.00% |

The subsidiaries and sub-subsidiaries of the Group are all involved in Banking business only.

- GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.
- GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.
- Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.
- Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.
- Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.
- Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank was licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and commenced operations on April 16, 2012.

OTHER NOTES TO THE FINANCIAL STATEMENTS

- (g) The Group extended its regional presence in Africa in December 2013 by acquiring 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been re-branded as Guaranty Trust Bank Kenya Limited.
- (h) Guaranty Trust Bank (Tanzania) was incorporated in July 14th 2016 and commenced operations in December 2017 to spread its delivery of superior financial services to its East African customers.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the Group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for period ended 31 December, 2017:

| Significant subsidiaries | Principal place of business | Accumulated Non-controlling Interest | | Profit or loss Allocated to Non-controlling Interest | |
|--------------------------------|--------------------------------------|--------------------------------------|-----------|--|---------|
| | | Dec-17 | Dec-16 | Dec-17 | Dec-16 |
| In thousands of Nigerian Naira | | | | | |
| 1 | Guaranty Trust Bank Gambia Limited | 996,493 | 897,736 | 253,300 | 245,170 |
| 2 | Guaranty Trust Bank Sierra Leone Ltd | 1,169,853 | 919,463 | 321,587 | 268,484 |
| 3 | Guaranty Trust Bank Ghana Limited | 517,808 | 399,661 | 134,842 | 102,243 |
| 4 | Guaranty Trust Bank Liberia Limited | 32,531 | 27,288 | 7,520 | 3,486 |
| 5 | Guaranty Trust Bank Kenya Limited | 7,884,888 | 6,598,547 | 316,199 | 360,754 |
| 6 | Guaranty Trust Bank Tanzania Limited | 881,030 | - | (102,455) | - |

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Gambia) Limited and Guaranty Trust Bank (Liberia) paid dividend during the year in the sum of N49,063,430, N41,359,935, N158,684,025 and N1,527,600 respectively (December 2016: N36,224,000, N79,542,000 and N86,821,000 respectively) to non-controlling interest.

46. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

| Name of the entity | 3 Peat Investment Ltd | Ruqayya Integrated Farms Ltd |
|----------------------------|--|--|
| Percentage holding | 70% | 51% |
| Nature of entity | Hotel & Leisure | Poultry Farming |
| Purpose of investment | Government-induced investment | Government-induced investment |
| Activities of entity | Provision of hospitality services | Rearing of birds and production of table eggs |
| *Carrying amount | N0.00(Dec-2016: N508,016,000) | N0.00(Dec-2016: N40,500,000) |
| Line item in SOFP | Investment securities-AFS*** | Investment securities- AFS*** |
| Loans granted | N2,546,139,404 (Dec-2016: N4,341,488,290) | - |
| **Maximum exposure to loss | N2,546,139,404 (Dec-2016: N4,849,504,290) | N0.00(Dec-2016: N40,500,000) |
| Source of Financing | Equity financing and loans from financial institutions | Equity financing and loans from financial institutions |

* Carrying amount is investment amount net of impairment or where information is available, represents fair value

** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.

***Available For Sale (AFS)

The Bank does not provide financial support to these unconsolidated structured entities and has no plans to provide financial support to these entities in the future. However, the bank extended loans to the entities in the normal course of business at arm's length.

The Bank does not have the rights to direct the entities to enter into, or veto any changes to transactions for the benefit of the Bank. In addition, the bank does not exercise decision-making rights that give the bank the ability to direct the relevant activities of the entities.

47. Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or another party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) Subsidiaries

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. These transactions are eliminated

on consolidation, hence, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the year, the Bank received Dividend of N2,333,947,994.00, N556,369,883.00, N268,048,794.00, and N221,154,898.00 from GTBank Ghana, GTBank Gambia, GTBank Liberia and GTBank Sierra Leone respectively.

The Bank has receivables from GTBank UK to the tune of N2,278,115 as at 31 December, 2017 (December 2016: GTBank Ghana and GTBank UK in the sum of N18,206,569 and N15,851,520 respectively). The Bank also received interest of N216,056,010 on its placement

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with GTBank UK. No fees were received or paid by the Bank with respect to transactions with the subsidiaries during the period.

(c) Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management include the close family members of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close family members are those family members who

may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) Risk assets outstanding 31 December 2017

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc (Director Related) or related to a Key Management Personnel (Insider Related) at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N631,288,000 (31 December 2016:N438,857,000) was outstanding on these facilities at the end of the year. The bank earned a sum of N80,595,000 on insider related facilities during the year. The outstanding balance and status of performance of each facility is as shown below:

| Name of company /individual In thousands of Nigerian Naira | Relationship | Facility type | Status | Nature of Security | Parent Dec-2017 | Parent Dec-2016 |
|---|------------------|--------------------------------------|------------|--|--------------------|--------------------|
| Ithena Logic Ltd | Director Related | Overdraft | Performing | Lien On Shares | - | 7,086 |
| Jaykay Pharmacy Ltd | Director Related | Overdraft | Performing | Mortgage Debenture | 14,846 | 12,497 |
| Polystyrene Industries Ltd | Director Related | Overdraft/Term Loan | Performing | Mortgage Debenture, Personal Guarantee | - | 4,621 |
| Mediabloc Consulting Nigeria Ltd. | Insider Related | Term Loan | Performing | Domiciliation; Personal Guarantee | 6,825 | 13,657 |
| Enwereji Nneka Stella | Director Related | GT Mortgage/Term Loan | Performing | Legal Mortgage & Domiciliation | - | 20,451 |
| Cubic Contractors Limited | Director Related | Overdraft | Performing | Mortgage Debenture, Personal Guarantee | - | 21,456 |
| Contemporary Gifts Limited | Insider Related | Overdraft | Performing | All Asset Debenture, Personal Guarantee | 14,895 | 18,584 |
| Discovery House Mont.Sch. Ltd | Insider Related | Term Loan | Performing | Tripartite Legal Mortgage, Domiciliation, Personal Guarantee | 57,377 | 74,815 |
| Agbaje, Olufemi Augustus | Director Related | Maxplus Loan | Performing | Domiciliation | - | 4,099 |
| School Kits Limited | Insider Related | Time Loan | Performing | Tripartite Legal Mortgage, Personal Guarantee | 28,000 | - |
| Downtown Hotel & Cat. Services | Director Related | Term Loan | Performing | Tripartite Legal Mortgage, Personal Guarantee | 25,000 | - |
| Olanrewaju Kalejaiye | Insider Related | GT Mortgage/Max Advance/Maxplus Loan | Performing | Legal Mortgage, Domiciliation | 98,561 | 115,155 |
| Hassan Ibrahim | Director Related | GT Mortgage | Performing | Legal Mortgage | 115,200 | 144,000 |
| Touchdown Travels | Director Related | Performance Bond | Performing | Cash In Pledged Funds | - | 1,250 |
| Uzoewulu Lisa Obiageli | Director Related | Max Advance | Performing | Domiciliation | 1,081 | 1,186 |
| Agusto, Olabode Mubasheer | Director Related | Term Loan | Performing | Legal Mortgage | 74,511 | - |
| Adebayo Adeola | Director Related | Bid Bond | Performing | Cash In Pledged Funds | 1,000 | - |
| Fola Adeola | Director Related | Overdraft | Performing | Tripartite Equitable Mortgage | 193,992 | - |
| | | | | | 631,288 | 438,857 |

(e) Director/insiders related deposit liabilities

| Name of company/Individual In thousands of Nigerian Naira | Relationship | Type of Deposit | Parent Dec-2017 | Parent Dec-2016 |
|--|------------------|----------------------|--------------------|--------------------|
| Agusto & Co. Limited | Director Related | Demand Deposit | 33,721 | 54,151 |
| Alliance Consulting | Director Related | Demand Deposit | 939 | 3,993 |
| Comprehensive Project Mgt. Services | Director Related | Demand Deposit | 18,358 | 18,066 |
| Cubic Contractors Limited | Director Related | Demand Deposit | 2,189 | 2,103 |
| Eterna Plc | Director Related | Demand Deposit | 16,176 | 7,000 |
| IBFC Limited | Director Related | Demand Deposit | 50 | 50 |
| Jaykay Pharmacy Limited | Director Related | Demand Deposit | 9 | 71 |
| Kresta Laurel Limited | Director Related | Demand/Time Deposits | 100,260 | 79,424 |
| Main One Cable Company Ltd | Director Related | Demand Deposit | 24,715 | 4,450 |
| Payless Butchers & Supermart Ltd | Director related | Demand Deposit | - | 374 |
| Sikilu Petroleum & Gas Co Ltd | Director related | Demand Deposit | - | 3 |
| WSTC Financial Services Ltd | Director Related | Demand/Time Deposits | 138,539 | 439,695 |
| WSTC Nominee Limited | Director Related | Demand Deposit | 431 | 431 |
| Wstc Securities Limited | Director Related | Demand Deposit | 12,216 | - |
| Zito Phranzlo Int'L Limited | Director related | Demand Deposit | - | 4,203 |
| International Travel Express Ltd | Director Related | Demand Deposit | 15 | 13 |
| Afren Onshore Ltd | Director related | Demand Deposit | - | 1 |
| Mediabloc Consulting Nigeria Ltd. | Insider Related | Demand Deposit | 44 | 7 |
| Adam And Eve Nigeria Limited | Insider Related | Demand Deposit | 157 | 136 |
| Augusto Enterprises Nig. Ltd | Director related | Demand Deposit | - | 2,289 |
| Polystyrene Industries Ltd | Director Related | Demand Deposit | 4,507 | 197 |
| Touchdown Travels Limited | Director Related | Demand/Time Deposits | 15,322 | 9,437 |
| Discovery House Mont.Sch. Ltd | Insider Related | Demand Deposit | 9,073 | 8,521 |
| Agbaje, Olufemi Augustus | Director Related | Demand Deposit | 14,930 | 20,144 |
| Adeola Razack Adeyemi | Director Related | Demand Deposit | 28,647 | 68,556 |
| Enwereji Nnneka Stella | Director related | Demand Deposit | - | 71 |
| IBFC Alliance | Director Related | Demand Deposit | 2,155 | 887 |
| Olanrewaju Kalejaiye | Insider Related | Demand Deposit | - | 6,981 |
| Contemporary Gifts Limited | Insider Related | Demand Deposit | 35 | 31 |
| Fcsl Asset Mgt Company Ltd | Director Related | Demand Deposit | 11,393 | 3,263 |
| Ithena Logic Limited | Director Related | Demand Deposit | 1 | 1 |
| School Kits Limited | Insider Related | Demand Deposit | 863 | - |
| Uzoewulu, Lisa Obiageli | Insider Related | Demand Deposit | 31 | 30 |
| Adeola Fola | Director Related | Demand Deposit | 238,237 | - |
| Hassan Ibrahim | Director Related | Demand Deposit | 3,606 | - |
| Agusto, Olabode Mubasheer | Director Related | Demand Deposit | 4,520 | - |
| Downtown Hotel & Cat. Services | Director Related | Demand Deposit | 996 | - |
| Kalejaiye, Olanrewaju Oluwatoyin | Insider Related | Demand Deposit | 7,335 | - |
| | | | 689,470 | 734,579 |

Interest expense on insider related deposits was N17,196,000 during the year.

(f) Subsidiaries' deposit account balances

| Name of company/Individual In thousands of Nigerian Naira | Relationship | Type of Deposit | Dec-2017 | Dec-2016 |
|--|--------------|-----------------|---------------|---------------|
| GTB Sierra Leone | Subsidiaries | Domiciliary | 1,226 | 1,156 |
| GTB Ghana | Subsidiaries | Demand Deposit | 3,462 | 3,462 |
| GTB Ghana | Subsidiaries | Domiciliary | 39,272 | 61,934 |
| | | | 43,960 | 66,552 |

(g) Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:

Loans and advances:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Secured loans | 631,288 | 438,857 | 631,288 | 438,857 |
| Deposits: | | | | |
| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
| Total deposits | 689,470 | 734,579 | 689,470 | 734,579 |

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

(h) Key management personnel compensation for the year comprises:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|---|-------------------|-------------------|--------------------|--------------------|
| Wages and salaries | 1,894,563 | 1,877,254 | 1,590,207 | 1,628,256 |
| Post-employment benefits | 54,013 | 9,887 | 54,013 | 3,350 |
| Share-based payments | 218,733 | 201,811 | 218,733 | - |
| Increase /(decrease) in share appreciation rights | 329,800 | 541,963 | - | - |
| | 2,497,109 | 2,630,915 | 1,862,953 | 1,631,606 |

(i) Directors' remuneration

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

| In thousands of Nigerian Naira | Group Dec-2017 | Group Dec-2016 | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Fees as directors | 322,758 | 322,960 | 21,500 | 24,500 |
| Other allowances | 556,536 | 346,801 | 248,080 | 222,627 |
| | 879,294 | 669,761 | 269,580 | 247,127 |
| Executive compensation | 698,917 | 712,787 | 689,245 | 712,787 |
| | 1,578,211 | 1,382,548 | 958,825 | 959,914 |

(ii) The directors' remuneration shown above includes:

| In thousands of Nigerian Naira | Parent Dec-2017 | Parent Dec-2016 |
|--------------------------------|--------------------|--------------------|
| Chairman | 35,870 | 35,698 |
| Highest paid director | 224,157 | 204,242 |

(iii) The emoluments of all other directors fell within the following ranges:

| | Parent Dec-2017 | Parent Dec-2016 |
|---------------------------|--------------------|--------------------|
| N 6,500,001 - N11,000,000 | 1 | - |
| N11,500,001 - N12,000,000 | - | 1 |
| N13,500,001 - N22,500,000 | - | 1 |
| Above N22,500,001 | 14 | 12 |
| | 15 | 14 |

48 Contraventions

| INFRACTION | AMOUNT |
|---|------------|
| Penalty for late rendition of Returns | N50,000 |
| Penalty IRO infractions on Guide to Bank Charges | N6,000,000 |
| Penalty IRO closure of an e-branch without prior CBN approval | N2,000,000 |
| Penalty IRO violation of Guide to Bank Charges | N2,000,000 |
| Penalty in respect of limit above Gross Aggregate Net Open Position (NOP) | N2,000,000 |
| Under-repatriation of export proceeds by 2 customers of the Bank | N2,000,000 |
| Penalty for delay in rendition of Returns | N25,000 |
| Non-submission of draft Recovery and Resolution Plan document | N2,000,000 |
| Penalty in respect of loan accounts without BVN | N2,000,000 |

49 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

50. IFRS 9 Impact Assessment

The new impairment model and the classification and measurement requirements will be applied by adjusting the Bank's Statement of Financial Position on January 1, 2018, the date of initial application, with no restatement of the comparative period financial information.

The adoption of IFRS 9 will not result in any material change in the classification of financial assets when compared to the classification under IAS 39. However, the Bank's financial assets shall be classified in line with the business model requirement of IFRS 9: Available for Sale (AFS) to Fair Value Through Other Comprehensive Income (FVTOCI), Available for Trading to Fair Value Through Profit or Loss (FVTPL), Held to Maturity and Loans and Receivables to Amortised Cost. The Group estimates that the IFRS 9 transition will reduce Retained earnings by approximately between N83.36bn and N86.36bn (Bank: between N79.9bn and N82.9bn) and Capital adequacy ratio by 300 basis points as at 1 January 2018. The estimated impact is primarily attributed to the implementation of the Expected Credit Loss impairment requirement of the standard. Difference in Impairment for Stage 3 loans and advances under IFRS 9 and individually impaired loans under IAS 39 stems from application of multiple scenarios in IFRS 9 Model for the determination of expected recoverable amounts and impairment allowances.

51 Restatement of comparative financial information

| In thousands of Nigerian Naira | Reported Group Dec-2016 | Restatements Group | Restated Group Dec-2016 | Reported Parent Dec-2016 | Restatements Parent | Restated Parent Dec-2016 |
|--|-------------------------------|-----------------------|-------------------------------|--------------------------------|------------------------|--------------------------------|
| Interest income | 262,494,101 | - | 262,494,101 | 226,579,479 | - | 226,579,479 |
| Interest expense | (67,093,923) | - | (67,093,923) | (55,551,522) | - | (55,551,522) |
| Net interest income | 195,400,178 | - | 195,400,178 | 171,027,957 | - | 171,027,957 |
| Loan impairment charges | (65,290,310) | - | (65,290,310) | (63,542,640) | - | (63,542,640) |
| Net interest income after loan impairment charges | 130,109,868 | - | 130,109,868 | 107,485,317 | - | 107,485,317 |
| Fee and commission income ¹ | 51,273,910 | (11,870,739) | 39,403,171 | 40,397,778 | (11,870,739) | 28,527,039 |
| Fee and commission expense | (3,456,257) | - | (3,456,257) | (2,947,714) | - | (2,947,714) |
| Net fee and commission income | 47,817,653 | (11,870,739) | 35,946,914 | 37,450,064 | (11,870,739) | 25,579,325 |
| Net gains/(losses) on financial instruments classified as held for trading | 5,218,451 | - | 5,218,451 | 2,248,241 | - | 2,248,241 |
| Other income ¹ | 95,629,125 | 11,870,739 | 107,499,864 | 96,691,361 | 11,870,739 | 108,562,100 |
| Other income | 100,847,576 | 11,870,739 | 112,718,315 | 98,939,602 | 11,870,739 | 110,810,341 |
| Total operating income | 278,775,097 | - | 278,775,097 | 243,874,983 | - | 243,874,983 |
| Personnel expenses | (29,453,465) | - | (29,453,465) | (20,704,772) | - | (20,704,772) |
| Operating lease expenses | (1,375,228) | - | (1,375,228) | (670,172) | - | (670,172) |
| Depreciation and amortization | (15,249,366) | - | (15,249,366) | (12,730,298) | - | (12,730,298) |
| Other operating expenses | (67,560,577) | - | (67,560,577) | (55,764,254) | - | (55,764,254) |
| Total expenses | (113,638,636) | - | (113,638,636) | (89,869,496) | - | (89,869,496) |
| Profit before income tax | 165,136,461 | - | 165,136,461 | 154,005,487 | - | 154,005,487 |
| Income tax expense | (32,855,806) | - | (32,855,806) | (27,168,695) | - | (27,168,695) |
| Profit for the year | 132,280,655 | - | 132,280,655 | 126,836,792 | - | 126,836,792 |

¹Fee and commission income/Other Income:

The reclassification shown above relates to non-vat-able items which have been appropriately reclassified to Other Income line for proper comparison with current year figures.



REGULATORY REQUIREMENTS UNDER IFRS REGIME

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

- i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.
- ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

(b) The non-distributable reserve should be classified under Tier 1 as part of core capital.

The group has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. Loans other than Specialized Loans

The provisioning policy for 'loans other than specialized loans' covers the following:

- i. Commercial Loans
- ii. Commodities Financing

- iii. Corporate Loans
- iv. Retail & Consumer Credits
- v. Facilities granted to Federal, State and Local governments and their parastatals.
- vi. Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

| No of Days Overdrawn | Classification | % Provision taken |
|----------------------|----------------|-------------------|
| 90 – 180 | Substandard | 10 |
| 180 – 360 | Doubtful | 50 |
| Over 360 | Lost | 100 |

As soon as an account is classified as non-performing, the interest is accounted for on non-accrual basis i.e. interest is not recognized as income but suspended.

Furthermore, if the occurrence of a loss event is certain, appropriate provisions will be made regardless of the fact that such loans does not fall in any of the above categories.

2. Specialized Loans

The provisioning policy for specialized loans covers the following:

- i. Agriculture Finance
- ii. Mortgage Loan
- iii. Margin Loan
- iv. Project Finance
- v. Object Finance
- vi. SME Loan
- vii. Real Estate Loan (Commercial and Residential)

REGULATORY REQUIREMENTS UNDER IFRS REGIME

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

i. Agriculture Finance

a. Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

| Category | Classification | Days past due | % provision |
|----------|----------------|--|-----------------------------------|
| 1 | Watchlist | Markup / interest or principal past due by 90days | 0% of total outstanding balance |
| 1A | Substandard | Markup / interest or principal past due by 90days to 1year | 25% of total outstanding balance |
| 2 | Doubtful | Markup / interest or principal past due by 1 to 1.5 years | 50% of total outstanding balance |
| 3 | Very Doubtful | Markup / interest or principal past due by 1.5 to 2 years | 75% of total outstanding balance |
| 4 | Lost | Markup / interest or principal past due by more than 2 years | 100% of total outstanding balance |

b. Agriculture Finance – long term facilities (Farm development finance, purchase of machinery, livestock financing)

| Category | Classification | Days past due | % provision |
|----------|----------------|--|-----------------------------------|
| 1 | Watchlist | Markup / interest or principal past due by 90days | 0% of total outstanding balance |
| 1A | Substandard | Markup / interest or principal past due by 90days to 1year | 25% of total outstanding balance |
| 2 | Doubtful | Markup / interest or principal past due by 1 to 2years | 50% of total outstanding balance |
| 3 | Very Doubtful | Markup / interest or principal past due by 2 to 3 years | 75% of total outstanding balance |
| 4 | Lost | Markup / interest or principal past due by more than 3 years | 100% of total outstanding balance |

ii. Mortgage Loans

| Category | Classification | Days past due | Treatment of Unrealised Markup / Interest income | % provision |
|----------|----------------|---|--|---|
| 1 | Watchlist | Markup / Interest or principal Days past due by more than 90 days | Suspend | 0% of total outstanding balance |
| 2 | Substandard | Markup / interest or principal past due by more than 180days | Suspend | 10% of total outstanding balance |
| 3 | Doubtful | Markup / interest or principal past due by more than 1year | Suspend | Un-provided balance should not exceed 50% of NRV of security. |
| 4 | Lost | Markup / interest or principal past due by more than 2 years | Suspend | 100% of total outstanding balance |

REGULATORY REQUIREMENTS UNDER IFRS REGIME

iii. Margin Loans

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlying shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

| Category | Classification | Days past due | Treatment of Income | % provision |
|----------|----------------|--|--|-----------------------------------|
| 1 | Watchlist | Repayment on obligation between 60% and 75% of amount due or installment 180 days past due | Suspend interest and realize on cash basis | 0% of total outstanding balance |
| 1A | Substandard | Repayment below 60% of amount due or installment btw 180 days to 2 years past due | As above | 25% of total outstanding balance |
| 2 | Doubtful | Repayment below 60% of amount or installment overdue by 2 to 3 years | As above | 50% of total outstanding balance |
| 3 | Very Doubtful | Repayment below 60% of amount due or installment overdue by 3 to 4 years | As above | 75% of total outstanding balance |
| 4 | Lost | Repayment below 60% of amount due or installment overdue by more than 4 years | As above | 100% of total outstanding balance |

v. Object Finance

| Category | Classification | Days past due | Treatment of Income | % provision |
|----------|----------------|--|--|-----------------------------------|
| 1 | Watchlist | Repayment on obligation between 60% and 75% of amount due or installment 180 days past due | Suspend interest and realize on cash basis | 0% of total outstanding balance |
| 1A | Substandard | Repayment below 60% of amount due or installment btw 180 to 1 year past due | As above | 25% of total outstanding balance |
| 2 | Doubtful | Repayment below 60% of amount or installment overdue by 1 to 2 years | As above | 50% of total outstanding balance |
| 3 | Very Doubtful | Repayment below 60% of amount due or installment over due by 2 to 3 years | As above | 75% of total outstanding balance |
| 4 | Lost | Repayment below 60% of amount due or installment overdue by more than 3 years | As above | 100% of total outstanding balance |

vi. SME Loan

a. SME Loan - SME short term facilities (Maturities of 1 year)

| Category | Classification | Days past due | % provision |
|----------|----------------|--|-----------------------------------|
| 1 | Watchlist | Markup / interest or principal past due by 90 days | 0% of total outstanding balance |
| 1A | Substandard | Markup / interest or principal past due by 90 days to 1 year | 25% of total outstanding balance |
| 2 | Doubtful | Markup / interest or principal past due by 1 to 1.5 years | 50% of total outstanding balance |
| 3 | Very Doubtful | Markup / interest or principal past due by 1.5 to 2 years | 75% of total outstanding balance |
| 4 | Lost | Markup / interest or principal past due by more than 2 years | 100% of total outstanding balance |

REGULATORY REQUIREMENTS UNDER IFRS REGIME

b. SME Loan - SME Long term facilities (Maturities of more than 1 year)

| Category | Classification | Days past due | % provision |
|----------|----------------|--|-----------------------------------|
| 1 | Watchlist | Markup / interest or principal past due by 90days | 0% of total outstanding balance |
| 1A | Substandard | Markup / interest or principal past due by 90days to 1year | 25% of total outstanding balance |
| 2 | Doubtful | Markup / interest or principal past due by 1 to 2years | 50% of total outstanding balance |
| 3 | Very Doubtful | Markup / interest or principal past due by 2 to 3 years | 75% of total outstanding balance |
| 4 | Lost | Markup / interest or principal past due by more than 3 years | 100% of total outstanding balance |

vii. Real Estate Loan (Commercial and Residential)

| Category | Classification | Days past due | Treatment of Income | % provision |
|----------|----------------|---|--|-----------------------------------|
| 1 | Watchlist | Repayment on obligation between 60% and 75% of amount due or installment 180days past due | Suspend interest and realize on cash basis | 0% of total outstanding balance |
| 1A | Substandard | Repayment below 60% of amount due or installment btw 180 to 1year past due | As above | 25% of total outstanding balance |
| 2 | Doubtful | Repayment below 60% of amount or installment overdue by 1 to 2 years | As above | 50% of total outstanding balance |
| 3 | Very Doubtful | Repayment below 60% of amount due or installment over due by 2 to 3 years | As above | 75% of total outstanding balance |
| 4 | Lost | Repayment below 60% of amount due or installment overdue by more than 3 years | As above | 100% of total outstanding balance |



OPERATIONAL RISK MANAGEMENT

Guaranty Trust Bank defines Operational Risk (OpRisk) as “the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events”.

In GTBank, Operational Risk Management involves the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, engagement of third party services, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

GTBank regards strategic risk as the risk that not only affects but are created by the Bank’s strategic decision. It is the possibility that the Bank’s strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process, inadequate implementation of such strategies and strategy failure due to unexpected circumstances.

The Bank aligns strategy and risk by identifying, assessing and managing risks and uncertainties, affected by internal and external events or factors, which could inhibit the Bank’s ability to achieve its strategic objectives. This is done with the ultimate goal of creating and protecting stakeholder value.

A specialized template is deployed for tracking key business activities designed or defined by the Bank to measure and monitor performance in the achievement of its strategic intent in the short, medium and long term.

The Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers’ expectations regarding the Bank’s ability to conduct business securely and responsibly. A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank’s exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

The Bank manages Operational risk by using

appropriate qualitative & quantitative methods in day to day management processes and adopts various risk mitigating strategies. The following practices, tools and methodologies have been deployed in the Bank for the purpose of Operational Risk Management implementation:

- **Loss Incident Reporting** – Loss incidents are reported to the Operational Risk Management Group by all business areas in the Bank to enable collection of internal OpRisk losses and near misses. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has built up a robust OpRisk loss database detailing relevant OpRisk loss data for seven years. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)**
 - This is a qualitative risk identification tool deployed bank-wide. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. All branches and Head-Office departments are required to complete the Risk Self-Assessment process at least once a year. These assessments enable risk profiling and risk mapping of prevalent operational risks across the Bank. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

Risk Assessments of the Bank’s key processes, new and existing products, services, branches and vendors/contractors are also carried out. This process identifies inherent operational risks and tests the quality of controls the Bank has in place to mitigate likely risks.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium to High risk trends are reported in the Monthly and Quarterly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries incidents identified in the Bank or prevalent in local and global business environments are carried out and reported. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.
- **Business Continuity Management (BCM) in line with ISO 22301 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Management System (BCMS). This system assures timely resumption of critical business activities with minimal financial losses or reputational damage and continuity of service to the Bank's customers, vendors and regulators. GTBank has been certified ISO 22301 BC compliant by the globally recognized British Standards Institution (BSI) signifying that the Bank has instituted internationally accepted processes, structures and systems that demonstrate its capacity to resume business within a short timeframe in the event of any business disruption.

Part of the BCMS is a Business Continuity Plan (BCP), which is reviewed and updated periodically to ensure reliability and relevance of information contained. Various testing and exercising programs are conducted bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities.
- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health, safety and welfare of all staff, customers and visitors to the Bank's premises are advised, reported to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence

As a result, the Bank conducts Branch Risk Assessments, Fire Risk Assessments and Quarterly Fire Drills to guarantee the safety of its staff and visitors to any of its premises. In addition, awareness on health and safety issues are presented periodically on the intranet.

Operational Risk Management Philosophy and Principles

Approach to Managing OpRisk – Guaranty Trust Bank adopts operational risk procedures and practices that are "fit for purpose" and will increase the efficiency and effectiveness of the Bank's resources, minimize losses and utilize opportunities.

This outlook embeds OpRisk practices in the bank's day-to-day business activities.

It also aligns the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organizations (COSO) and International Organization for Standardization (ISO).

Operational Risk Capital Calculation – The Bank has adopted the Basic Indicator Approach (BIA) under Basel II Pillar 1 for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to other capital calculation methods i.e. the Standardized Approach and Advanced Measurement Approach, the application of the BIA is in line with the Central Bank of Nigeria's (CBN) recommendation for all banks in Nigeria.

The estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

Governance Structure – The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank and reviews OpRisk reports on a quarterly basis. It ensures that the OpRisk policy is robust and provides a framework for the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, measurement systems and mitigants whilst ensuring review and approval of the bank's contingency plans for Specific risks. The Board lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured.

The Management Risk Committee monitors and ensures the implementation of the guiding OpRisk framework bank-wide. It ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities. The

OPERATIONAL RISK MANAGEMENT

Committee considers and approves key decisions relating to Operational Risk before presentation to the Board.

All process owners are responsible for the day-to-day management of OpRisk prevalent in their respective Departments, Groups, Divisions and Regions.

The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Treatment of Operational Risks – GTBank adopts several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Bank's risk tolerances. In line with best practices, the cost of risk treatments introduced must not exceed the reward.

OpRisk treatment options adopted by the Bank include Risk Acceptance / Reduction, Risk Transfer, Risk Sharing and Risk Avoidance.

Operational Risk Reporting – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk Management software/application has been acquired by the Bank. This is to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.



ACTIVITIES OF CARD OPERATIONS

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction. We also implemented stringent fraud control measures to reduce financial loss to the bank and our customers.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for period ended 31 December 2017.

5.1. Table below shows a summary of transactions done on GTBank Cards

| Category | No. of Transactions | | Value Of International Transaction | | Value Of Local Transactions | |
|-------------------------------|---------------------|---------|------------------------------------|--------|-----------------------------|-----------|
| | Dec-17 | Dec-16 | Dec-17 | Dec-16 | Dec-17 | Dec-16 |
| | '000 | '000 | N'mm | N'mm | N'mm | N'mm |
| Naira denominated debit cards | 230,458 | 188,389 | 32,049 | 99,703 | 2,113,904 | 1,853,839 |
| Foreign currency credit cards | 285 | 161 | 20,909 | 13,476 | - | - |
| Foreign currency debit cards | 1,072 | 338 | 45,909 | 15,475 | 1,712 | 771 |

Breakdown of transactions done using GTBank Cards (Number of transactions)

| | International Transactions | | | | Local Transactions | | | |
|--|----------------------------|--------------|--------------|--------------|--------------------|----------------|---------------|---------------|
| | ATM | | POS/Web | | ATM | | POS/Web | |
| In thousands | Dec-17 | Dec-16 | Dec-17 | Dec-16 | Dec-17 | Dec-16 | Dec-17 | Dec-16 |
| Naira MasterCard debit | 0 | 975 | 2,982 | 3,604 | 175,801 | 157,094 | 51,676 | 26,716 |
| Foreign Currency Denominated Cards: | | | | | | | | |
| MasterCard debit | 59 | 14 | 528 | 100 | 9 | 3 | 19 | 5 |
| MasterCard credit | 9 | 6 | 94 | 43 | | | | |
| Visa classic debit | 50 | 25 | 388 | 181 | 7 | 5 | 11 | 4 |
| Visa classic credit | 15 | 11 | 157 | 93 | | | | |
| World credit | 1 | 1 | 10 | 8 | | | | |
| Total | 135 | 1,032 | 4,158 | 4,030 | 175,816 | 157,101 | 51,706 | 26,725 |

ACTIVITIES OF CARD OPERATIONS

Breakdown of transactions done using GTBank Cards (Value of Transactions)

| In millions of Naira | International Transactions | | | | Local Transactions | | | |
|-------------------------------|----------------------------|---------------|---------------|---------------|--------------------|------------------|----------------|----------------|
| | ATM | | POS/Web | | ATM | | POS/Web | |
| | Dec-17 | Dec-16 | Dec-17 | Dec-16 | Dec-17 | Dec-16 | Dec-17 | Dec-16 |
| Naira MasterCard debit | 0 | 42,768 | 32,049 | 56,935 | 1,650,268 | 1,570,059 | 463,636 | 283,780 |
| MasterCard debit | 4,908 | 990 | 19,447 | 4,279 | 87 | 27 | 967 | 530 |
| MasterCard credit | 902 | 463 | 4,747 | 2,599 | - | - | - | - |
| Visa classic debit | 4,518 | 1,969 | 17,036 | 8,237 | 78 | 62 | 580 | 153 |
| Visa classic credit | 1,588 | 1,065 | 11,661 | 7,640 | - | - | - | - |
| World credit | 94 | 96 | 1,917 | 1,614 | - | - | - | - |
| Total | 12,010 | 47,350 | 86,858 | 81,305 | 1,650,433 | 1,570,148 | 465,184 | 284,463 |

5.2 Type of customers' complaints and remedial measures taken

| COMPLAINTS | CATEGORY OF COMPLAINT | REASONS | REMEDIAL MEASURES |
|---|---|--|---|
| Declined Transactions | Declined Transactions on International ATMs & POS/WEB | Restriction of cash withdrawals on International ATM Usage on non-EMV terminals Insufficient funds | Awareness |
| Complaints on International limits | Spend Limits | Reduction in International POS and WEB limit due to scarcity of FX. | Awareness and proffering alternative payment solutions. |
| Complaints on delayed debits & double debits for Domestic POS & Web Transactions | Delayed Debits & Double Debits | System glitch/ Technical error from Third party processors | Continuous engagement with Third party processors to ensure adequate and effective maintenance of their systems to prevent such incidences. |
| Dispense Error | Cash/ Value not received for a transaction | This occurs when an ATM attempts to dispense cash after an account has been debited but fails due to network failure. This also occur when a customer's account has been debited for a certain amount for goods/services, but value is not received | Continuous review of Enhanced Auto-reversal process Continuous follow up with Technology to proactively identify and reverse failed transactions that are not auto reversed. Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund. |



VALUE ADDED STATEMENTS

VALUE ADDED STATEMENTS

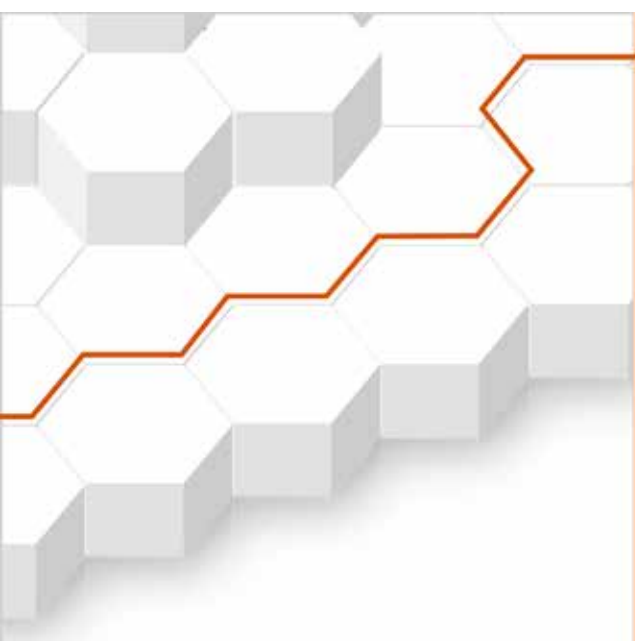
Value Added Statements for the year ended 31 December 2017

Group

| In thousands of Nigerian Naira | Dec-2017 Continuing operations | Total | | Dec-2016 Continuing operations | Total | |
|---|--------------------------------------|--------------------|------------|--------------------------------------|--------------------|------------|
| | | | % | | | % |
| Gross earnings | 419,226,271 | 419,226,271 | | 414,615,587 | 414,615,587 | |
| Interest expense: | | | | | | |
| - Local | (52,668,184) | (52,668,184) | | (41,294,160) | (41,294,160) | |
| - Foreign | (28,002,167) | (28,002,167) | | (25,799,763) | (25,799,763) | |
| | 338,555,920 | 338,555,920 | | 347,521,664 | 347,521,664 | |
| Loan impairment charges / Net impairment loss on financial assets | (12,865,800) | (12,865,800) | | (65,290,310) | (65,290,310) | |
| | 325,690,120 | 325,690,120 | | 282,231,354 | 282,231,354 | |
| Bought in materials and services | | | | | | |
| - Local | (75,916,669) | (75,916,669) | | (71,076,669) | (71,076,669) | |
| - Foreign | (1,315,393) | (1,315,393) | | (1,315,393) | (1,315,393) | |
| Value added | 248,458,058 | 248,458,058 | 100 | 209,839,292 | 209,839,292 | 100 |
| Distribution: | | | | | | |
| Employees | | | | | | |
| - Wages, salaries, pensions, gratuity and other employee benefits | 32,832,341 | 32,832,341 | 13 | 29,453,465 | 29,453,465 | 14 |
| Government | | | | | | |
| - Taxation | 29,772,387 | 29,772,387 | 12 | 32,855,806 | 32,855,806 | 16 |
| Retained in the Group | | | | | | |
| - For replacement of Property and equipment / intangible assets (depreciation and amortisation) | 15,383,697 | 15,383,697 | 6 | 15,249,366 | 15,249,366 | 7 |
| - Profit for the year (including non - controlling interest, statutory and regulatory risk reserves) | 170,469,633 | 170,469,633 | 69 | 132,280,655 | 132,280,655 | 63 |
| | 248,458,058 | 248,458,058 | 100 | 209,839,292 | 209,839,292 | 100 |

**Value Added Statements
for the year ended 31 December 2017**
Parent

| In thousands of Nigerian Naira | Dec-2017 Continuing operations | Total | | Dec-2016 Continuing operations | Total | |
|--|--------------------------------------|--------------------|------------|--------------------------------------|--------------------|------------|
| | | | % | | | % |
| Gross earnings | 360,237,308 | 360,237,308 | | 365,916,859 | 365,916,859 | |
| Interest expense: | | | | | | |
| - Local | (52,884,240) | (52,884,240) | | (41,477,841) | (41,477,841) | |
| - Foreign | (13,908,688) | (13,908,688) | | (14,073,681) | (14,073,681) | |
| | 293,444,380 | 293,444,380 | | 310,365,337 | 310,365,337 | |
| Loan impairment charges / Net impairment loss on financial assets | (11,531,292) | (11,531,292) | | (63,542,640) | (63,542,640) | |
| | 281,913,088 | 281,913,088 | | 246,822,697 | 246,822,697 | |
| Bought in materials and services | | | | | | |
| - Local | (58,996,315) | (58,996,315) | | (58,066,747) | (58,066,747) | |
| - Foreign | (1,315,393) | (1,315,393) | | (1,315,393) | (1,315,393) | |
| Value added | 221,601,380 | 221,601,380 | 100 | 187,440,557 | 187,440,557 | 100 |
| Distribution | | | | | | |
| Employees | | | | | | |
| - Wages, salaries, pensions, gratuity and other employee benefits | 22,354,351 | 22,354,351 | 10 | 20,704,772 | 20,704,772 | 11 |
| Government | | | | | | |
| - Taxation | 24,919,924 | 24,919,924 | 11 | 27,168,695 | 27,168,695 | 14 |
| Retained in the Bank | | | | | | |
| - For replacement of Property and equipment / intangible assets (depreciation and amortisation) | 13,042,425 | 13,042,425 | 6 | 12,730,298 | 12,730,298 | 7 |
| - Profit for the year (including statutory and regulatory risk reserves) | 161,284,680 | 161,284,680 | 73 | 126,836,792 | 126,836,792 | 68 |
| | 221,601,380 | 221,601,380 | 100 | 187,440,557 | 187,440,557 | 100 |



FIVE YEAR FINANCIAL SUMMARY

Statement for financial position

Group

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 | Dec-2015 | Dec-2014 | Dec-2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Cash and cash equivalents | 641,973,784 | 455,863,305 | 254,633,215 | 246,939,868 | 307,395,676 |
| Financial assets held for trading | 23,945,661 | 12,053,919 | 34,626,186 | 9,415,919 | 17,223,667 |
| Derivative financial assets | 2,839,078 | 1,042,470 | - | 529,732 | 170,101 |
| Investment securities: | | | | | |
| – Available for sale | 517,492,733 | 448,056,733 | 364,180,150 | 344,701,935 | 374,673,147 |
| – Held to maturity | 96,466,598 | 80,155,825 | 29,408,045 | 35,160,640 | 84,741,890 |
| Assets pledged as collateral | 58,976,175 | 48,216,412 | 61,954,777 | 39,179,198 | 28,442,629 |
| Loans and advances to banks | 750,361 | 653,718 | 1,051,521 | 5,695,592 | 5,596,476 |
| Loans and advances to customers | 1,448,533,430 | 1,589,429,834 | 1,371,925,547 | 1,275,681,135 | 1,002,370,638 |
| Other assets | 444,946,897 | 371,995,835 | 303,110,737 | 307,461,561 | 200,766,091 |
| Property and equipment | 98,669,998 | 93,488,055 | 87,988,778 | 76,236,447 | 68,306,197 |
| Intangible assets | 14,834,954 | 13,858,906 | 12,470,612 | 12,516,219 | 11,214,274 |
| Deferred tax assets | 1,666,990 | 1,578,427 | 3,244,141 | 2,358,280 | 1,945,629 |
| Total assets | 3,351,096,659 | 3,116,393,439 | 2,524,593,709 | 2,355,876,526 | 2,102,846,415 |
| Liabilities | | | | | |
| Deposits from banks | 85,430,514 | 125,067,848 | 26,256,839 | 31,661,622 | 15,208,300 |
| Deposits from customers | 2,062,047,633 | 1,986,246,232 | 1,610,349,689 | 1,618,208,194 | 1,427,493,697 |
| Financial liabilities held for trading | 2,647,469 | 2,065,402 | - | - | - |
| Derivative financial liabilities | 2,606,586 | 987,502 | - | 253,374 | 3,883 |
| Other liabilities | 218,349,244 | 115,682,490 | 104,605,713 | 57,200,461 | 61,014,954 |
| Current income tax liabilities | 24,147,356 | 17,928,279 | 17,739,676 | 20,827,157 | 18,431,270 |
| Deferred tax liabilities | 18,076,225 | 17,641,384 | 6,839,522 | 4,391,668 | 5,065,625 |
| Debt securities issued | 92,131,923 | 126,237,863 | 180,117,424 | 167,321,207 | 156,498,167 |
| Other borrowed funds | 220,491,914 | 219,633,604 | 165,122,908 | 91,298,545 | 92,134,872 |
| Total liabilities | 2,725,928,864 | 2,611,490,604 | 2,111,031,771 | 1,991,162,228 | 1,775,850,768 |
| Equity | | | | | |
| Capital and reserves attributable to equity holders of the parent entity | | | | | |
| Share capital | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |
| Share premium | 123,471,114 | 123,471,114 | 123,471,114 | 123,471,114 | 123,471,114 |
| Treasury shares | (5,291,245) | (5,291,245) | (4,754,156) | (3,987,575) | (2,046,714) |
| Retained earnings | 128,386,206 | 90,273,587 | 51,089,585 | 51,425,181 | 49,847,719 |
| Other components of equity | 352,403,527 | 272,891,094 | 222,651,255 | 173,410,666 | 135,924,361 |
| Total equity attributable to owners of the Bank | 613,685,192 | 496,060,140 | 407,173,388 | 359,034,976 | 321,912,070 |
| Non-controlling interests in equity | 11,482,603 | 8,842,695 | 6,388,550 | 5,679,322 | 5,083,577 |
| Total equity | 625,167,795 | 504,902,835 | 413,561,938 | 364,714,298 | 326,995,647 |
| Total equity and liabilities | 3,351,096,659 | 3,116,393,439 | 2,524,593,709 | 2,355,876,526 | 2,102,846,415 |

Statement of comprehensive Income
Group

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 | Dec-2015 | Dec-2014 | Dec-2013 |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| Interest income | 327,333,512 | 262,494,101 | 229,236,715 | 200,602,653 | 185,383,473 |
| Interest expense | (80,670,351) | (67,093,923) | (69,289,592) | (58,210,555) | (48,444,468) |
| Net interest income | 246,663,161 | 195,400,178 | 159,947,123 | 142,392,098 | 136,939,005 |
| Loan impairment charges | (12,169,120) | (65,290,310) | (12,408,194) | (7,098,448) | (2,886,005) |
| Net interest income after loan impairment charges | 234,494,041 | 130,109,868 | 147,538,929 | 135,293,650 | 134,053,000 |
| Fee and commission income | 42,921,857 | 39,403,171 | 51,865,608 | 47,969,982 | 46,631,901 |
| Fee and commission expense | (2,189,661) | (3,456,257) | (3,079,439) | (2,114,365) | (1,824,212) |
| Net fee and commission income | 40,732,196 | 35,946,914 | 48,786,169 | 45,855,617 | 44,807,689 |
| Net gains on financial instruments classified as held for trading | 11,338,819 | 5,218,451 | 12,237,394 | 12,084,108 | 10,538,095 |
| Other income | 37,632,083 | 107,499,864 | 8,510,394 | 17,864,071 | 111,542 |
| Total other income | 48,970,902 | 112,718,315 | 20,747,788 | 29,948,179 | 10,649,637 |
| Operating income | 324,197,139 | 278,775,097 | 217,072,886 | 211,097,446 | 189,510,326 |
| Net impairment reversal on financial assets | (696,680) | - | - | (273,815) | 118,836 |
| Net operating income after net impairment loss on financial assets | 323,500,459 | 278,775,097 | 217,072,886 | 210,823,631 | 189,629,162 |
| Personnel expenses | (32,832,341) | (29,453,465) | (27,721,723) | (27,442,101) | (23,761,448) |
| Operating lease expenses | (1,596,413) | (1,375,228) | (1,124,691) | (913,085) | (837,218) |
| Depreciation and amortization | (15,383,697) | (15,249,366) | (12,594,522) | (12,151,655) | (10,115,860) |
| Other operating expenses | (73,445,988) | (67,560,577) | (54,937,146) | (53,930,947) | (47,823,380) |
| Total expenses | (123,258,439) | (113,638,636) | (96,378,082) | (94,437,788) | (82,537,906) |
| Profit before income tax | 200,242,020 | 165,136,461 | 120,694,804 | 116,385,843 | 107,091,256 |
| Income tax expense | (29,772,387) | (32,855,806) | (21,257,923) | (21,951,751) | (17,067,279) |
| Profit for the period | 170,469,633 | 132,280,655 | 99,436,881 | 94,434,092 | 90,023,977 |

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

| | | | | | |
|-----------|------|------|------|------|------|
| - Basic | 6.03 | 4.67 | 3.51 | 3.32 | 3.17 |
| - Diluted | 6.03 | 4.67 | 3.51 | 3.32 | 3.17 |

Statement of Financial Position

Bank

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 | Dec-2015 | Dec-2014 | Dec-2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Cash and cash equivalents | 455,296,196 | 233,847,233 | 173,133,109 | 161,778,647 | 228,609,551 |
| Financial assets held for trading | 16,652,356 | 6,321,370 | 25,075,618 | 5,675,545 | 13,746,682 |
| Derivative financial assets | 2,839,078 | 1,042,470 | - | 529,732 | 170,101 |
| Investment securities: | | | | | |
| – Available for sale | 453,089,625 | 408,246,905 | 327,585,822 | 317,749,878 | 364,056,362 |
| – Held to maturity | 2,007,253 | 5,219,262 | 3,210,575 | 4,511,342 | 46,682,498 |
| Assets pledged as collateral | 58,961,722 | 48,205,702 | 61,946,270 | 39,173,640 | 28,440,947 |
| Loans and advances to banks | 43,480 | 29,943 | 638,817 | 30,815 | 16,976 |
| Loans and advances to customers | 1,265,971,688 | 1,417,217,952 | 1,265,207,443 | 1,182,393,874 | 926,967,093 |
| Other assets | 433,528,669 | 364,152,777 | 297,240,082 | 304,174,757 | 191,868,850 |
| Investment in subsidiaries | 46,207,004 | 43,968,474 | 41,905,781 | 40,130,284 | 40,130,284 |
| Property and equipment | 84,979,798 | 81,710,025 | 79,192,748 | 68,042,098 | 61,419,683 |
| Intangible assets | 4,501,296 | 3,377,961 | 2,492,959 | 2,417,700 | 2,256,768 |
| | 2,824,078,165 | 2,613,340,074 | 2,277,629,224 | 2,126,608,312 | 1,904,365,795 |
| Assets classified as held for sale and discontinued operations | 850,820 | - | - | - | - |
| Total assets | 2,824,928,985 | 2,613,340,074 | 2,277,629,224 | 2,126,608,312 | 1,904,365,795 |
| Liabilities | | | | | |
| Deposits from banks | 42,360 | 40,438 | 39,941 | 143,713 | 88,729 |
| Deposits from customers | 1,697,560,947 | 1,681,184,820 | 1,422,550,125 | 1,439,522,070 | 1,261,927,035 |
| Financial liabilities held for trading | 2,647,469 | 2,065,402 | - | - | - |
| Derivative financial liabilities | 2,606,586 | 987,502 | - | 253,374 | 3,883 |
| Other liabilities | 197,251,819 | 90,060,440 | 85,126,211 | 47,714,495 | 49,008,466 |
| Current income tax liabilities | 24,009,770 | 17,819,039 | 19,378,526 | 22,275,884 | 17,990,398 |
| Deferred tax liabilities | 12,814,766 | 11,946,699 | 6,345,773 | 3,955,805 | 4,784,323 |
| Debt securities issued | 92,131,923 | - | - | - | 13,233,595 |
| Other borrowed funds | 210,671,384 | 332,317,881 | 338,580,300 | 252,830,895 | 233,040,108 |
| | 2,239,737,024 | 2,136,422,221 | 1,872,020,876 | 1,766,696,236 | 1,580,076,537 |
| Liabilities included in assets classified as held for sale and discontinued operations | 847,600 | - | - | - | - |
| Total liabilities | 2,240,584,624 | 2,136,422,221 | 1,872,020,876 | 1,766,696,236 | 1,580,076,537 |
| Equity | | | | | |
| Capital and reserves attributable to equity holders of the parent entity | | | | | |
| Share capital | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |
| Share premium | 123,471,114 | 123,471,114 | 123,471,114 | 123,471,114 | 123,471,114 |
| Retained earnings | 115,361,824 | 83,989,499 | 46,048,031 | 48,824,128 | 49,721,694 |
| Other components of equity | 330,795,833 | 254,741,650 | 221,373,613 | 172,901,244 | 136,380,860 |
| Total equity | 584,344,361 | 476,917,853 | 405,608,348 | 359,912,076 | 324,289,258 |
| Total equity and liabilities | 2,824,928,985 | 2,613,340,074 | 2,277,629,224 | 2,126,608,312 | 1,904,365,795 |

Statement of Comprehensive Income

Bank

| In thousands of Nigerian Naira | Dec-2017 | Dec-2016 | Dec-2015 | Dec-2014 | Dec-2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interest income | 284,442,547 | 226,579,479 | 206,478,499 | 179,984,274 | 172,433,167 |
| Interest expense | (66,792,928) | (55,551,522) | (61,445,632) | (51,285,444) | (44,575,952) |
| Net interest income | 217,649,619 | 171,027,957 | 145,032,867 | 128,698,830 | 127,857,215 |
| Loan impairment charges | (10,834,612) | (63,542,640) | (11,769,374) | (6,184,289) | (2,913,318) |
| Net interest income after loan impairment charges | 206,815,007 | 107,485,317 | 133,263,493 | 122,514,541 | 124,943,897 |
| Fee and commission income | 30,048,147 | 28,527,039 | 44,034,897 | 40,944,512 | 40,189,316 |
| Fee and commission expense | (1,561,766) | (2,947,714) | (2,689,751) | (1,747,518) | (1,718,975) |
| Net fee and commission income | 28,486,381 | 25,579,325 | 41,345,146 | 39,196,994 | 38,470,341 |
| Net gains on financial instruments classified as held for trading | 6,542,636 | 2,248,241 | 9,189,686 | 8,344,350 | 7,923,744 |
| Other income | 39,203,978 | 108,562,100 | 9,173,208 | 19,733,915 | 1,054,057 |
| Total other income | 45,746,614 | 110,810,341 | 18,362,894 | 28,078,265 | 8,977,801 |
| Total Operating income | 281,048,002 | 243,874,983 | 192,971,533 | 189,789,800 | 172,392,039 |
| Net impairment reversal on financial assets | (696,680) | - | - | (273,815) | 118,836 |
| Net operating income after net impairment loss on financial assets | 280,351,322 | 243,874,983 | 192,971,533 | 189,515,985 | 172,510,875 |
| Personnel expenses | (22,354,351) | (20,704,772) | (20,727,835) | (21,036,543) | (19,625,269) |
| Operating lease expenses | (654,665) | (670,172) | (674,958) | (560,710) | (623,379) |
| Depreciation and amortization | (13,042,425) | (12,730,298) | (10,787,370) | (10,590,175) | (9,273,196) |
| Other operating expenses | (58,095,277) | (55,764,254) | (47,754,313) | (46,960,706) | (42,527,302) |
| Total expenses | (94,146,718) | (89,869,496) | (79,944,476) | (79,148,134) | (72,049,146) |
| Profit before income tax | 186,204,604 | 154,005,487 | 113,027,057 | 110,367,851 | 100,461,729 |
| Income tax expense | (24,919,924) | (27,168,695) | (18,718,934) | (21,197,074) | (14,916,219) |
| Profit for the period | 161,284,680 | 126,836,792 | 94,308,123 | 89,170,777 | 85,545,510 |

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

| | | | | | |
|-----------|------|------|------|------|------|
| - Basic | 5.48 | 4.31 | 3.20 | 3.03 | 2.91 |
| - Diluted | 5.48 | 4.31 | 3.20 | 3.03 | 2.91 |



SHARE CAPITALISATION HISTORY

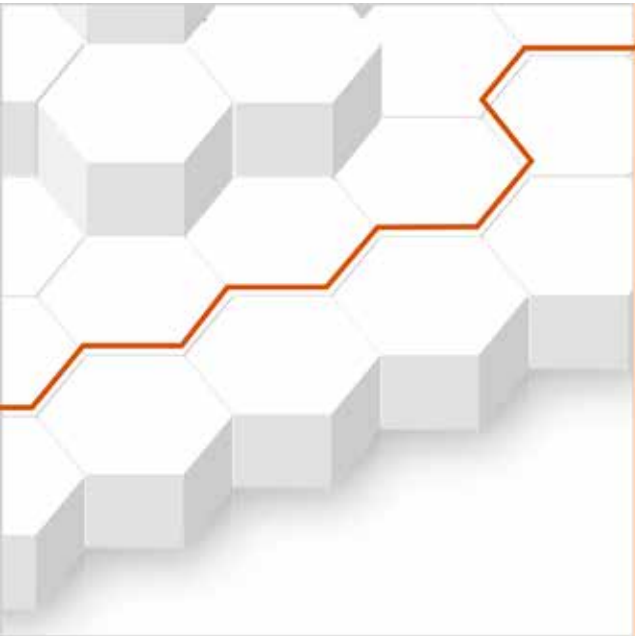
SHARE CAPITALISATION HISTORY

| Share Capitalization History | | | | | | |
|------------------------------|---------------------|----------------|-----------------|----------------|----------------|-----------------------|
| YEAR | AUTHORISED INCREASE | CUMULATIVE | ISSUED INCREASE | CUMMULATIVE | NO. OF SHARES | CONSIDERATION |
| 1991 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | CASH |
| 1992 | 35,000,000 | 60,000,000 | NIL | 25,000,000 | 25,000,000 | NIL |
| 1993 | NIL | 60,000,000 | 25,000,000 | 50,000,000 | 50,000,000 | SCRIP |
| 1994 | 40,000,000 | 100,000,000 | NIL | 50,000,000 | 50,000,000 | NIL |
| 1995 | NIL | 100,000,000 | 50,000,000 | 100,000,000 | 100,000,000 | SCRIP |
| 1996 | 100,000,000 | 200,000,000 | 300,000,000 | 400,000,000 | 400,000,000 | CASH |
| 1997 | 300,000,000 | 500,000,000 | 600,000,000 | 1,000,000,000 | 1,000,000,000 | SCRIP |
| 1998 | 250,000,000 | 750,000,000 | 500,000,000 | 1,500,000,000 | 1,500,000,000 | SCRIP |
| 1999 | NIL | 750,000,000 | NIL | 1,500,000,000 | 1,500,000,000 | NIL |
| 2000 | NIL | 750,000,000 | NIL | 1,500,000,000 | 1,500,000,000 | NIL |
| 2001 | 250,000,000 | 1,000,000,000 | 500,000,000 | 2,000,000,000 | 2,000,000,000 | Initial Public Offer |
| 2002 | 1,000,000,000 | 2,000,000,000 | 500,000,000 | 2,500,000,000 | 2,500,000,000 | SCRIP |
| 2003 | NIL | 2,000,000,000 | 500,000,000 | 3,000,000,000 | 3,000,000,000 | SCRIP |
| 2004 | 1,000,000,000 | 3,000,000,000 | 1,000,000,000 | 4,000,000,000 | 4,000,000,000 | SCRIP |
| 2004 | NIL | 3,000,000,000 | 2,000,000,000 | 6,000,000,000 | 6,000,000,000 | Public Offer |
| 2005 | 2,000,000,000 | 5,000,000,000 | NIL | 6,000,000,000 | 6,000,000,000 | NIL |
| 2006 | NIL | 5,000,000,000 | 2,000,000,000 | 8,000,000,000 | 8,000,000,000 | SCRIP |
| 2007 | 2,500,000,000 | 7,500,000,000 | 2,000,000,000 | 10,000,000,000 | 10,000,000,000 | SCRIP |
| 2007 | NIL | 7,500,000,000 | 3,679,415,650 | 13,679,415,650 | 13,679,415,650 | GDR Underlying Shares |
| 2008 | 7,500,000,000 | 15,000,000,000 | 1,243,583,241 | 14,922,998,890 | 14,922,998,890 | SCRIP |
| 2008 | NIL | 15,000,000,000 | 3,730,749,723 | 18,653,748,613 | 18,653,748,613 | SCRIP |
| 2009 | NIL | 15,000,000,000 | 4,663,437,153 | 23,317,185,766 | 23,317,185,766 | SCRIP |
| 2010 | 15,000,000,000 | 30,000,000,000 | NIL | 23,317,185,766 | 23,317,185,766 | NIL |
| 2010 | 20,000,000,000 | 50,000,000,000 | 5,829,296,442 | 29,146,482,207 | 29,146,482,207 | SCRIP |
| 2011 | NIL | 50,000,000,000 | 284,697,017 | 29,431,179,224 | 29,431,179,224 | IFC Special Placement |
| 2012 | NIL | 50,000,000,000 | NIL | 29,431,179,224 | 29,431,179,224 | NIL |
| 2013 | NIL | 50,000,000,000 | NIL | 29,431,179,224 | 29,431,179,224 | NIL |
| 2014 | NIL | 50,000,000,000 | NIL | 29,431,179,224 | 29,431,179,224 | NIL |
| 2015 | NIL | 50,000,000,000 | NIL | 29,431,179,224 | 29,431,179,224 | NIL |
| 2016 | NIL | 50,000,000,000 | NIL | 29,431,179,224 | 29,431,179,224 | NIL |
| 2017 | NIL | 50,000,000,000 | NIL | 29,431,179,224 | 29,431,179,224 | NIL |

Dividend History

Ten-year dividend and unclaimed dividend history as at 31 December 2017

| Dividend No. | Dividend Type | Financial Year Ended | Total Dividend Amount Declared | Dividend Per Share | Net Dividend Amount Unclaimed as at 31-Dec-17 | Percentage Dividend Amount Unclaimed |
|--------------|---------------|----------------------|--------------------------------|--------------------|---|--------------------------------------|
| Payment 30 | Interim | 28/02/2007 | 2,000,000,000.00 | 25 kobo | 159,583,817.04 | 7.98% |
| Payment 31 | Final | 28/02/2007 | 4,000,000,000.00 | 50 kobo | 175,088,868.27 | 4.38% |
| Payment 32 | Interim | 28/02/2008 | 3,419,853,912.50 | 25 kobo | 219,557,618.40 | 6.42% |
| Payment 33 | Final | 28/02/2008 | 9,575,590,955.00 | 70 kobo | 461,208,065.91 | 4.82% |
| Payment 34 | Final | 31/12/2008 | 14,922,998,891.00 | 100 kobo | 702,962,370.02 | 4.71% |
| Payment 35 | Final | 31/12/2009 | 13,990,311,460.50 | 75 kobo | 671,964,400.63 | 4.80% |
| Payment 36 | Interim | 31/12/2010 | 5,829,296,441.75 | 25 kobo | 267,399,395.44 | 4.59% |
| Payment 37 | Final | 31/12/2010 | 17,487,889,325.37 | 75 kobo | 792,806,566.33 | 4.53% |
| Payment 38 | Interim | 31/12/2011 | 7,286,620,552.30 | 25 Kobo | 329,793,657.39 | 4.53% |
| Payment 39 | Final | 31/12/2011 | 25,016,502,340.40 | 85 Kobo | 1,055,303,661.09 | 4.22% |
| Payment 40 | Interim | 31/12/2012 | 7,357,794,806.00 | 25 Kobo | 316,165,069.02 | 4.30% |
| Payment 41 | Final | 31/12/2012 | 38,260,532,991.20 | 130 kobo | 1,578,258,565.17 | 4.13% |
| Payment 42 | Interim | 31/12/2013 | 7,357,794,806.00 | 25 Kobo | 346,536,070.45 | 4.71% |
| Payment 43 | Final | 31/12/2013 | 42,675,209,874.80 | 145 kobo | 1,871,758,147.07 | 4.39% |
| Payment 44 | Interim | 31/12/2014 | 7,357,794,806.00 | 25 Kobo | 342,186,666.43 | 4.65% |
| Payment 45 | Final | 31/12/2014 | 44,146,768,836.00 | 150 kobo | 1,863,001,234.71 | 4.22% |
| Payment 46 | Interim | 31/12/2015 | 7,357,794,806.00 | 25 Kobo | 329,966,884.50 | 4.48% |
| Payment 47 | Final | 31/12/2015 | 44,735,392,420.48 | 152 Kobo | 1,856,222,393.78 | 4.15% |
| Payment 48 | Interim | 31/12/2016 | 7,357,794,806.00 | 25 Kobo | 335,798,073.92 | 4.56% |
| Payment 49 | Final | 31/12/2016 | 51,504,563,642.00 | 175 kobo | 2,246,718,425.84 | 4.36% |
| Payment 50 | Interim | 31/12/2017 | 8,829,353,767.20 | 30 kobo | 455,039,689.65 | 5.15% |



CORPORATE INFORMATION

MANAGEMENT TEAM

Segun Agbaje

Managing Director / CEO

Ademola Odeyemi

Executive Director - Head, International Banking,
Group Co-ordination & Planning

Adebowale Oyedeji

Executive Director - Head, Corporate Bank, Lagos
Island

Olutola Omotola

Executive Director - Head, Corporate Services Division

Haruna Musa

Executive Director - Head, North-East Division & Public
Sector (Abuja)

Bolaji Lawal

Executive Director - Head, Digital Banking Division

Adebanji Adeniyi

General Manager - Head, Financial Control, Group
Reporting & Strategy Division

Olufemi Akerewusi

General Manager - Head, Corporate Bank Group,
Lagos Mainland

George Uwakwe

General Manager - Head, Enterprise Risk Management
Division

Isa Omagu

General Manager - Head, Lagos Mainland Commercial
Banking Division

Miriam Olusanya

General Manager - Head, Wholesale Banking Division

Olusina Ayegbusi

General Manager - Head, Technology Division

Osamudiame Ayanru

General Manager - Head, Energy Group (Downstream)

Olusegun Fadahunsi

General Manager - Head, Systems and Control Division

Subuola Abraham

General Manager - Chief Compliance Officer

Omotayo Asupoto

General Manager - Head, Operations Division

Adeola Ogunyemi

Deputy General Manager - Head, Retail Division (Lagos
Island)

Adetunji Oduntan

Deputy General Manager - Head, Energy Group (Mid
Stream)

Ahmed Liman

Deputy General Manager - Head, North West Division

Adedeji Oguntonade

Deputy General Manager - Head, FinTech &
Innovation Division

Omolara Ogunlaja

Deputy General Manager - Head, Syndications and
Corporate Finance Group

Mary Ahukanna

Deputy General Manager - Head, Retail Division
(South-South)

Ndidiamaka Ukaonu

Deputy General Manager - Head, Retail Division
(South-South Division)

Olumide Oguntuase

Deputy General Manager - Head, Operational Risk
Management

Paul Abiagam

Deputy General Manager - Head, Lagos Island
Commercial Banking Division

Simi Osinuga

Deputy General Manager - Head, Customer Experience
Management Division

Sylvia Nwawkwe

Deputy General Manager - Head, Transaction Services
Division (Lagos & South-West)

Yewande Ige

Deputy General Manager - Head, South West Division

Abdullah Oyedeji

Assistant General Manager - Head, Corporate Bank,
Beverage and Tobacco

CORPORATE INFORMATION

Adebayo Omogoroye

Assistant General Manager - Head, Treasury & Currency Trading Group

Bharat Soni

Assistant General Manager - Head, Information Security Group

Chima Azubuiké

Assistant General Manager - Head, South East Division

Chinedu Okoli

Assistant General Manager - Head, Commercial Banking Group (Lagos Mainland 4)

Chioma Mogbo

Assistant General Manager - Head, Transaction Services Division (South-South & South-East)

Dele Kola-Daisi

Assistant General Manager - Head, Total Quality Management Group

Eduofon Japhet

Assistant General Manager - Head, Business Solutions Group, Technology

Enoo Ebruke

Assistant General Manager - Head, Commercial Banking Division (Abuja)

Erhi Obebeduo

Assistant General Manager - Company Secretary/Head Legal Group

Femi Nedd

Assistant General Manager - Head, Small & Medium Enterprises Division (Lagos Island 2)

Ikenna Anekwe

Assistant General Manager - Head, Commercial Banking Group (Lagos Island 2)

Olawale Williams

Assistant General Manager - Head, Service Management Group, Technology Division

Oluyemisi Harrison-Bayagbon

Assistant General Manager - Head, Business Process Re-Engineering Group

Omolade Faseru

Assistant General Manager - Head, Retail Division (Lagos Mainland)

Osa Aiwerioghene

Assistant General Manager - Head, Compliance Group

Oyinade Adegite

Assistant General Manager - Head, Communication & External Affairs Group

Oyiza Salu

Assistant General Manager - Head, Human Resources Group

Paul Ogwemoh

Assistant General Manager - Head, Service Delivery Group, Technology

Sherifat Dawodu

Assistant General Manager - Head, Public Sector Division (Lagos)

Tokunbo Akinsowon

Assistant General Manager - Head, GT Projects

Usman Aliyu

Assistant General Manager - Head, Transaction Services Division (North)

MANAGEMENT TEAM – SUBSIDIARIES

Dan Shuaib

Managing Director, Guaranty Trust Bank Cote D'ivoire

Isiaka Ajani-Lawal

Executive Director, Guaranty Trust Bank Cote D'ivoire

Adesina Adebessin

Managing Director, Guaranty Trust Bank Gambia

Abolaji Yusuff

Executive Director, Guaranty Trust Bank Gambia

Thomas John

Managing Director, Guaranty Trust Bank Ghana

Daniel Attah

General Manager, Guaranty Trust Bank Ghana

Ibukunoluwa Odegbaiké

Managing Director, Guaranty Trust Bank Kenya

Victor Ezaga

Executive Director, Guaranty Trust Bank Kenya

Ayodeji Bejide

Managing Director, Guaranty Trust Bank Liberia

Amazu Nwachukwu

Chief Operations Officer, Guaranty Trust Bank Liberia

Bayo Veracruz

Managing Director, Guaranty Trust Bank Rwanda

Emmanuel Ejizu

Executive Director, Guaranty Trust Bank Rwanda

Ade Adebisi

Managing Director, Guaranty Trust Bank Sierra Leone

Olusegun Obasun

Executive Director, Guaranty Trust Bank Sierra Leone

Olufemi Omotoso

Managing Director, Guaranty Trust Bank Uganda

Irenosen Ohiwerei

Executive Director, Guaranty Trust Bank Uganda

Jubril Adeniji

Managing Director, Guaranty Trust Bank Tanzania

Odunayo Akinjide

Chief Operating Officer, Guaranty Trust Bank Tanzania

Gbenga Alade

Managing Director, Guaranty Trust Bank UK



PRODUCTS & SERVICES



GTCONNECT
Nigeria's first interactive contact centre

GTConnect is our interactive contact centre that provides you with instant service via telephone. It is accessible from anywhere in the world and open for business 24 hours a day, seven days a week; even on public holidays.

GTConnect allows you perform 90% of your transactions via the telephone. Customers can check account(s) balances, request electronic cards, request cheque books, stop cheques, reactivate dormant accounts, effect own and 3rd party transfers within GTBank and get up to date information on every aspect of the Bank's operations using this medium.

Our GTConnect numbers are: 0700 482 666 328, 01 4480000, 080 2900 2900 or 080 3900 3900.

*For all international calls, please use the prefix +234



GTBank Internet Banking

The Guaranty Trust Bank Internet Banking Service is a free, reliable and flexible way of managing your bank account(s) conveniently 24/7 from anywhere in the world. Our internet Banking Service is equipped to enable you make 3rd party transfers to all bank accounts in Nigeria and foreign exchange transfers to any account in the world. You can also perform own account transfers, check account balances, print account statements, apply for loans and stop/confirm cheques.

Please visit www.gtbank.com to experience our internet banking service.



Guaranty Trust Bank Foreign Currency Transfers (GTFX)

GTFX is a service that allows you safely transfer foreign currencies (FX) from your domiciliary account to beneficiary accounts in other banks abroad, either using the GTBank Internet Banking platform or by submitting your request at any of our branches. The service offers an efficient platform for paying school fees, medical bills, mortgages and other foreign payments. GTFX transactions can be initiated whenever you want from the comfort of your home, office or on the go. To ensure the safety of your funds, all online transfer requests are acknowledged via e-mail and secured by multiple passwords in addition to the use of a token hardware.

Please visit www.gtbank.com to make use of GTFX on our internet banking platform or Mobile App



GTBank Automated Payment System (GAPS)

GAPS is a web-based service that facilitates the processing of vendor (and other) payments in batches, using either a dial-up connection to the Bank or a secured (https) connection over the Internet. It also gives you 24/7 online real-time access to your account.

The GAPS application form can be downloaded at www.gtbank.com, completed and submitted at any of our branches nationwide.



GTPAY

A convenient and highly secure online payment gateway

GTPAY is an Internet-based payment gateway solution which facilitates online payments using both local and International cards. This product enables corporate customers accept payments through their websites from their customers wherever they are worldwide, thereby taking their businesses global.

The benefits of GTPAY include: convenience, international acceptance, global reach, reduced costs, increased sales and promotion of cashless transactions. GTPAY is an essential solution for every customer with an online presence.

The GTPAY application form can be downloaded at www.gtbank.com, completed and submitted at any of our branches nationwide.



GeNS

Giving you realtime information on your transactions

The Guaranty Trust Bank electronic Notification Service (GeNS) provides instant details of transactions on your account(s).

This service is designed to generate and send out notification prompts to customers via electronic mail and SMS*. Whenever any transaction is carried on customers' account(s), GeNS ensures these customers have real time knowledge of their transactions.

Customers are automatically registered for Electronic mail notifications which is free for all Guaranty Trust Bank customers

You can subscribe for GeNs (SMS notifications) via any of the following options listed below:

1. Self Profiling via SMS: Simply send "Gens < NUBAN>" to 08076665555 from your mobile phone number registered with the bank. For example; "Gens 0103050709" to 08076665555
2. Self Profiling via ATMs: On the ATM home-page, click on "more services" and select "Register for SMS alert", then follow the steps as shown.
3. Self Profiling via Internet Banking: On Internet Banking home-page, click on the "Self Service" tab and select "Transaction Alert Activation", then fill the form provided and click "Submit" to be registered for SMS notifications

*SMS notification costs N4.00



GTBank Point of Sale (POS) Terminal

The GTBank Point of Sale (PoS) terminal is a portable device that allows bank customers (irrespective of the financial institution they bank with) make payments for goods and services with their debit cards. The device provides a convenient, modern and efficient way of processing real time payments and supports a variety of other financial transactions that include; printing mini statements, cash advances, balance enquires, loading funds from a current/savings account unto a cash card and vending airtime (recharge).

The benefits of a GTBank POS terminal to Merchants include:

- Improved efficiency (minimizes cash handling costs and aids account reconciliation),
- Reduction in operational costs associated with equipment for handling cash receipts,
- Minimized exposure to theft.

Merchants can request for GTBank POS terminals by downloading a POS Merchant Registration form at www.gtbank.com, completing it and submitting at any of our branches nationwide.

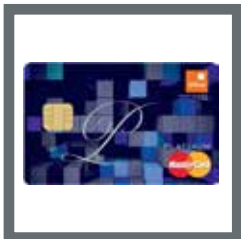


GTBank Naira Debit MasterCard
It's more than an ATM Card

The GTBank Naira Debit MasterCard is a multi-purpose debit card issued in partnership with MasterCard to provide unlimited access to customers' accounts.

The card is linked to your Naira Denominated GTBank Current and/or Savings account and can be used for online transactions, to pay for goods and services at Point of Sale (POS) terminals and also to withdraw cash from ATMs (Local ATMs only), wherever the MasterCard logo is displayed.

Please visit any GTBank branch to request for the GTBank Naira MasterCard.



GTBank Platinum Debit MasterCard
It's more than an ATM Card

The GTBank Platinum Debit MasterCard is a Naira denominated premium card which offers the cardholder with premium benefits beyond those enjoyed by Standard Naira MasterCard holders. These include travel benefits, preferential treatment/rewards, higher transaction limits and access to exclusive products/services offered by partner organizations.

The GTBank Platinum Debit MasterCard is issued by invitation only.



GTBank Dollar Debit MasterCard
Experience a World without Limits

The GTBank Dollar Debit MasterCard is an international payment card issued in partnership with MasterCard Worldwide. It is denominated in US Dollars and can be used to settle payments in other major currencies. All transactions with the GTBank Dollar Debit MasterCard are charged to your account in real time.

There is no spending limit on the GTBank Dollar Debit MasterCard for POS terminals and Online transactions. You can also withdraw up to \$1,000 daily on the Card.

You can apply for the GTBank Dollar Debit MasterCard via any one of the following options:

- GTWorld Mobile App: Download the app from your app store, input your online banking login details and select "Cards".

- Internet Banking: Visit www.gtbank.com, input your login details on the online banking portal and click on the "Cards" tab.
- GTBank branch: Visit our customer information desk to fill out a Dollar Card application form.



**GTBank World MasterCard
With You as You Conquer the World**

The GTBank World MasterCard is a prestigious card designed to deliver unique and exclusive benefits to our premium cardholders. It features extensive purchasing and travel benefits that are carefully designed to provide privileged access and memorable experiences.

Special benefits include: Global Concierge services, Priority Pass - Access to 600 VIP airport lounges worldwide and 24 hour MasterCard Global Service for emergencies.

The GTBank World MasterCard is issued strictly by invitation.



**GTBank Dollar Credit MasterCard
Experience a World without Limits**

The GTBank Dollar Credit MasterCard is an international payment card issued in partnership with MasterCard Worldwide. It is denominated in US Dollars and can be used to settle payments in other currencies.

There is no transaction spending limit on the card for POS terminals and Online transactions. You can also withdraw up to \$1,000 daily on the Card.

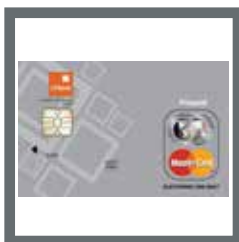
Please visit any GTBank branch to request for the GTBank Dollar Credit MasterCard.



GTBank Dollar Visa Card

The GTBank Dollar Visa Card is an international payment card denominated in US Dollars issued in partnership with Visa Incorporated and accepted as a means of payment in over 200 countries and territories worldwide. It is available in three variants: Visa Classic, Visa Debit and Visa Prepaid.

Please visit any GTBank branch to request for our Dollar Visa Card.



**The GTBank Prepaid Utility Card
A Card for your Errands**

The GTBank Prepaid Utility Card is an all-purpose card that can be used to make a wide variety of payments. The card is designed to provide ultimate convenience, flexibility and security, making casual purchases at supermarkets and shops, purchasing fuel at filling stations and so much more!

Unlike other GTBank Naira Cards, the GTBank Prepaid Utility Card is prepaid, which means you will have to load cash on the card prior to use.

Please visit any GTBank branch to request for the GTBank Prepaid Utility Card.



GTBank Visa Dollar Classic Credit Card
Experience a World without Limits

The GTBank Visa Dollar Credit card is an international payment card issued in partnership with Visa International. It is denominated in US Dollars and can be used to settle payments in other major currencies.

There is no transaction spending limit on the card for POS terminals and Online transactions. You can also withdraw up to \$1,000 daily on the Card.

Please visit any GTBank branch to request for the GTBank Visa Dollar Classic Credit Card.



GTBank Dollar Debit Visa Card
Experience a World without Limits

The GTBank Dollar Debit Visa Card is an international payment card issued in partnership with Visa International and accepted as a means of payment in over 200 countries and territories worldwide. It is denominated in US Dollars and can be used to settle payments in other currencies. All transactions with the GTBank Dollar Debit Visa Card are charged to your Dollar Card account in real time.

There is no transaction spending limit on the card for POS terminals and Online transactions. You can also withdraw up to \$1,000 daily on the Card.

You can apply for the GTBank Dollar Debit MasterCard via any of the following channels:

- GTWorld Mobile App: Download the app from your app store, input your online banking login details and select “Cards”.
- Internet Banking: Visit www.gtbank.com, input your login details on the online banking portal and click on the “Cards” tab.
- GTBank branch: Visit our customer information desk to fill out a Dollar Card application form.

The GTBank Prepaid Virtual Card
A Card for your Online Payments

The GTBank Virtual Naira MasterCard is a digital payment Card designed to provide you with a secure and flexible alternative to physical payment cards.

It is designed primarily for:

- Customers who prefer not to use their Debit/CreditCards linked to their regular bank account online.
- As a fall back option to customers who have forgotten or lost their Card, but need to perform urgent online purchase.

As a prepaid card, the GTBank Prepaid Virtual Card is preloaded through money transfer from your regular account to a Card account.

To get a GTBank Virtual Naira MasterCard, simply log on to Internet Banking to create your prepaid card instantly.

GTBank personalized Card Delivery Service **A home delivery service for all Platinum Cardholders.**

With the GTBank personalized Card Delivery Service, you can get your Platinum Cards delivered to your home. You can request for this service via any one of the following channels:

- 737: Dial *737*50*750*146#
- Internet Banking: Log on to Internet Banking and select "Card Delivery/Transfer" under the "Cards" menu.

Please note that this service is currently available only within Lagos State.

Instant Card Issuance Service **Ready When You Are**

If your GTBank Naira MasterCard is missing, damaged or you just need a new Card, you can get a new Card INSTANTLY. Simply walk in, request for a replacement Debit Card and walk out with the new Debit Card in-hand...Instantly!

Please note that this service is currently available in select GTBank branches. Kindly visit www.gtbank.com to view the list of branches.

GTBank Digital Newsstand **Extra! Extra! Read all about it**

The Digital Newsstand is an innovative digital platform designed for news readers to access newspaper & magazine content on-the-go from the leading publishers in Nigeria.

The Digital Newsstand is accessible on your mobile device or personal computer, and it provides you with a comprehensive archive past publications; all for less than half the price of print publications.

Please visit <https://newsstand.gtbank.com/> to subscribe to the GTBank Digital Newsstand.

For more enquiries, please send an e-mail to collaborations@gtbank.com for more enquiries.



Individual Current Account

The Guaranty Trust Bank Current Account is a checking account which allows you to conduct own and 3rd party transactions from over 200 business locations nationwide using our real-time online IT platform.

The account is unique because it has no minimum account balance requirements and further enables you to safely and securely conduct online transactions whilst on the move.

The account accepts all clearing house instruments including cheques, dividend warrants and allows you access your funds from all ATMs with the MasterCard sign world wide.

Having a Guaranty Trust Bank current account also gives you free access to our internet banking service 24/7, GTConnect and GeNs; thereby providing a convenient way of managing your day-to-day finances.

The current account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with all required documents at any of our branches nationwide.

Domiciliary Account

The Guaranty Trust Bank Domiciliary account is a foreign currency based current account. The account is available in US Dollar, British Pounds and Euro Currencies. We also provide dollar cheque books to aid third party withdrawals and have a very efficient means of transferring funds abroad.



GTSAVE (savings account)

GTSave is an interest bearing savings account that also offers account holders free access to our internet banking service, GTConnect, GeNS and other e-channels.

The account comes with a Guaranty Trust Bank Naira MasterCard which is accepted at 33 million merchant locations worldwide and all ATMs that have the MasterCard sign worldwide.

The savings account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches.



SMART KIDS SAVE (SKS) ACCOUNT
A Savings Account for Kids & Teenagers

The Guaranty Trust Bank Smart Kids Save (SKS) and SKS Teens Card accounts are unique products for children aged 0-17 to enable parents save for their children whilst inculcating in their child the value of saving.

You can open an SKS Account for your child at any of our branches nationwide. Children 13 and above get an SKS Teens Card account which, depending on the preference of the parent, can come with a debit MasterCard that is acceptable worldwide for POS and Web transactions.

SKS Account holders also enjoy complimentary invites to events and competitions as well as access to subsidized services such as discounted health and educational plans from AxaMansard.

For more information please visit www.gtbank.com



GTCrea8 e-Savers Account
A Savings Account for students (aged 16 to below 25years).

The GTCrea8 e-Savers account is an interest bearing account designed to provide Students of post-secondary institutions with value added banking services which are tailored to their lifestyle and designed for their needs.

The GTCrea8 e-Savers account comes with a Naira Debit MasterCard which can be used for transactions on POS terminals and online, anywhere in the world. The debit card can also be on ATMs Nationwide for cash withdrawals, funds transfers, bills payment amongst other banking services.

GTCrea8 Account holders enjoy zero opening and minimum account balances, can receive third party cash deposits, make transfers of up to N500,000 and have 24/7 access to our alternative channels, such 737, Internet Banking and our Mobile Banking applications, etc.



GTBank e-Account
Meeting the unique financial needs of today's salary earners.

This is a unique product that allows account holders have access to various personal loan products and perform their banking transactions quickly, safely and exclusively electronic and alternative channels only.

The account is managed with an e-Account Naira MasterCard which can be used at point of sale terminals (POS) and ATMs worldwide. e-Account holders also enjoy interest payments on their account balances.

An e-Account opening form can be downloaded at www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide.
 (*TERMS AND CONDITIONS APPLY)



GTMax
Something for everyone

GTMax is a high yield current account enabling customers to minimize bank charges* whilst earning interest on their balances.

The account is available in three variants; Platinum, Gold and Silver, with each variant uniquely designed to ensure there is something for everyone.

Account holders enjoy Zero Account Maintenance fees* and free customized cheque book*

A GTMax Account opening form can be downloaded at www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide.

(*TERMS AND CONDITIONS APPLY)



Seniors Account
Bank for free

The Seniors Account is a current account which offers free banking services to senior Nigerian citizens who are aged 65 years and above.

Seniors Account holders enjoy Zero Account Maintenance fee, free Debit Naira MasterCards, cheque books, SMS notifications and access to Priority service in our branches.

A Seniors Account opening form can be downloaded at www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide.



GT-TARGET

The GT-Target Account is a savings account with competitive interest rates designed to help customers save towards specific goals.

It is a non-transactional account funded via monthly/quarterly or semi-annually standing order Instructions.

The account offers an additional 10% interest bonus if the standing instruction is maintained for 1 year.

A GT-Target Account opening form can be downloaded at www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide. The account can also be opened from the request menu on our internet banking platform.



GTBank's Non Resident Nigerian (NRN) Service

The Non Resident Nigerian service is a platform that provides Nigerians who reside abroad access to a wide range of products and services. These include accounts, investment products, cards, transfers and remittances, electronic banking and notification services. It is an effective channel for Nigerians to open and operate a GTBank account from anywhere in the world.

To take advantage of this service, please visit www.gtbank.com, download the NRN account opening form, complete it and e-mail the form along with copies of all required documents to nrnaccount@gtbank.com.



GTBusiness Account

The GTBusiness account is a fixed charge current account designed specifically for Small and Medium scale business (SMEs) with monthly turnover of N50million.

With its fixed charge feature, the GTBusiness account helps minimize costs for small businesses.

The GTBusiness account can be opened in any of our branches nationwide.

A GTBusiness account opening form can be downloaded at www.gtbank.com, completed and submitted along with the required documents at any of our branches nationwide.



MAXADVANCE

MaxAdvance is an all-purpose loan designed to meet the financial needs of staff of corporate and government organizations* whose salary accounts reside with us.

Qualifying customers can apply for this product on the GTBank internet banking platform or download an application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide.

(*TERMS AND CONDITIONS APPLY)



MAXPLUS

MaxPlus is a personal loan product designed to address the unique financial needs of staff of select corporate and public organizations that have their salary accounts domiciled with the Bank and earn a minimum net annual income of N10 million*.

Qualifying customers can apply for this product by downloading a Maxplus application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide.

(*TERMS AND CONDITIONS APPLY)



GTSALARY ADVANCE
Cash Guaranteed... anytime of the month

GTSalary Advance is a short term overdraft product which allows you withdraw cash against your monthly salary. The product is designed for convenience and enables customers draw up to 50% of their monthly salary in advance without having to provide any form of security.

Customers can apply for this product on our Internet Banking platform, ATMs, GTworld App, or by downloading a Salary Advance application form at www.gtbank.com or by dialling *737#. An Application form can also be picked up from any of our branches nationwide.



GTMORTGAGE

GTMortgage is a product that provides customers with mortgage facilities to part-finance the outright acquisition of residential properties at very attractive rates in location acceptable to the Bank.

The product is available to both public and private sector employees.

Customers can apply for this product on the GTBank internet banking platform or by downloading a GTMortgage application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide.

(*TERMS AND CONDITIONS APPLY)

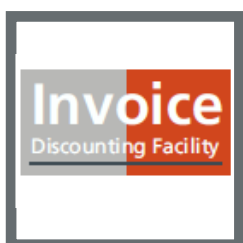


SCHOOL FEES ADVANCE

The GTBank School Fees Advance provides credit facility to our customers who are parents in order to meet up with the school fees commitments for their children and wards.

This product is available to customers working for public and private institutions and whose salary accounts are domiciled with the bank.

Customers can apply for this facility by downloading a School Fees Advance application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide. (*TERMS AND CONDITIONS APPLY)



Invoice Discounting Facility For Small And Medium Scale Enterprises (SMEs)

The Invoice Discounting Facility is a short term borrowing facility designed to promptly address the cash flow challenges and other business needs of SMEs by providing funds against receivables for jobs executed or services rendered. The facility enables receipts of up to 70% of the confirmed invoice value to be advanced for a pre-defined period prior to receipt of payments from Principals.

The service is available to SMEs in the contractor, service provider and professional firm sectors.

Customers can apply for this product by downloading an SME Invoice Discounting application form at www.gtbank.com or at any of our branches nationwide.



i-Refer

i-Refer is a customer loyalty initiative designed to reward loyal GTBank customers who refer their friends/family/relatives/business associates to GTBank. Customers can refer as many prospects as possible, using all available channels including the branch, internet banking, GTBank website and USSD. For every prospect who successfully opens an account, the referrer receives a cash reward into their account*. (*TERMS AND CONDITIONS APPLY)



SME Markethub

The SME MarketHub is an online e-commerce platform that allows business owners create online stores to sell and promote their offerings to millions of buyers online. On the SME MarketHub, customers have access to numerous benefits including: a unique MarketHub website address, a personalized online storefront, a shopping cart, an online payment gateway, inventory management tools, order/enquiry notifications and financial tools to improve efficiency and enhance profitability.

Simply visit www.smemarkethub.com and sign up your business today.



**GTInstant
A Simplified Savings Account for anyone**

GTInstant is a simplified account designed to enable individuals enjoy a banking relationship even when they do not possess the full documentation required to open a regular account.

GTInstant was introduced to enable the bank cater for the financial needs of a large segment of the nation’s population that are presently financially excluded. Account holders enjoy zero opening and minimum balances.

To open a GTInstant account simply dial *737*0#



SME Term Loan for school: ‘Build or Buy’

SME Term loan is a facility designed to part-finance the construction and purchase of school buildings. This product is targeted at registered and approved schools only.



GTBusiness Evolve

The GTBusiness Evolve is a term loan for that is targeted at helping SMEs acquire assets and expand their business. Available to small businesses across various sectors of the economy, the GTBusiness Evolve offers a flexible principal repayment and very competitive interest rate.
(*TERMS AND CONDITIONS APPLY)

GTPatriot Account

The GTPatriot Account is a unique Salary Account Package which offers Nigeria's service men and service women subsidized banking products and dedicated value added services.

The GTPatriot Account operates on a zero minimum opening balance and automatically entitles account holders to life insurance, amongst other benefits. It is our little way of applauding and appreciating the invaluable service that women and men in military and paramilitary institutions offer to our great nation.

GTSweep Service Offering

GTSweep is a service that automatically transfers funds from a customer's funded account to cover a shortfall in an unfunded transacting account*. This service is applicable to cheque and card transactions only. It is available to both individual and joint account holders and can be set up in any of our branches nationwide or via Internet banking.

Spend 2 Save Service Offering

This service enables individual customers to save while spending by setting a savings percentage from 1%-5% on every debit transaction made via ATM, POS or online. The value of the set percentage is transferred to the Spend 2 Save account from the nominated account.

Spend 2 Save is available to individual and joint account customers and can be set up on any GTBank Mobile Application, via internet banking or in any of our branches nationwide.

iRequire Service

iRequire is a premium service designed to enable Personal Banking customers pre-order whatever items they need, such as cash, cards, cheque books and account statements, amongst others, and pick up at their preferred time (including after banking hours and weekends).

To make use of the iRequire service, simply log on to Internet Banking.

Hub Advance

This is a revolving time loan designed to help SME owners on the SME MarketHub boost their inventory and grow their businesses.

Hub Advance is available to SMEs in the Home & Electronics, Clothing & Accessories, Food & Beverages as well as Health & Beauty sectors.

Hub Credit

Hub Credit is our new post-paid shopping plan which allows customers buy whatever they need on the SME MarketHub and pay back later in installment without having to think much about a lump sum payment.

Hub Credit provides customers with a spending limit of up to N1,000,000 and a minimum of N20,000 to shop on the SME MarketHub, and pay back within a period not exceeding 12 months or sooner (whichever works for you); and at an interest rate of 21% per annum.

Premium Advance (Revolving Debit Naira MasterCard Limit)

This is a card based overdraft facility offered to our customers whose salary accounts are domiciled with the bank. Premium Advance offers up to N1 Million overdraft with a 1 year tenor, very competitive interest rate and a 2% flat fee on N1million upon first utilization.



BANK 737

737 Banking is our USSD-based Banking platform that allows you access all the banking services they need by simply dialling *737# on your mobile phone. Some of the services available on the platform include:

Open Account: To open a GTBank Account instantly from anywhere in Nigeria, simply dial *737*0# on your mobile phone and follow the prompts.

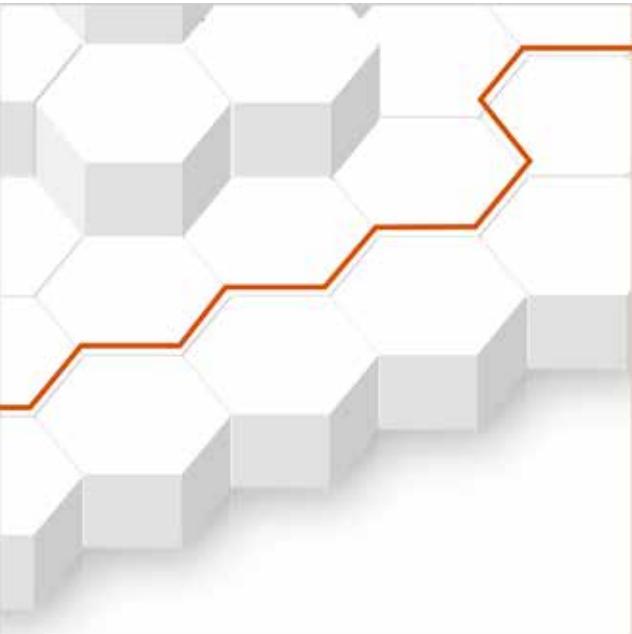
***737* Funds Transfer:** This service enables GTBank customers conveniently transfer funds to both GTBank and other bank account holders in Nigeria.

For transfers to GTBank accounts, Simply dial *737*1*Amount*NUBAN# e.g. *737*1*1000*1234567890# from the mobile number registered with the Bank.

For transfers to other Banks, Simply dial *737*2*Amount*NUBAN# e.g. *737*2*1000*1234567890# from the mobile number registered with the Bank. Please note that the last four digits of your GTBank Naira MasterCard is needed to authenticate each transaction.

***737* Airtime Purchase:** For self-purchase, Simply dial *737*Amount# e.g. *737*1000# from the mobile number registered with the Bank. For 3rd party-purchase, Simply dial *737*Amount*recipient's mobile no# e.g. *737*1000*08012345678#.

737 Cardless Withdrawal: You can withdraw cash from GTBank ATMs nationwide without your card, by simply dialling *737*3*AMOUNT#.



CORPORATE SOCIAL RESPONSIBILITY

At Guaranty Trust Bank, we have a long history of investing in the communities in which we live and work. Our commitment to giving back runs just as deep as our passion for creating value, and it is driven by our strong belief that building a strong business and making the world a better place are essential ingredients for long-term success. It is for this reason that we have fully integrated corporate social responsibility into our business model and continue to maintain a clearly defined CSR strategy focused on championing causes and fostering initiatives that transform lives and uplift our communities.

Our CSR initiatives are built on four pillars—Education, Community Development, Arts and the Environment; which we believe are essential building blocks for the development of communities and prerequisites for economic growth.

CHAMPIONING EDUCATION FOR ALL

Education is not only the single most important factor for an individual's empowerment, it is crucial for societal development and societal progress. At GTBank we are committed to championing education for all, irrespective of background, race, or economic status. We fund programmes that increase access to quality education, support campaigns that boost learning opportunities and create initiatives that encourage young people to stay in school.

Our Education Footprints in 2017

In 2017 we continued to intervene in the public education sector by improving learning infrastructure in communities, training teachers and awarding scholarships to exemplary students in select schools. Understanding that education goes beyond learning within a school compound, we launched the "YouRead" initiative to promote the culture of reading among young people in particular, and the general public as a whole. We also sustained our commitment to actively engage the youths through sports education whilst promoting the values of excellence and fair play.

#EnrichingLives

Together, these initiatives ensure that young people, in school and outside the classroom, have access to the opportunities they need to fulfil their potential.

Remodelling the Herbert Macaulay Library

Built in 1966, and named after renowned nationalist, Herbert Macaulay, the heavy hands of time had left the Herbert Macaulay Library in a poor state—with empty shelves, poor infrastructure and very few visitors. Concerned about the state of one of Nigeria's foremost libraries, and aware of the fundamental role that public libraries play in the lifelong mental and intellectual development of individuals as well as in enabling broad societal development, we carried out a total overhaul of the internal and external structures of the facility. With the goal of raising the Herbert Macaulay Library to global standards, we equipped the facility with books, furniture and state of the art computer and internet facilities to ensure a highly rewarding library experience.

Reigniting the Culture of Reading

The remodelling of the Herbert Macaulay Library was born out of the GTBank "YouRead" Initiative, which we created to reignite the interest in reading. Hence our transformation of the library into a vibrant centre for personal learning and group interactions, leveraging the space to host book readings, art activations and other programmes aimed at providing a platform for people to read. Once every month, book lovers and members of the general public converge at the new 635 room of the Library to enjoy conversations with writers whilst been treated to various art experiences. Among the authors who have held book readings at the library are Lola Shoneyin, author of award winning novel, "The Secret Lives of Baba Segi's Wives, and Ayobami Adebayo, whose book, "Stay with Me" was a finalist for the Bailey's Prize for Women, amongst several others.

Promoting Financial Knowledge

Financial literacy plays a fundamental role in improving financial inclusion, strengthening the financial system and, most importantly, enhancing the financial wellbeing of individuals. As a major stakeholder in the Nigerian economy, as well as in the progress of our communities, we play an active role in promoting financial literacy in order to bring in those excluded from financial services and to help people make smarter financial decisions that better their lives. We worked with the Central Bank of Nigeria and other stakeholders to raise national awareness on financial literacy and financial inclusion with theme, "Learn, Earn, Save." As part of the events to mark Financial Literacy Day and Global Money Week, we provided financial literacy trainings for 3,420 secondary school students across the six geopolitical zones in Nigeria.

Encouraging Young People to Save

On October 31—the World Savings Day, we continued our efforts to encourage young students to begin to save for the future while still in school. We coordinated finance education classes, and in line with this year's theme, "Our Future Starts with Savings", organised an essay and arts competition for secondary school students. The winners of the essay and arts competition were awarded a scholarship for an academic session.

Investing in Sports Education

Sports plays a fundamental role in fostering social cohesion, community development and youth empowerment. At GTBank, we bring the values of sports to school compounds to ensure that young people that are passionate about sports have the opportunity to hone their talents and build character whilst still very focused on their academics. We have a range of football programs which include the Principals Cup tournaments, the Masters Cup, the Super Cup and the Players Development Programme. These programmes are aimed at promoting the values of

excellence and fair play whilst laying a solid foundation for the emergence of future successful football stars.

- The Principals' Cup Football Tournaments: This competition currently runs across secondary schools in Lagos and Ogun states and is organized in partnership with the States Ministries of Youth, Sports & Social Development and the Ministries of Education. In 2017, there were 1,357 participating school teams in the GTBank-Lagos State Principals Cup and the GTBank-Ogun Principals Cup.
- The 2017 GTBank-Lagos State Principals' Cup: Season 8 of the 2017 GTBank-Lagos State Principals' Cup produced an exhilarating encounter with over 554 teams competing to be the ultimate champions of the prestigious tournament. In the boys' category, Ijaiye Housing Estate Senior Grammar School, Ojokoro defeated Ikotun Senior High School, Ikotun 2-0 in a passionately contested match to lift the highly coveted trophy. Isale Eko Grammar School, Lagos Island, took home the championship in the female category after beating Government Senior College, Agege 5-4 on penalties when the match ended 0-0 at regulation time.
- The 2017 GTBank-Ogun State Principals' Cup: The fifth edition of the 2017 GTBank-Ogun State Principals' Cup included 803 participating school teams across the state. Pakoto High School and Iko Gateway Grammar School emerged 2017 champions in the boys and girls categories respectively after two matches that made the headlines for pulsating skills and goals galore.
- The 2017 Masters Cup Football Tournament: Designed for first generation colleges and other private secondary schools in Lagos, the GTBank Masters Cup Football Tournament was launched in 2012 to extend the benefits of the bank's football programs to students outside the public school system. Since then, the tournament has

grown rapidly in number as well as in interest by members of the general public. The 6th season of the tournament, held in 2017 and featured 29 teams in the male and female category, from which St. Finbarr's College, Akoka and Queens College, Yaba, emerged champions respectively.

- The Super Cup: The grand finale of our football tournaments, the Super Cup brings together the winners of the various GTBank-sponsored tournaments to compete for the title of the ultimate champions. In 2017, the Super Cup champions were Ijaiye Housing Estate Ojokoro Lagos and Isale Eko Girls Grammar School in Lagos for the male and female category, respectively.

CAMP GTBANK: Refining Football Stars

Camp GTBank is a football and educational development initiative designed to train and develop outstanding football talents discovered at the GTBank football tournaments which include the GTBank-Lagos State Principals Cup, GTBank-Ogun State Principals Cup and the GTBank Masters Cup. Since its inception in 2011, Camp GTBank has helped kick start the careers of more than 120 footballers, some of whom have been selected to represent the country in international tournaments at various levels, and are currently playing in both domestic and foreign league clubs. Held in Lagos, the 2017 edition of Camp GTBank prepared 36 outstanding talents discovered during the year's football tournaments for successful football careers whilst building the capacity of 40 school coaches to improve the quality of grassroots football. The 8-day residential camp featured renowned coaches such as Augustine Eguavoen, the former coach of Nigeria's Super Eagles, Jolomi Atune, coach of the Nigeria's U-15 Future Eagles, and Ajuma Ottache, the only female coach of a professional male football team in Nigeria, amongst others.

Infrastructure Upgrade

In addition to sponsoring football tournaments, and as part of our commitment to grassroots football development, we provide sports facilities within school communities. This ensures that students and young people in general have a safe and enabling environment to train and develop their talents. During the year, we remodelled the football field of Obele Community Schools in Surulere, Lagos State. The Obele Community Schools comprise two groups of co-educational and single-sex secondary schools; Obele Community Junior and Senior High School, and Ideal Girls Junior and Senior High School. The schools have a combined population of 2,530 students and more than 100 teaching and non-teaching staff.

Prior to our intervention in 2017, students of Obele Community Schools played football on a wide expanse of sand and used stones as goal posts. Following our intervention, the students now play football and carry out other sporting activities on a standard football pitch with a well laid turf and goal posts.

SUPPORTING OUR COMMUNITIES

At GTBank, we are committed to creating value for our business and helping our communities thrive. We know that the true impact of our business is also reflected in the role we play in the communities where we operate, and during the year we continued to work with organizations that share our core values to bring much needed positive change to our host communities.

The Orange Ribbon Initiative: Supporting People Living with Autism

According to World Health Organization, Autism Spectrum Disorders affects 1 in 160 children worldwide. In Nigeria, the condition is hardly diagnosed, rarely understood and people with ASD often suffer stigmatization. In response to the challenges faced by

people living with autism, we launched the GTBank Orange Ribbon Initiative, an advocacy program which has been at the forefront of creating awareness for ASD to ensure autism is diagnosed early in children, encourage investment in autism research and management as well as campaigning not only against the stigmatization of children living with autism but also that they receive the required support from parents, teachers, friends and the society.

In 2017, activities under the Orange Ribbon Initiative included a robust public awareness campaign on World Autism Day; our annual 2-day conference on autism; free one-on-one consultation services for children as well as workshops for parents, educators and caregivers of children with ASD.

Raising Awareness for Autism

In a society where autism remains shrouded in superstition, awareness remains the key to improving the understanding and acceptance of people living with autism in the society. With a three-month radio show called "Let's Talk Autism", we continued to increase societal awareness about ASD, reawakening people's social consciousness about the needs, concerns and hopes of people and families impacted by ASD.

The 2017 Annual Autism Conference

This year, our 2-day conference themed "Childhood to Adulthood: Communication and Social Interaction" focused on the dynamic communication and social needs of children living with autism as they transition into adulthood. We worked in partnership with Non-Governmental and Charity organisations as well as ASD professionals from the United States and Nigeria, to create societal awareness and discuss expert ideas on the management of developmental disabilities. We also provided trainings to parents and caregivers on the care and management of the people living with Autism.

ASD Consultations

People with autism have unique needs and need to be assessed by a variety of medical practitioners, and this creates huge financial burden for parents. Alongside our 2017 Annual Autism Conference, we provided 274 children with free one-on-one consultations facilitated by health professionals across a wide range of developmental specialties, such as Speech Therapy, Behavioural Analysis, Nutrition and Psychiatry. These consultations provided parents and caregivers with knowledge on how best to help their children make an easier transition from childhood to adulthood. Consequently, they can grow into responsible citizens that can contribute their quota to national development.

Maternal and Child Health Initiative

Our Maternal and Child Health Initiative is modelled on the "Sustainable Development Goal 3" (Good Health and Wellbeing), which focuses on improving maternal and child healthcare. Through our support for pregnant and nursing mothers with HIV and our hospital visits, we provided access to quality health care for children and mothers. On December 25, 2017 we organized a Christmas party for the sick at the Massey Children's Hospital Lagos, putting smiles on their young faces.

Supporting Pregnant Women with HIV

Through our partnership with St. Kizito Clinic, an accredited Prevention Mother to Child Transmission (PMTCT) Centre, we provided medical care to stop mother-to-child transmission of HIV. During the year we donated medical equipment to the clinic so that it could provide free medical care—routine laboratory and chest x-rays, specialist consultations and medication—to treat life threatening HIV infections. Within 2017 alone, our donations to St Kizito Clinic helped support 70,000 pregnant women living with HIV.

Making a Global Impact with the Swiss Red Cross

Through our collaboration with the Swiss Red Cross (SRC), we stretched a helping hand to people beyond the shores of Nigeria. We provided support for children suffering from famine in South Sudan, shelter for millions of displaced people around the world and solace for migrant children whose homes and homelands have been torn by war and violent conflicts.

ORANGE HEART INITIATIVE

As individual embodiment of the Bank's philosophy of giving back to society, our members of staff collectively make donations through the Orange Heart Initiative to support causes and make positive change in our communities. During the year, members of staff participated in the #TouchingLives campaign to increase access to quality medical care for people with sickle cell disease (SCD) and a nationwide Social Responsibility Challenge aimed at impacting communities everywhere we operate.

#Touching Lives: Increasing Access to Quality Medical Care for Sickle Cell Patients

Every year, our staff at different locations across Nigeria make voluntary contributions towards supporting persons or communities in need. This year, donations received from staff of the Bank were used to provide free one-year medical insurance to 84 families dealing with several challenges associated with Sickle Cell Disorder.

The GTBank Staff Social Responsibility Challenge

The Staff Social Responsibility Challenge is an annual exercise whereby our members of staff undertake social projects unique to the immediate communities where they operate as part of the Bank's commitment to touching lives. Designed as a month-long campaign, the GTBank Staff Social Responsibility Challenge also gives members of staff the opportunity to win funding

from the Bank for their community development initiatives. In 2017, members of staff took on the Staff Social Responsibility Challenge by championing over 100 social projects and causes across the 36 States of Nigeria and the Federal Capital Territory. Some of the projects include, the building of blocks of classrooms for children in rural areas, the installation of Solar Power in the children's ward of a public hospital and the remodelling of a barbing salon in a federal prison.

Nominate a Champ

As an organization passionate about service, we launched a public service campaign in December 2017 to celebrate the exemplary service of traffic wardens who stand for hours, oftentimes under the sun and in the rain, in order to provide comfort to road users. We engaged members of the general public via social media to nominate the traffic wardens who won their hearts during the year, and thousands responded. After a competitive selection process, 60 service champions made our final list and were given gift items and monetary rewards to celebrate the festivities.

Helping Small Businesses Thrive

Our focus on growing SMEs is motivated by our understanding that small businesses play a crucial role in building wealth and economic prosperity for individuals and entire communities. Hence, when we support small businesses, we are not only helping countless individuals and their families thrive, we are also growing the economy and making our society better.

Supporting Female Entrepreneurship

In 2017 we partnered with Work in Progress! Alliance to sponsor the She Leads Africa (SLA) Accelerator, a platform for young female entrepreneurs to grow their businesses, impact their communities, even as they inspire other women. The She Leads Africa Accelerator is an inclusion to the bouquet of mentorship sessions

sponsored by the Bank and is organised by She Leads Africa, a social entrepreneurship enterprise which promotes African businesses engineered by women. For the third year running, we have, through our e-commerce platform, SME MarketHub, sponsored the She Leads Africa project not only to facilitate the growth of small businesses, but also to create a unique platform for female entrepreneurs to thrive.

GTBank Food and Drink Fair

We created the GTBank Food and Drink Fair to provide small businesses involved in food business with the opportunity to expand their business frontiers, build capacity and increase revenues. In May 2017, we held the 2nd edition of the consumer-focused initiative, where we provided free stalls to more than 133 small businesses in the food sector and hosted over 160,000 people over a two-day period. Featuring renowned international chefs and food business entrepreneurs, the event included food and entrepreneurial masterclasses focused on how to grow small businesses involved in food and the food sector as a whole.

The GTBank Fashion Weekend

We created the GTBank Fashion Weekend in 2016 to showcase the best of Africa's Fashion to a global audience whilst promoting the effervescent enterprise of the continent's growing fashion industry. In November 2017, we organized the second edition of the GTBank Fashion Weekend, giving hundreds of small businesses in the fashion industry the opportunity to attract new customers and expand into new markets locally and internationally. Through the 2-day event, we brought together more 120,000 people, treating them to the biggest and most thrilling exposé of African fashion to take place on the continent till date. In recognition of our commitment and determination to help SMEs, we were recently awarded the Best Bank for SMEs by the Euromoney Magazine.

PROMOTING ARTS

#EnrichingLives

We see art as an avenue for unlocking people's creative potential, and by creating ART635 we aim to expand the opportunities for art education as well as broaden the reach and viewership of the works of indigenous artists. Our Arts initiatives seek to not just connect, enrich and educate individuals, but also promote cultural exchanges that break down societal barriers and build global relationships.

Art635

Art635 (<https://art635.gallery/>) Art635 is a foremost online repository of African artworks which serves as a leading platform for the promotion of indigenous artists across the continent. Launched in 2016, Art635 has significantly expanded the exposure of these artists, provide an enabling platform for the marketing of their works and serve as a much needed motivation for the further development of their artistic skills and talents. In 2017, we continued to grow the Art635 platform which now hosts more than a thousand original African artworks and has over 100 professional artists signed up to the platform.

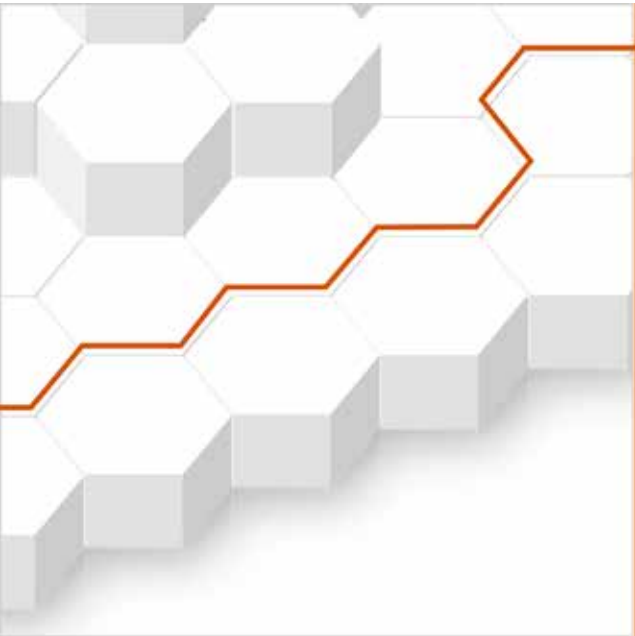
Art Workshops

Our Art635 workshops help empower artists to become not just more seen and appreciated, but also to develop much more profitable and commercially viable ventures so that they can make profit from their works. During the year, we held the first edition of "Hard Part of Art", our Art Workshop, which was moderated by leading artists who discussed several topics and shared lessons from their experiences with budding artists. Through the workshop, young and experienced artists had the opportunity to connect and exchange ideas that would help advance their careers.

PROTECTING OUR ENVIRONMENT

As a signatory to the United Nations Environment Programme, we are committed to investing in energy efficient ways of doing business. We are conscious of the impact of our operations on the environment, and we continue to foster initiatives that protect our environments for our communities today and future generations.

This year, we continued to maintain our adopted public spaces in Lagos, Kano and Sokoto, ensuring that the environment remains beautiful. We remain committed to national and global partnerships for the preservation of the environment.



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Guaranty Trust Bank (U.K) Limited

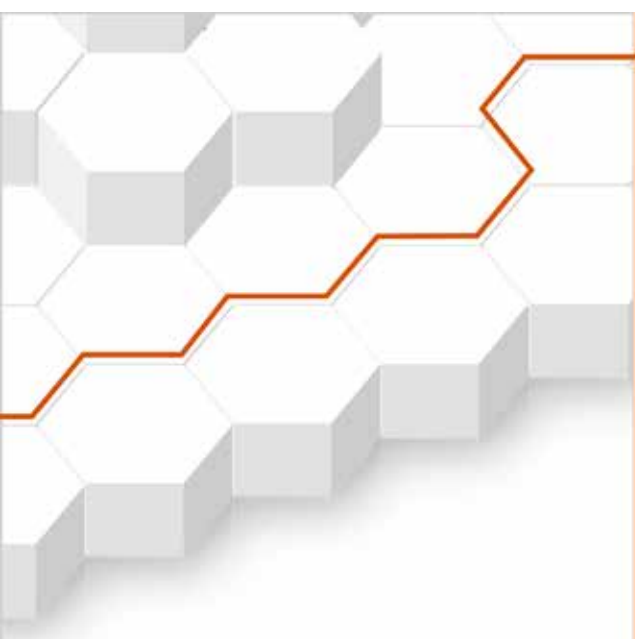
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Web: www.gtbankuk.com

CORRESPONDENT BANKING RELATIONSHIPS

| S/No | BANK | LOCATION |
|------|-------------------------------------|---|
| 1 | ABSA BANK LIMITED | SOUTH AFRICA |
| 2 | BANK OF BEIRUT UK LTD | LONDON |
| 3 | BANK OF CHINA | CHINA |
| 4 | BANQUE CANTONALE DE GENEVE | SWITZERLAND |
| 5 | BYBLOS BANK LONDON | LONDON |
| 6 | CITIBANK, N.A. | LONDON, NEW YORK |
| 7 | CREDIT SUISSE | SWITZERLAND |
| 8 | DEUTSCHE BANK | HONK KONG, NEW YORK, GERMANY |
| 9 | GTBANK (UK) LTD | LONDON |
| 10 | ING BANK | BELGIUM |
| 11 | JP MORGAN CHASE | LONDON, NEW YORK |
| 12 | MASHREQ BANK | UNITED ARAB EMIRATES |
| 13 | NORDEA BANK | SWEDEN |
| 14 | RAND MERCHANT BANK | SOUTH AFRICA |
| 15 | STANDARD BANK OF SOUTH AFRICA | SOUTH AFRICA |
| 16 | STANDARD CHARTERED BANK | LONDON, GERMANY, CHINA, HONG KONG, NEW YORK |
| 17 | SUMITOMO MITSUI BANKING CORPORATION | LONDON |
| 18 | SVENSKA HANDELSBANKEN | SWEDEN |
| 19 | UBS | SWITZERLAND |

BRANCH NETWORK





BRANCH NETWORK

BRANCH NETWORK

| S/N | STATE | LOCATION | ADDRESS |
|-----|----------------------|--------------------------------|--|
| 1 | ABIA | Aba I | 28, Aba - Owerri Road, Aba, Abia State, Nigeria |
| 2 | | Aba II | 4/6, Port-Harcourt Road, Aba, Abia State, Nigeria |
| 3 | | Umuahia | 34, Aba Road, (Opposite Federal Medical Centre) Umuahia, Abia State, Nigeria |
| 4 | ABUJA (F C T) | Adetokunbo Ademola Wuse 2 | Plot 98, Adetokunbo Ademola Crescent, Wuse 2 Abuja, Fct, Nigeria |
| 5 | | Aminu Kano Cres Wuse 2 | Plot 527, Aminu Kano Crescent, Wuse 2, Abuja FCT, Nigeria |
| 6 | | Apo | Samuel Jereton Mariere Road, Gud District, Abuja |
| 7 | | Area 11 Garki | Plot 1473, Ahmadu Bello Way, Area 11, Garki, Abuja FCT, Nigeria. |
| 8 | | Asokoro | No.69, Yakubu Gowon Crescent, Asokoro District, Abuja FCT, Nigeria. |
| 9 | | Cadastral Zone, Cbd | Plot 171 Central Business District, next to Tofa house, Abuja FCT, Nigeria |
| 10 | | Garki, Area 3 | Plot 1072, J.S Tarka/Faskari Street, Area 3, Abuja, FCT, Nigeria |
| 11 | | Gwagwalada | Plot 598, Gwagwalada Expansion Layout, University Teaching Hospital Road, Gwagwalada, Abuja, FCT |
| 12 | | Jabi | Plot 818, Jabi District, Jabi |
| 13 | | Kaura Namoda, Garki Area 3 | Plot 1088, Cadastral Zone A1, Garki, Kaura Namoda Close, Abuja FCT, Nigeria |
| 14 | | Kubwa, Abuja | Plot 47, Cadastral Zone, 07-06 Kubwa Commercial District, Gado Nasko Road, Kubwa FCT, Nigeria |
| 15 | | National Assembly | National Assembly Complex, Three Arms Zone, Abuja FCT, Nigeria |
| 16 | | ULO Plaza | Plot 1953, Cadastral Zone A2, ULO Plaza, Zone 5, Abuja FCT, Nigeria |
| 17 | | Wuse 2 - Abuja | Plot 211, Adetokunbo Ademola Crescent, Cadastral Zone, Wuse 2, Abuja FCT, Nigeria |
| 18 | | Wuse Market - Abuja | Plot 2388, Cadestral Zone AO2, Herbert Macaulay way, Wuse Market, Abuja |
| 19 | ADAMAWA | AUN Yola | American University of Nigeria, Yola, Adamawa State, Nigeria |
| 20 | | Mubi | 60, Ahmadu Bello Way, Mubi, Adamawa State, Nigeria |
| 21 | | Yola | No 43, Galadima Aminu Way, Jimeta-Yola, Adamawa State, Nigeria |
| 22 | AKWA-IBOM | Uyo | 26, Aka Road, Uyo, Akwa Ibom State, Nigeria |
| 23 | ANAMBRA | Awka | 96, Nnamdi Azikiwe Avenue, Awka, Anambra State, Nigeria |
| 24 | | Nnamdi Azikwe University, Awka | Nnamdi Azikwe University, Awka Anambra State |
| 25 | | Nnewi | No 7, Edo-Ezemewi Street, Nnewi, Anambra State, Nigeria |
| 26 | | Onitsha II - New Market | 15, New Market Road, Onitsha, Anambra State, Nigeria |
| 27 | | Onitsha III - Bridge Head | No 4, Port Harcourt Road, Niger bridge Onitsha |
| 28 | BAUCHI | Azare (Closed) | No 1, Jama're Road, Azare, Bauchi State, Nigeria |
| 29 | | Bauchi | No 6, Murtala Muhammed Way, Bauchi, Bauchi State, Nigeria |
| 30 | BAYELSA | Yenagoa | Barracuda Square, Ekeki-Ekpe Area, Yenogoa, Bayelsa State, Nigeria |
| 31 | BENUE | Makurdi | 41 A/B, New Bridge Road, Makurdi, Benue State, Nigeria |
| 32 | BORNO | Maiduguri | 59, Kashim Ibrahim Way, Maiduguri, Borno State, Nigeria |
| 33 | | Maiduguri II | 81, Ali Monguno Street, Monday Market, Maiduguri, Borno State, Nigeria |
| 34 | CROSS RIVER | Calabar | 11, Calabar Road, Calabar, Cross River State, Nigeria |
| 35 | | Ikom | 18, Ogoja Road, Ikom, Cross River State, Nigeria |
| 36 | DELTA | Airport Road, Warri | 7B Airport Road, Warri, Delta State, Nigeria |
| 37 | | Asaba | 457, Nnebisi Road Asaba, Delta State, Nigeria |
| 38 | | Delta State University, Abraka | Delta State University, Abraka, Delta State |
| 39 | | Effurun Road, Warri | 85, Effurun-Warri, Effurun, Delta State, Nigeria |
| 40 | | Sapele | 80, Ajogodo, Sapele - Warri Road, Sapele, Delta State, Nigeria |
| 41 | EBONYI | Abakaliki | 35A, Ogoja Road, Abakaliki, Ebonyi State, Nigeria |
| 42 | EDO | Auchi | 31, Polytechnic Road, Auchi, Edo State, Nigeria |
| 43 | | Benin I - Sapele Road | 35B, Benin-Sapele Road, Benin City, Edo State, Nigeria |
| 44 | | Benin II - Uselu | 158, New Lagos Road, Benin City, Edo State, Nigeria |
| 45 | | Benin III-Akpakpava | 43, Akpakpava Street, Benin City, Edo State, Nigeria |
| 46 | | Benin IV - Ekenwan Rd | No 90, Ekenwan Road, Oredo LGA, Benin City, Edo State, Nigeria |
| 47 | | Benin V - Ikpoba Hill | 62, Agbor Road, Ikpoba Hills, Benin City, Edo State, Nigeria |
| 48 | | Ekpoma | No 2 Ihumudumu Road, Ekpoma Edo State. |
| 49 | | Uniben | University of Benin, Benin City |

BRANCH NETWORK

| | | | |
|----|----------------|---------------------------|--|
| 50 | EKITI | Ado-Ekiti | 21/22, New Iyin/Secretariat Road, Ado Ekiti, Ekiti State, Nigeria |
| 51 | | Ekiti | Faculty of Education, Ekiti State University, Ado Ekiti |
| 52 | ENUGU | Enugu I - Ogui Road | 1, Ogui Road, Enugu, Enugu State, Nigeria |
| 53 | | Enugu II - Rangers Avenue | Plot 381 Igboeze Street, Rangers Avenue, Independence Layout, Enugu, Enugu State, Nigeria |
| 54 | | Nsukka | No 16, University road, Nsukka Enugu State. |
| 55 | GOMBE | Gombe | Plot 45, New Commercial Layout, Gombe, Gombe State, Nigeria |
| 56 | IMO | Okigwe (Closed) | Plot C/RH Government Layout Okigwe Township Owerri Road Imo State |
| 57 | | Orlu (Closed) | Plot 5 Asika Ilobi Street Orlu |
| 58 | | Owerri | Plot 265, Ikenegbu Layout, Aladinma Ikenga Road, Owerri, Imo State, Nigeria |
| 59 | | Owerri II | Plot 17, Port Harcourt Road, Opp. Owerri Girls High School, Owerri, Imo State, Nigeria |
| 60 | JIGAWA | Dutse | Plot 727, Kiyawa Road, Dutse, Jigawa State, Nigeria |
| 61 | KADUNA | Kaduna 1 MM Square | 7/10 Muritala Mohammed Square, Kaduna, Kaduna State, Nigeria |
| 62 | | Kaduna 2 Nnamdi Azikwe | Plot 9-11, Nnamdi Azikiwe Expressway, Kaduna Bye pass, Kaduna, Kaduna State, Nigeria |
| 63 | | Kaduna 3 Kano Road | PPMC, Kaduna, Kaduna State, Nigeria |
| 64 | | Kaduna 4 (Barnawa) | Plot 1A, Zaire Road, Barnawa Phase 1, Barnawa, Kaduna, Kaduna State, Nigeria |
| 65 | | NDA Kaduna | N.D.A New site, Afarka, Mando, Kaduna State. |
| 66 | | Zaria | 13/15, Manchester Road, GRA, Zaria, Kaduna State, Nigeria |
| 67 | KANO | Bayero University Kano VI | Bayero University, New site Campus, Gwarzo Rd, Kano |
| 68 | | Kano I | 145 Muritala Mohammed Way, Kano, Kano State, Nigeria |
| 69 | | Kano II - Zaria Road | Plot 22, Zaria Road, Gyadi-Gyadi, Kano Municipal District, Kano State, Nigeria |
| 70 | | Kano III - Bello Road | Plot 12E, Bello Road, Kano, Kano State, Nigeria |
| 71 | | Kano IV - Bachiwara | 24, Bachirawa road, Along Katsina Road, Kano, Kano State, Nigeria |
| 72 | | Kano V - Wapa | 59, Murtala Muhammed Way, Wapa, Kano, Kano State, Nigeria |
| 73 | KATSINA | Katsina | No. 120, IBB Way, Katsina, Katsina State, Nigeria |
| 74 | KEBBI | Birnin Kebbi | No 9, Sultan Abubakar Way, Birnin Kebbi, Kebbi State, Nigeria |
| 75 | KOGI | Lokoja | Plot 27, IBB Way, Lokoja, Kogi State, Nigeria |
| 76 | | Obajana | Obajana Cement Factory Complex, Obajana, Kogi State, Nigeria |
| 77 | | Okene | Auchi-Abuja Expressway, Okene, Kogi State, Nigeria |
| 78 | KWARA | Ilorin | 1, Wahab Folawiyo Road, Ilorin, Kwara State, Nigeria |
| 79 | | Ilorin GRA | 10, Umar Audi Road, GRA, Ilorin, Kwara State, Nigeria |
| 80 | | Kwara Poly | Kwara Polytechnic Main Campus, Old Jebba Road, Ilorin, Kwara |
| 81 | | Offa | No 53, Olofa Way, Offa, Kwara State, Nigeria |
| 82 | | Taiwo Road, Ilorin | 147 Upper Taiwo Rd Ilorin Kwara State |
| 83 | | Unilorin | University of Ilorin, Campus, Kwara State, Nigeria |
| 84 | LAGOS | Adeola Odeku | 56A, Adeola Odeku Street, Victoria Island, Lagos State, Nigeria |
| 85 | | Adetokunbo Ademola | 714, Adetokunbo Ademola Street, Victoria Island, Lagos State, Nigeria |
| 86 | | Ajah | Km 22, Lekki-Epe Expressway, Ajah, Lagos State, Nigeria |
| 87 | | Ajose Adeogun | 279, Ajose Adeogun Street, Victoria Island, Lagos State, Nigeria |
| 88 | | Akin Adesola | 635 Akin Adesola, Victoria Island, Lagos State, Nigeria |
| 89 | | Bayo Kuku | 19, Bayo Kuku Road, off Osborne Road, Ikoyi, Lagos State, Nigeria |
| 90 | | Broad Street | 82/86, Broad Street, Lagos State, Nigeria |
| 91 | | Catholic Mission | 22/24, Catholic Mission Street, Lagos Island, Lagos State, Nigeria |
| 92 | | Chevron Drive | Block LXXIV A, Ojomu land, Beside Chevron Roundabout, Lekki/Epe Expressway, Lagos State, Nigeria |
| 93 | | Idumota | 134, Nnamdi Azikwe Street, Lagos Island, Lagos State, Nigeria |
| 94 | | Ikota | Block K7 - 11 & K18 - 22, Ikota Shopping Complex, Lekki-Epe Expressway, Lagos State, Nigeria |
| 95 | | Ikoyi- Awolowo Road | 178, Awolowo Road, Ikoyi, Lagos State, Nigeria |
| 96 | | Lekki | Block 5, Plot 5, Victoria Island Annex, Lekki, Lagos State, Nigeria |

BRANCH NETWORK

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| 97 | Lekki Admiralty Road | Block 31A, Admiralty way, Lekki Penninsular scheme, Lekki |
| 98 | Marina | 49A, Marina Street, Lagos State, Nigeria |
| 99 | Moloney | 30, Moloney Street, Lagos Island, Lagos State, Nigeria |
| 100 | Oke Arin | 40, John Street, Oke-Arin, Lagos Island, Lagos State, Nigeria |
| 101 | Plural House | Plot 1669, Oyin Jolayemi Street, Victoria Island, Lagos State, Nigeria |
| 102 | St Gregory | No. 1 Obadeyi Close, off St. Gregory Road, Ikoyi, Lagos State, Nigeria |
| 103 | Tiamiyu Savage | Plot 1400, Tiamiyu Savage Road, Victoria Island, Lagos State, Nigeria |
| 104 | Abule Egba | 402, Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria |
| 105 | Abule Egba 2 | 641 Lamgan Plaza Abule Tailor Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria |
| 106 | Adeniyi Jones | 31, Adeniyi Jones Avenue, Ikeja, Lagos State, Nigeria |
| 107 | Akowonjo | 35, Shasha Road, Akowonjo, Lagos State, Nigeria |
| 108 | Alaba Market | 13, Obosi Plaza, Alaba International Market, Lagos State, Nigeria |
| 109 | Alausa | Technical Reference Centre, Lagos State Secretariat, Alausa, Ikeja, Lagos State, Nigeria |
| 110 | Alausa CBD | Plot 11, Block A, IPM Road, Central Business District, Alausa, Lagos State, Nigeria |
| 111 | Allen Avenue | 80/82, Allen Avenue, Ikeja, Lagos State, Nigeria |
| 112 | Amuwo Odofin | Plot B16, Block 41B, Akin Mateola Close, Amuwo Odofin Residential Scheme, Amuwo Odofin LGA. |
| 113 | Anthony | 7, Anthony Village Road, Anthony Village, Lagos State, Nigeria |
| 114 | Apapa, Duolla Road | 12, Dualla Road, Apapa, Lagos State. |
| 115 | Apapa1 - Commercial Road | Doyin House, 4 Commercial Avenue Apapa, Lagos State, Nigeria |
| 116 | Apapa2 Creek Road | 35, Creek Road, Apapa, Lagos State, Nigeria |
| 117 | Aspamda (Trade Fair) | Zone A, R1 Aspamda Plaza, International Trade Fair Complex, Ojo, Lagos State, Nigeria |
| 118 | Ayangberu Ikorodu | 68, Ayangbure Road, Ikorodu |
| 119 | Berger Paints Oba-Akran | Plot 10, Oba Akran Avenue, Ikeja, Lagos State, Nigeria |
| 120 | Bode Thomas 2 | 124, Bode Thomas Street, Surulere, Lagos State, Nigeria |
| 121 | Burma Road, Apapa | Plot 17, Burma Road, Apapa, Lagos State, Nigeria |
| 122 | Cele Ijesha | 44, Ajijedudun Street, Off Agulejika Bus -Stop Ijesha |
| 123 | Computer Village Ikeja | 5, Osintelu Street, off Oremoji Street, Computer Village, Ikeja, Lagos State, Nigeria |
| 124 | Diya Gbagada | 14, Diya Street, Ifako, Gbagada, Lagos State, Nigeria |
| 125 | Egbe | 8, Egbe Road, Isolo, Lagos |
| 126 | Egbeda Idimu | 26 - 28 Akowonjo Road, Egbeda, Lagos State, Nigeria |
| 127 | Festac | House 11, 301 Road, 2nd Avenue, Festac Town, Lagos State, Nigeria |
| 128 | Festac 2 | Plot 22o, 23 Road, Opposite J Close, Festc Town |
| 129 | Ibafon | 1, Bakare Street, Ibafo, Apapa Expressway, Lagos State, Nigeria |
| 130 | Idi - Oro | 110, Agege Motor Road, Idi-Oro, Mushin, Lagos State, Nigeria |
| 131 | Iju | 90, Iju Fagba Road, Iju |
| 132 | Ikorodu | 47, Lagos Road, Ikorodu Town, Lagos State, Nigeria |
| 133 | Ikosi | Plot A3C, Ikosi Road, Oregun, Ikeja, Lagos State, Nigeria |
| 134 | Ikotun | No. 49, Idimu-Ikotun Road, Ikotun, Lagos State, Nigeria |
| 135 | Ilupeju | 48, Town Planning Way, Ilupeju, Lagos State, Nigeria |
| 136 | Intl Airport Rd 2 | 10, International Airport Road, Mafoluku Oshodi, Lagos State, Nigeria. |
| 137 | Intl Airport Rd Isolo | 15, International Airport Road, Isolo, Lagos State, Nigeria |
| 138 | Ipaja | 199, Ipaja Road, Ipaja |
| 139 | Isheri/Omole | 792, Shomide Odujirin Avenue, Omole Phase 2, Lagos. |
| 140 | Isolo | 1, Abimbola Way, Isolo, Lagos State, Nigeria |
| 141 | Itire Road | 41/43 Itire road, Surulere, Lagos |
| 142 | Ketu | 570, Ikorodu Road, Ketu, Kosofe L.G.A, Lagos State, Nigeria |
| 143 | Laspotech | Lagos State Polytechnic, KM 7, Sagamu Road, Odogunyan, Ikorodu |

BRANCH NETWORK

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| 144 | Lawanson | Muniru Baruwa Shopping Complex By Olatilewa Junction Itire Road, Lawanson, Lagos State, Nigeria | |
| 145 | Luth | Route 1, Lagos University Teaching Hospital (LUTH) premises, Idi-Araba, Lagos State, Nigeria | |
| 146 | Magodo | 16 CMD Road, Magodo, Lagos | |
| 147 | Masha | 145, Ogunlana Drive by Masha Roundabout, Surulere | |
| 148 | Matori | 135, Ladipo Street, Matori, Lagos State, Nigeria | |
| 149 | MM Way, Yaba | 352, Murital Mohammed Way, Yaba Lagos | |
| 150 | Mobolaji Bank Anthony Way | 31, Mobolaji Bank-Anthony Way, Ikeja, Lagos State, Nigeria | |
| 151 | Mushin | 311, Agege Motor Road, Olorunsogo, Mushin, Lagos State, Nigeria | |
| 152 | Oba Akran | 33, Oba Akran Avenue, Ikeja, Lagos State, Nigeria | |
| 153 | Ogba | 4, Ogunnusi Road, Ogba, Lagos State, Nigeria | |
| 154 | Ogba 2 | 19, Isheri Road, Opposite WAEC building, Ijaiye-Ogba, Ikeja | |
| 155 | Ojodu | 50, Isheri Road, Ojodu, Lagos State, Nigeria | |
| 156 | Ojuelegba | 74/76, Ojuelegba Road, Lagos State, Nigeria | |
| 157 | Okota | 115A, Okota Road, Okota, Lagos State, Nigeria | |
| 158 | Onipanu | 196, Ikorodu Road, Onipanu, Lagos State, Nigeria | |
| 159 | Opebi | 14, Opebi Road, Ikeja, Lagos State, Nigeria | |
| 160 | Oregun | 100, Kudirat Abiola Way, Oregun, Ikeja, Lagos State, Nigeria | |
| 161 | Orile Coker | Plot 3, Block C, Amuwo Odofin Industrial Scheme, Orile Coker, Lagos State, Nigeria | |
| 162 | Surulere- Bode Thomas | 94, Bode Thomas Street, Surulere, Lagos State, Nigeria | |
| 163 | Unilag | University of Lagos, Akoka, Lagos State, Nigeria | |
| 164 | Western Avenue | 89, Western Avenue, Surulere, Lagos State, Nigeria | |
| 165 | Yaba | 216/218, Herbert Macaulay Way, Yaba, Lagos State, Nigeria | |
| 166 | NASARAWA | Karu | Plot 13754, Abuja – Keffi, Expressway, Mararaba, Karu, LGA., Nasarawa State, Nigeria |
| 167 | | Karu New Market | GTBank, Along Keffi Express Way, Before Orange Market, Mararaba, Nassarawa State. |
| 168 | | Lafia | Jos Road, Lafia, Nasarawa State, Nigeria |
| 169 | NIGER | Kontagora | Plot 6C, KTF 139, Lagos - Kaduna Road, Kontagora, Niger State, Nigeria |
| 170 | | Minna | Plot 4936, Paiko Road, Minna, Niger State, Nigeria |
| 171 | OGUN | Abeokuta | IBB Boulevard Road, Abeokuta, Ogun State, Nigeria |
| 172 | | Agbara | Plot C 2/4, Ilaro Road, Agbara Industrial Estate, Agbara, Ogun State, Nigeria |
| 173 | | Asero - Abeokuta | Block 7, Plot 17/20, Abeokuta/Ibadan Road, Asero, Abeokuta, Ogun State, Nigeria |
| 174 | | Babcock | Babcock University Campus, Ilisan-Remo, Ogun State, Nigeria |
| 175 | | Ijebu - Ode | 183, Folagbade Street, Ijebu Ode L.G.A., Ijebu Ode, Ogun State, Nigeria |
| 176 | | OOU Ago-Iwoye | P.S. Olabisi Onabanjo University, Ago Iwoye, Ogun State, Nigeria |
| 177 | | RCCG Redemption Camp | Redeem Christain Church Camp Ground, KM 46 Lagos Ibadan Expressway, No 1 Salvation Way |
| 178 | | Sagamu | 143, Akarigbo Street, Sabo, Sagamu, Ogun State, Nigeria |
| 179 | | Sango Otta | 63, Abeokuta Expressway, Joju Junction, Sango Otta, Ogun State, Nigeria |
| 180 | | UNAAB | University of Agriculture, off Alabata Road, Alabata, Abeokuta, Ogun State, Nigeria |
| 181 | ONDO | Akure | Plot 3, Alagbaka Quarters, Alagbaka, Akure, Ondo State, Nigeria |
| 182 | | FUTA Akure | Federeal University of Technology, Akure, Ondo State, Nigeria |
| 183 | | Ondo | 48, Yaba, Ondo Town , Ondo State Nigeria |
| 184 | OSUN | Ile-Ife | 3, Lagere Road, Ile-Ife, Osun State, Nigeria |
| 185 | | Ilesa | 196, Isokun Street, Along Ilesha-Osogbo Road, Ilesa, Osun State, Nigeria |
| 186 | | OAU Ile-Ife | Road 1, Obafemi Awolowo University Campus, Ile- Ife, Osun State, Nigeria |
| 187 | | Oshogbo | No 67, Gbongan / Ibadan Road, Ogo Oluwa, Osogbo, Osun State, Nigeria |
| 188 | OYO | Apata - Ibadan | SW9/21A, Ibadan - Abeokuta Road, Apata, Ibadan, Oyo State, Nigeria |

BRANCH NETWORK

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| 189 | | Bodija - Ibadan | Plot 6A, U.I-Secretariat Road, Bodija, Ibadan, Oyo State, Nigeria |
| 190 | | Bodija 2 - Ibadan | 30, Awolowo Road Old Bodija Ibadan |
| 191 | | Challenge - Ibadan | Plot 14, JFK Osibodu Layout, Ijebu Road, Challenge, Ibadan, Oyo State, Nigeria |
| 192 | | Dugbe, Ibadan | 11B, Jimoh Odutola Road, Dugbe, Ibadan, Oyo State, Nigeria |
| 193 | | Lautech | Ladoke Akintola University of Technology LAUTECH |
| 194 | | Mokola Ibadan | 27, Majaro Street, Old Oyo Road, Cocacola Area, Mokola, Ibadan, Oyo State, Nigeria |
| 195 | | Ogbomoso | Ibapon Area, Ilorin-Ogbomoso Express Road, Ogbomoso, Oyo State, Nigeria |
| 196 | | Oyo | Ibadan – Ogbomoso Express Road, Owode, Oyo Town, Oyo State, Nigeria |
| 197 | | Ring Road Ibadan | 106, Ring Road, Lister Bus Stop, Ibadan, Oyo State, Nigeria |
| 198 | PLATEAU | Jos I - Jengre Road | 13B, Commercial Layout, Jengre Road, Jos, Plateau State, Nigeria |
| 199 | | Jos II - Ahmadu Bello Way | Plot 1902, Ahmadu Bello Way, Jos, Plateau State, Nigeria |
| 200 | RIVERS | Aba Road - PH 2 | Plot 279A, Tombia Street, off Aba Road, Port Harcourt, Rivers State, Nigeria |
| 201 | | Aba Road PH eBranch (Happy Bite) | Happy Bite Plaza, Opposite Air force base, Aba Road, Port Harcourt |
| 202 | | East West Rd- PH 5 | 11, East West Road, Port Harcourt, Rivers State, Nigeria |
| 203 | | Ikwerre Rd- PH 6 | 225, Ikwerre Road Mile 4, Port Harcourt, Rivers State, Nigeria |
| 204 | | Industrial Layout - PH 7 | Plot 23, Trans-Amadi Layout, Port Harcourt, Rivers State, Nigeria |
| 205 | | NAOC/Agip - PH 9 | NAOC Agip New Base Station Rumueme, Port Harcourt, Rivers |
| 206 | | Nnamdi Azikwe Road - PH 4 | 5, Nnamdi Azikiwe Road, Port Harcourt, Rivers State, Nigeria |
| 207 | | NTA Rd, Mgbuoba- PH 8 | 110 NTA Road, Location junction, Mgbuoba, Port Harcourt Rivers State, Nigeria |
| 208 | | Rivers State Govt. Secretariat - PH 10 | Ground Floor, Block A, RVSG Secretariat, Port Harcourt |
| 209 | | Shell RA - PH 3 | Plot 215, Aba – Port Harcourt Road, Shell Residential Area, Port Harcourt, Rivers State, Nigeria |
| 210 | | Trans Amadi - PH 1 | 44,Trans Amadi Industrial Layout, Port Harcourt, Rivers State, Nigeria |
| 211 | | Bonny | 34, King Perekule Road, Bonny Island, Rivers State, Nigeria |
| 212 | SOKOTO | Sokoto 1 | No.101, Ahmadu Bello Way, Sokoto, Sokoto State, Nigeria |
| 213 | | Sokoto 2 Maduguri Rd | No.41, Maiduguri Road, Sokoto, Sokoto State, Nigeria |
| 214 | | Usman Dan Fodio | Usman Dan Fodiyo University, Sokoto, Nigeria |
| 215 | TARABA | Jalingo | Plot 106B, Hamman Ruwa Way, Jalingo, Taraba State, Nigeria |
| 216 | | Wukari | No 3, Ibi Road, Wukari G.R A., Taraba State, Nigeria |
| 217 | YOBE | Damaturu | Potiskum Road, Damaturu, Yobe State, Nigeria |
| 218 | ZAMFARA | Gusau | 5, Sani Abacha Way, Gusau, Zamfara State, Nigeria |

eBRANCHES

| S/N | STATE | LOCATION | ADDRESS |
|-----|--------------|----------------------------|---|
| 1 | ABUJA | Eagle Square eBranch | Eagle Square Car Park, Opposite Federal Secretariat Complex, Cbd, Abuja |
| 2 | LAGOS | 1004 Estate eBranch | Block A, Administrative Building, 1st Gate Entrance, 1004 Estate, Victoria Island |
| 3 | | Adeniran Ogunsanya eBranch | No 31 Adeniran Ogunsanya Street, Surulere , Lagos , Nigeria |
| 4 | | Costain eBranch | Costain Roundabout Lagos |
| 5 | | Diya Gbagada eBranch | No 59, Diya Gbagada Street, Ifako, Gbagada, Lagos, Nigeria. |
| 6 | | Egbeda eBranch | 26/28 Egbeda Akowonjo Road ,Egbeda,Lagos |
| 7 | | Ikeja Cantonment eBranch | Headquarters 9 Brigade, Nigerian Army Cantonment,Ikeja Lagos |
| 8 | | Ikota eBranch | KM 21, Lekki Epe Expressway, Ikota Shopping Complex, Vgc Ajah (Road 5) |
| 9 | | Ilupeju eBranch | No 3 Ilupeju Bye Pass, Ilupeju, Lagos Nigeria. |
| 10 | | Ogudu eBranch | 126 Ogudu Road, Ojota, Lagos |
| 11 | | Onipanu eBranch | 177, Ikorodu Road Lagos, Nigeria |
| 12 | | Pen Cinema, Agege eBranch | 1, Pen Cinema, Agege, Lagos |
| 13 | | Shogunle eBranch | 360, Agege Motor Road,Pwd,Shogunle Oshodi, Lagos |
| 14 | | Toyin Street eBranch | 47,Toyin Street, Ikeja Lagos |
| 15 | OYO | Ring Road eBranch | 1 Akinyemi street, off Ring road, Ibadan, Oyo state. |

BRANCH NETWORK

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| 16 | RIVERS | Shell RA Port Harcourt eBranch | Shell Residential Area Port Harcourt |
| 17 | | Genesis Port Harcourt eBranch | Plot 45 Genesis E-branch Trans Amadi |

CASH CENTRES

| S/N | STATE | LOCATION | ADDRESS |
|-----|--------------------|--------------------------|--|
| 1 | RIVERS | NLNG | GTB Cash Centre Shopping Complex NLNG Residential Area |
| 2 | | ONNE | Dangote Depot Intel Onne |
| 3 | OSUN | JABU | Joseph Abu Babalola University, Ikeji-Arakeji, Osun State, Nigeria |
| 4 | ONDO | Akure Cash Center | No 16, Oba Ile, Owo Road, Akure, Ondo State Nigeria. |
| 5 | BENUE | BCC GBOKO | Benue Central Company, Gboko, Benue State, Nigeria |
| 6 | CROSS RIVER | Obudu | Obudu Cattle Ranch, Obudu, Cross River State, Nigeria |
| 7 | EDO | Gaius Obaseki, GRA Benin | Didio Plaza, 66 Gaius Obaseki Shopping Complex, Oko Central, GRA Benin, Edo State, Nigeria |
| 8 | ENUGU | UNTH, Ituku Ozalla | University Road, University of Nigeria Teaching Hospital, Enugu State, Nigeria |
| 9 | KADUNA | KRPC, Kaduna | Kaduna Refinery Complex, Kaduna, Kaduna State, Nigeria |
| 10 | KANO | AKTH, Kano | Aminu Kano Teaching Hospital, Zaria Road, Kano State, Nigeria |
| 11 | LAGOS | MMA 2 | New Local Wing, Murtala Mohammed Airport 2, Ikeja, Lagos State, Nigeria |
| 12 | OGUN | Sango Idiroko | Idiroko Road, opposite Fowobi filling station, Oju Ore, Sango Otta |
| 13 | | Ewekoro | Lagos - Abeokuta Expressway, opposite Larfage Cement, Ogun State, Nigeria |
| 14 | BENUE | NAF BASE | Nigerian Air force Base, Makurdi, Benue State |

AGENT BANKING

| S/N | STATE | LOCATION | ADDRESS |
|-----|--------------|------------------------------------|---|
| 1 | LAGOS | De Prince Supermarket | 3A Adejokun Street, Isheri-Magodo |
| 2 | | Forte Oil Campus Road | 1, Igbosere Road, Campos Lagos Island |
| 3 | | Forte Oil Idimu 2 | 215/217 Idimu Ikotun Road, Egbeda |
| 4 | | Forte Oil, Ajiwe-Ajah | Opposite Abraham Adesanya Estate, Ajah |
| 5 | | Forte Oil, Awolowo Road | 111 – 113 Awolowo Road, Ikoyi |
| 6 | | Forte Oil, Bank Road | 1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos |
| 7 | | Forte Oil, Bariga | 6/ 8 Fetuga Street, Bariga |
| 8 | | Forte Oil, Boundary Apapa | 82/84 Mobil Road, Boundary Bus stop Ajegunle Lagos |
| 9 | | Forte Oil, Egbe | 71, Egbe Road, Powerline Bustop, Ejigbo road Egbe |
| 10 | | Forte Oil, Festac Town | 21, Road, Festac Town, Lagos |
| 11 | | Forte Oil, Idimu | 222 Egbeda-Idimu road, Carwash Bus-stop, Idimu |
| 12 | | Forte Oil, Ikorodu Round About | 2, Sagamu Road, Ikorodu |
| 13 | | Forte Oil, Jebba | 80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos |
| 14 | | Forte Oil, Kingsway Road Apapa | Kingsway Avenue Apapa, Lagos |
| 15 | | Forte Oil, Ladipo-Mushin | 110, Ladipo Street , Matori Industrial Estate Mushin |
| 16 | | Forte Oil, Mushin | 259, Agege Motor Road, Mushin, Lagos |
| 17 | | Forte Oil, Oba-Akran | 39, Oba Akran Avenue Ikeja Lagos |
| 18 | | Forte Oil, Ogba | Oba Ogunji Road, Pen Cinema, Ogba Lagos |
| 19 | | Forte Oil, Okota | 51 Okota Road Opposite Police Barracks, Okota |
| 20 | | Forte Oil, Old Airport Road | Muritala Mohammed 2, Local Airport Road, Ikeja |
| 21 | | Forte Oil, Old Apapa Road, Costain | 80, Old Apapa Road Ebute Metta West , Costain Lagos |
| 22 | | Forte Oil, Oshodi Apapa (Mile 2) | Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos |
| 23 | | Forte Oil, Shomolu | 138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos |
| 24 | | Forte Oil, Western Avenue | 113/115, Funsho Williams Avenue, Surulere |

BRANCH NETWORK

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| 25 | Forte Oil, Wharf Road Apapa | Barracks Bus Stop, Wharf Road, Apapa, Lagos |
| 26 | Hubmart Supermarket | Plot 1263, Adeola Odeku Street, Victoria Island Lagos |
| 27 | Tantalizer - Admiralty Lekki | Admiralty Road Lekki, Lagos |
| 28 | Total, Sura - Lagos Island | Simpson Street beside Sura shopping complex, Lagos Island |
| 29 | Forte Oil, Iwaya | Iwaya Road, Makoko-Yaba, Lagos |
| 30 | Forte Oil, Alimosho | Egbeda-Ipaja Road, Ponle bustop, Alimosho |
| 31 | Hubmart, Ikeja | Isaac Jone Street Ikeja GRA |
| 32 | Forte Oil, Mile 12 | Mile 12 Bus-stop Lagos |
| 33 | Forte Oil, Cement Ipaja | Cement Bus-stop Ipaja-Lagos |
| 34 | Total, MM Way, Yaba | 150/152 Mm Way, Ebute Metta |
| 35 | Total, Itire | 23/25 Itire Rd, Lawanson |
| 36 | OGUN | |
| | Forte Oil, Ilo Awela - Sango Otta | 11, Ilo Awela road, Sango Otta, Ogun State |
| 37 | Forte Oil, Iyana Iyesi- Sango Otta | Iyana Iyesi road, Sango Otta |
| 38 | Total, Ogijo - Ikorodu | KM12 Sagamu road, Ikorodu Ogijo, Ogun State |
| 39 | RIVERS | |
| | Forte Oil ,Aggrey Rd S/S II | Aggrey Road 2, Port Harcourt |
| 40 | Forte Oil ,Eliozu Road PH | Eliozu Road off Eastwest Road, Port Harcourt |
| 41 | Forte Oil ,Lorry Park S/S | 29, Station Road, Lagos Bus Stop, Port Harcourt |
| 42 | Forte Oil ,Mile 5 S/S | By Rumuokwuta Round About, Port Harcourt |
| 43 | Forte Oil ,Moscow Road F/S | 11, Moscow Road Opp. Rivers St House Of Assembly |
| 44 | Forte Oil, Rumubekwe S/S | PH/Aba Expressway By Shell Gate, Port Harcourt |
| 46 | ABUJA | |
| | Forte Oil, New Nyanya | Karu Abuja Way, New Nyanya, Abuja |
| 47 | Forte Oil, Jikwoyi 1, Abuja | Jikwoyi - Karshi Way, Abuja |
| 48 | Forte Oil, Jikwoyi By Living Faith | Beside Living Faith Church, Jikwoyi - Karu, Abuja |
| 49 | AKWA IBOM | |
| | Forte Oil, Uyo | 154 Ikot Ekpene Road Uyo |



FORMS



2C, Gbagada Expressway, Gbagada Phase 1, Lagos P.M.B 10014, Shomolu, Lagos State. Tel: 01-2716090-4, 01-8419257-8, 7120008 - 11 Fax: 01-2716095, 71200012 E-mail: datamax@datamaxregistrars.com www.datamaxregistrars.com

MANDATE FOR e-DIVIDEND PAYMENT

Date (DD/MM/YYYY)

[Date input grid]

Dear Sir/Madam

Please find below my/our Bank details for the purpose of electronic payments of dividend(s) due to me/us. I/We confirm that all information supplied is to the best of my/our knowledge correct and hereby covenant to indemnify and forever keep indemnified the security issuer, the directors, the security registrar, the directors and officers of the security registrar from and against all losses in respect thereof and all claims, actions, proceedings, demands, cost, expenses whatsoever which may be made or brought against them by reason of compliance with this request.

GTBank GTBank (GDR)

Shareholder Account Number

[Shareholder Account Number input grid]

*(1) PERSONAL INFORMATION

Surname / Company Name:

[Surname / Company Name input grid]

Other Names (for Individual Shareholder)

[Other Names input grid]

Current Postal Address

[Current Postal Address input grid]

(2) E-CONTACT DETAILS

E- Mail Address

[E- Mail Address input grid]

Mobile (GSM) Phone Number

[Mobile (GSM) Phone Number input grid]

(3) E-DIVIDEND PAYMENT INFORMATION

I/We hereby request that you forward until further notice, all future dividend/ interest to which I/we become entitled for the company indicated above to the branch of the Bank named below

Bank Name

[Bank Name input grid]

Branch Address

[Branch Address input grid]

Bank Account Number (NUBAN ONLY)

Bank Sort Code

[Bank Account Number input grid]

[Bank Sort Code input grid]

** (4)

[Shareholder's Signature or Thumbprint box]

[Shareholder's Signature or Thumbprint box]

[Company Seal/Incorporation Number input grid]

This form must be signed by ALL the registered holders executor(s) or administrators.

When completed on behalf of corporate body, each signatory should state the representative capacity e.g. Company Secretary, Directors etc.

*** (5)

AUTHORISED SIGNATORY AND STAMP OF BANKERS

* Please ensure that the name on your Bank Account corresponds with that in our records as any contrary Name(s) would void your request.

** The signature(s) in 4 must correspond with your specimen held in our records as any contrary signature(s) or non-existence in our records would void your request

*** The Bank stamp and signature of the authorised signatory of your bank is required to confirm that the Bank details in item 3 and signature(s) in item 4 is/are that of the shareholder(s) or an authorised signatory, before returning to the Registrars.

• Please disregard this form if you already have a standing mandate instruction on your account.

•• DataMax Registrars Limited hereby disclaims liability or responsibility for any errors/omissions in any document transmitted electronically.

PROXY FORM

28th ANNUAL GENERAL MEETING to be held at the Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State on Tuesday, April 10, 2018, at 10 a.m.

I/We _____ being a member/ members of Guaranty Trust Bank plc hereby appoint _____ or failing him/her/it, Mrs. Osaretin Demuren or failing her, Mr. Segun Agbaje, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on Tuesday, April 10, 2018, and at any adjournment thereof.

Dated this _____ day of _____, 2018.

Signature of Shareholder

Name of Shareholder

Signature of the person attending (if applicable)

NUMBER OF SHARES:

| RESOLUTIONS | FOR | AGAINST |
|-------------|-----|---------|
|-------------|-----|---------|

Ordinary Business:

| | | |
|---|--|--|
| To receive the Audited Financial Statements for the year ended December 31, 2017, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon. | | |
|---|--|--|

| | | |
|------------------------------------|--|--|
| To declare a dividend ¹ | | |
|------------------------------------|--|--|

| | | |
|----------------------|--|--|
| To Elect a Director: | | |
|----------------------|--|--|

| | | |
|--|--|--|
| Mrs. Victoria Osondu Adefala as an Independent Non-Executive Director ² . | | |
|--|--|--|

| | | |
|---|--|--|
| To authorise Directors to fix the remuneration of the Auditors ³ | | |
|---|--|--|

| | | |
|--|--|--|
| To elect Members of the Statutory Audit Committee. | | |
|--|--|--|

Please mark the appropriate box with an "X" to indicate how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her/its discretion.

ADMISSION CARD

Twenty-eighth Annual General Meeting to be held on Tuesday, April 10, 2018, at Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State at 10 a.m.

Name of Shareholder (in BLOCK CAPITALS)

(Surname)

(First name)

Shareholder's Account No:

Number of Shares:

IMPORTANT

- Before posting the above Proxy Form, please tear off this part and retain it. A person attending the Annual General Meeting of the Company or his/her/its proxy should produce this card to secure admission to the meeting.
- A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He/She/It is also entitled to appoint a proxy to attend and vote instead of him/her/it, and in this case, the above card is required for the appointment of a proxy.
- In line with the current practice, the names of two Directors of the Company have been entered on the Proxy Form to ensure that someone will be at the meeting to act as proxy. You may however wish to insert in the blank space on the form (marked "**") the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of one of the named Directors.
- The above Proxy Form, when completed, must be deposited at the office of the Registrars, Datamax Registrars Limited, No. 2C, Gbagada Express Road, Gbagada Phase 1, Lagos State, not less than 48 hours before the time fixed for the meeting.
- It is a requirement of the law under the Stamp Duties Act, Cap. A8, Laws of the Federation of Nigeria, 2004, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be duly stamped in accordance with the provisions of the Stamp Duties Act.
- If the Proxy Form is executed on behalf of a Company, it should be sealed under its Common Seal or under the hand and seal of its attorney.

1 N2.40k for every 50 Kobo Ordinary Share;

2 Mrs. Victoria Osondu Adefala was appointed as a Director on September 12, 2017, and will be presented for Shareholders' approval at the 28th Annual General Meeting;

3 PricewaterhouseCoopers are the Auditors of the Bank.



2C Gbagada Expressway,
Gbagada Phase 1,
Lagos State.
P.M.B. 10014 Shomolu,
Lagos State.
Tel: 01-2716090-4; 8419257-8, 7120008 - 11
Fax: 01-2716095, 71200012
Email: datamax@datamaxregistrars.com
www.datamaxregistrars.com

SHAREHOLDER'S DATA UPDATE FORM

Shareholder Account Number:

CSCS CHN Number:

Date (DD/MM/YYYY)

Name of Company in which Shares are held

GTBank GTBank (GDR) Mansard Ins. GTHomes

DETAILS OF INVESTORS/SIGNATORY

* Surname/Company's Name:

* Other Names (Individual Shareholders) :

* E-mail Address :

* Mobile (GSM) Phone Numbers :

* Present Postal Address :

* City :

* State :

* Signature

Company Seal/Incorporation Number (corporate Shareholder)

Note: Asterixed boxes must be completed by Shareholders

