Guaranty Trust Bank plc
RC 152321

2018

Annual Report

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, 2018. 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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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.

MISSON

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. Agusto	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
10	Mr. A. A. Odeyemi	Executive Director
11	Mr. H. Musa	Executive Director
12	Mr. J. M. Lawal	Executive Director
13	Mrs. M. C. Olusanya	Executive Director (Appointed with effect from August 11, 2018)
14	Mr. B. G. Okuntola	Executive Director (Appointed with effect from December 31, 2018)

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

GROSS EARNINGS	PROFIT BEFORE TAX	PROFIT AFTER TAX
₦434.70billion	₦215.59billion	₦184.64billion

	Group Dec-2018 ₦'million	Group Dec-2017 ₦'million	Increased/ (Decreased) %	Parent Dec-2018 ₦'million	Parent Dec-2017 ₦'million	Increased/ (Decreased) %
Major Income Statement Items						
Gross Earnings	434,699	419,226	3.7	356,532	360,237	-1.0
Profit before income tax	215,587	197,685	9.1	190,209	183,648	3.6
Profit after income tax	184,640	167,913	10.0	166,920	158,728	5.2
Earnings Per Share (Kobo)	654	594	10.1	567	539	5.2
Major Statement of Financial Position Items						
Loans and advances to customers	1,259,010	1,448,533	-13.1	1,067,999	1,265,972	-15.6
Deposits from customers	2,273,903	2,062,048	10.3	1,865,816	1,697,561	9.9
Total assets	3,287,343	3,351,097	-1.9	2,712,521	2,824,929	-4.0
Total equity	575,567	619,400	-7.1	511,842	578,577	-11.5

NOTICE IS HEREBY GIVEN that the Twenty-ninth Annual General Meeting of GUARANTY TRUST BANK PLC will hold at the Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State, on Thursday, April 18, 2019, at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended December 31, 2018, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon;

2. To declare a dividend;

3. To elect/re-elect Directors;

4. To authorise Directors to fix the remuneration of the Auditors;

5. To elect Members of the Statutory Audit Committee.

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following as an Ordinary Resolution:

"That Director's remuneration for the financial year ending December 31, 2019, and for succeeding years until reviewed by the Company in its Annual General Meeting, be and is hereby fixed at ₦20,000,000.00 (Twenty million Naira only) for each financial year.

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 OBEBEDUO
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 Thursday, April 18, 2019, at the rate of ₦2.45Kobo per every 50 Kobo ordinary share, to shareholders whose names appear in the Register of Members at the close of business on Monday, April 8, 2019 (bringing total Dividend paid for the 2018 financial year to ₦2.75Kobo). 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 Registrar 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 Tuesday, April 9, 2019, 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.

6a. Election of Directors

i. Mrs. Miriam Chidiebele Olusanya is being proposed for election as an Executive Director to fill an existing vacancy.

ii. Mr. Babajide Gregory Okuntola is being proposed for election as an Executive Director to fill an existing vacancy.

The appointment of both Directors has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at the 29th Annual General Meeting.

The profiles of the aforementioned Directors are available in the Annual Report and also on the Bank's website at www.gtbank.com.

6b. Re-election of Directors

In accordance with the provisions of the Articles of Association, the Directors to retire by rotation at the 29th Annual General Meeting are Mr. Hezekiah Adesola Oyinlola and Ms. Imoni Lolia Akpofure. The retiring Directors, being eligible, offer themselves for re-election.

The profiles of the Directors retiring by rotation are available in the Annual Report and on the Bank's website at www.gtbank.com.

7. Shareholders' Right to Ask 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 the pursuit to deliver greater shareholder value, Guaranty Trust Bank Plc ("the Bank") continues to subject its operations to the highest standards of corporate governance, which is an essential foundation for sustainable corporate success. We believe good corporate governance enhances the confidence placed in the Bank by shareholders, business partners, employees and the financial markets in which we operate. The belief that success is only worth celebrating when achieved the right way through a process supported and sustained with the right values, remains one of the Bank's guiding principles.

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

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

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

The Bank complies with the requirements of the Central Bank of Nigeria ("CBN") in respect of internal review of its compliance status with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN and the Nigeria Deposit Insurance Corporation. The Bank also conducts an Annual Board and Directors' Review/Appraisal covering all aspects of the Boards' structure, composition, responsibilities, processes and relationships, in compliance with the requirement of the CBN Code. To conduct the Annual Board Appraisal for the financial year ended December 31, 2018, 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 29th Annual General Meeting of the Bank.

We continue to serve customers, clients and 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 through a process supported and sustained with the right values remains one of the Bank's guiding principles. Our commitment to this principle is for us the key to keeping public trust and confidence in our Bank and the key to our continued long-term success.

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). They 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 five (5) times during year ended December 31, 2018.

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 or removal of Company Secretary; recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors; approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the Regulators.

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

Roles of Chairman and Chief Executive

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

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

Director Nomination Process

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

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

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

Induction and Continuous Training

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

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

The Bank attaches great importance to training its

Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong. The Bank's Non-Executive Directors attended foreign and/or local courses in the year ended December 31, 2018.

Changes on the Board

In the course of the financial year ended December 31, 2018, Mrs. Olutola Omotola and Mr. Wale Oyedeji retired from the Board with effect from August 11, 2018, having served as Executive Directors for over six years. In the course of the year, the Board appointed Mrs. Miriam Chidiebele Olusanya and Mr. Babajide Gregory Okuntola, as Executive Directors, with effect from August 11, 2018 and December 31, 2018 respectively.

The appointments of Mrs. Olusanya and Mr. Okuntola have been approved by the Central Bank of Nigeria (CBN) and will be presented to Shareholders at this Meeting.

Profile of Mrs. Miriam Chidiebele Olusanya

Mrs. Miriam Chidiebele Olusanya has over 20 years banking experience that cuts across Transaction Services, Asset and Liability Management, Financial Markets, Corporate Finance and Investor Relations.

Mrs. Olusanya holds a Bachelor of Pharmacy degree from the University of Ibadan (1995) and a Master of Business Administration (Finance and Accounting) from the University of Liverpool (2011). She has also attended several executive management and banking specific developmental programs in leading educational institutions.

Mrs. Olusanya is the Group Treasurer and Head, Wholesale Banking Division of the Bank. She also serves as a Non-Executive Director on the Board of Guaranty Trust Bank (Gambia) Limited.

Mrs. Olusanya joined the Bank as an Executive Trainee and rose through the ranks to become a General Manager, a position she held until her appointment as an Executive Director.

Mrs. Olusanya is in her mid-forties and is resident in Nigeria.

Profile of Mr. Babajide Gregory Okuntola

Mr. Babajide Gregory Okuntola's banking experience spans Transaction Services, Financial Control and Oil and Gas. He is responsible for managing the Bank's Oil and Gas portfolio covering the Upstream, Midstream and Downstream subsectors of the Oil and Gas industry.

Mr. Okuntola holds a Bachelor of Economics degree from the Lagos State University and a Master of Business Administration (Petroleum and Energy Economics) from the European-American University. He has attended several executive management and banking specific programs in leading educational institutions.

Mr. Okuntola is in his late thirties and is resident in Nigeria.

Retirement by Rotation

In compliance with the provisions of Article 84(b) of the Articles of Association of the Bank which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Hezekiah Oyinlola and Ms. Imoni Akpofure will retire at the 29th Annual General Meeting and both being eligible, offer themselves for re-election.

Profile of retiring Directors

Profile of Mr. Hezekiah Adesola Oyinlola

Mr. Oyinlola is a Non-Executive Director of the Bank. He holds a B.Sc Accounting (First Class Hons.) degree in Accounting (1979) from the University of Ghana, Legon and an MBA from Stanford University, Graduate School of Business, Stanford, United States of America. He is a seasoned professional with over thirty-nine (39) years' work experience in the Oil and Gas industry, having worked with Schlumberger Group from 1984 till 2016. He served in management capacity at various times, including being the first Nigerian Managing Director of Schlumberger Group in Nigeria and rose through the ranks to become Vice President and Group Treasurer and later to become the Chairman Africa, Schlumberger Group, a position he held from 2011 until his retirement in June 2016.

Mr. Oyinlola is a member of the Advisory Board, Sustainability Accounting Standards Board; the Executive Committee, African Diaspora Health Initiative; the Board of Trustees, Nigerian American Multicultural Council; and President and Member of the Board of the Schlumberger Foundation. He is a Fellow of the Institute of Petroleum Studies, University of Port Harcourt, Nigeria.

Mr. Oyinlola is an alumnus of several local and international training programs on Infrastructure and Energy Finance, Reservoir Engineering, Petroleum Fiscal Systems and Economics, Project Finance, International Tax Management, Crisis Management and Management, Banking, Finance, Trade and Investment at institutions such as the Oxford University Institute for Energy Studies, and Institute for Management Development, (IMD), Switzerland.

Mr. Oyinlola joined the Board on April 16, 2014, and is the Chairman of the Board Risk Management Committee, in addition to being a member of the Board Human Resources and Nominations Committee and the Board Information Technology Strategy Committee. He satisfied the requirement for attendance of Board and Committee Meetings as required by the Code of Corporate Governance during the period under review.

A record of his attendance at Board Meetings is available on page 21 of this Report.

Mr. Oyinlola is in his early sixties and resident in Nigeria.

Profile of Ms. Imoni Akpofure

Ms. Akpofure holds a Bachelor of Engineering (B.Eng Honors) degree in Civil Engineering (1988) from the Imperial College, University of London, United Kingdom, a Master of Science Degree (M.Sc) in Environmental Engineering (1989) from the Newcastle University, United Kingdom. She obtained an MBA from the Institut Européen d 'Administration des Affaires (INSEAD), France.

Ms. Akpofure is a seasoned professional with over 29 years work experience, out of which 18 years was spent in the financial industry, having worked with International Finance Corporation from 1995 till 2013 where she rose through the ranks to become the Director, Western Europe, a position she held from 2009 till her retirement in 2013.

Ms. Akpofure serves as member of several other boards, both locally and internationally, including as Member, Investment Committee, Fund for Agricultural Finance in Nigeria (FAFIN), Member, the Advisory Board, KINA Advisory Limited, United Kingdom and is currently one of the two (2) Regional Directors for Africa of CDC Group Plc (formerly Commonwealth Development Corporation), working with CDC's investment teams in London to support investments in Anglophone, Francophone and Lusophone African Countries.

Ms. Akpofure joined the Board on October 21, 2015, and is the Chairman of the Board Audit Committee, in addition to being a member of the Board Human Resources and Nominations Committee, Board Risk Management Committee and the Board Information Technology Strategy Committee. She satisfied the requirement for attendance of Board and Committee Meetings as required by the Code of Corporate Governance during the period under review. A record of her attendance at Board Meetings is available on page 21 of this Report.

Ms. Akpofure is in her early fifties and resident in Nigeria.

Non-Executive Directors' Remuneration

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

Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 48 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, Operational 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 briefings to the Committee at its meetings.

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the financial year ended December 31, 2018.

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

S/NO	NAME	STATUS	DESIGNATION	Dates of Attendance
1.	Mr. H. A. Oyinlola	Non-Executive Director	Chairman	23-Jan-2018 17-Apr-2018 16-Oct-2018
2.	Mr. J. K. O. Agbaje	Managing Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018
3.	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018
4.	Mr. B. T. Soyoye	Non-Executive (Independent) Director	Member	23-Jan-2018 17-Apr-2018 16-Oct-2018
5.	Mrs. V. O. Adefala	Non-Executive (Independent) Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018
6.	Mr. A. A. Odeyemi	Executive Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018
7.	Mrs. O. O. Omotola[1]	Executive Director	Member	23-Jan-2018 17-Apr-2018
8.	Mrs. M. C. Olusanya[2]	Executive Director	Member	16-Oct-2018

[1]Retired from the Board with effect from August 11, 2018

[2]Appointed as a member of the Committee at the Board Meeting held in July, 2018

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 Five (5) times during the financial year ended December 31, 2018.

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

S/NO	NAME	STATUS	DESIGNATION	DATES OF ATTENDANCE
1.	Mr. O. M. Agusto	Non-Executive Director	Chairman	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018
2.	Mr. K. A. Adeola	Non-Executive Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018
3.	Mr. I. Hassan	Non-Executive Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018
4.	Mrs. V. O. Adefala	Non-Executive (Independent) Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018
5.	Mr. A. A. Oyedeji[1]	Executive Director	Member	23-Jan-2018 17-Apr-2018
6.	Mr. H. Musa	Executive Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018
7.	Mr. J. M. Lawal	Executive Director	Member	23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018

[1]Retired from the Board with effect from August 11, 2018

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

The membership of the Committee is as follows:

S/NO	NAME	STATUS	DESIGNATION	DATES OF ATTENDANCE
1	Mr. I. Hassan	Non-Executive Director	Chairman	22-Jan-2018
2	Mr. J.K.O. Agbaje	Managing Director	Member	22-Jan-2018
3	Mr. H.A. Oyinlola	Non-Executive Director	Member	22-Jan-2018
4	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	22-Jan-2018
5	Mr. B. T. Soyoye	Non-Executive (Independent) Director	Member	22-Jan-2018
6	Mrs. O. O. Omotola[1]	Executive Director	Member	22-Jan-2018
7	Mrs. M. C. Olusanya[2]	Executive Director	Member	N/A

[1]Retired from the Board with effect from August 11, 2018
[2]Appointed as a member of the Committee at the Board Meeting held in July, 2018
[3]Not Applicable

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:

The membership of the Committee is as follows:

S/NO	NAME	STATUS	DESIGNATION	DATES OF ATTENDANCE
1	Mr. O. M. Agusto	Non-Executive Director	Chairman	24-Jan-2018
2	Mr. K. A. Adeola	Non-Executive Director	Member	24-Jan-2018
3	Ms. V. O. Adefala[1]	Non-Executive Director (Independent)	Member	N/A

[1] Appointed as a member at the Board Meeting held on January 30, 2019
[2]Not Applicable

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

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:

The membership of the Committee is as follows:

S/NO	NAME	STATUS	DESIGNATION	DATES OF ATTENDANCE
1	Mr K. A. Adeola	Chairman	Chairman	16-Apr-2018 15-Oct-2018
2	Mr J. K. O. Agbaje	Managing Director	Member	16-Apr-2018 15-Oct-2018
3	Mr. H.A. Oyinlola	Non-Executive Director	Member	16-Apr-2018 15-Oct-2018
4	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	16-Apr-2018 15-Oct-2018
5	Mr A. A. Odeyemi	Executive Director	Member	16-Apr-2018 15-Oct-2018
6	Mr. J. M. Lawal	Executive Director	Member	16-Apr-2018 15-Oct-2018

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, 2018.

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	DATES OF ATTENDANCE
1	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Chairman	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018
2	Mr. O. M. Agusto	Non-Executive Director	Member	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018
3	Mr. I. Hassan	Non-Executive Director	Member	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018

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. It reviews and ensures that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Committee, in addition to the review of the independence of the external auditors and ensuring that where non-audit services are provided by the external auditors, there is no conflict of interest. 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. The membership of the Committee at the Board level is based on relevant experience of the Board members, while one of the shareholders serves as the Chairman of the Committee.

The internal and external auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the meetings upon invitation. The Committee is required to meet quarterly and additional meetings may be convened as the need arises.

The Statutory Audit Committee of the Bank met four (4) times during the year. The following members served on the Committee during the year ended December 31 2018:

S/NO	NAME	STATUS	DESIGNATION	ATTENDANCE	DATES OF ATTENDANCE
1	Alhaji M. O. Usman	Shareholders' Representative	Chairman	4	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018
2	Mrs. S. O. J. Mbagwu-Fagbemi	Shareholders' Representative	Member	4	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018
3	Mrs. A. Kuye	Shareholders' Representative	Member	3	22-Jan-2018 16-Apr-2018 23-July-2018
4	Mr. I. Hassan	Non-Executive Director	Member	4	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018

5	Mr. O. M. Agusto	Non-Executive Director	Member	4	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018
6	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	4	22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018

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, 2018.

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	**24-Jan-2018 18-Apr-2018 11-May-2018 25-July-2018 17-Oct-2018**	**23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018 04-Dec-2018**	**23-Jan-2018 17-Apr-2018 24-July-2018 16-Oct-2018**	**22-Jan-2018**	**24-Jan-2018**	**16-Apr-2018 15-Oct-2018**	**22-Jan-2018 16-Apr-2018 23-July-2018 15-Oct-2018**
	NUMBER OF MEETINGS	**5**	**5**	**4**	**1**	**1**	**2**	**4**
1	Mrs. O. A. Demuren[1]	5	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. J. K. O Agbaje	5	N/A	4	1	N/A	2	N/A
3	Mr. O. M. Agusto	5	5	N/A	N/A	1	N/A	4
4	Mr. K. A. Adeola	5	5	N/A	N/A	1	2	N/A
5	Mr. I. Hassan	5	5	N/A	1	N/A	N/A	4
6	Mr. H. A. Oyinlola	5	N/A	3	1	N/A	2	N/A
7	Ms. I. Akpofure	5	N/A	4	1	N/A	2	4
8	Mr. B. T. Soyoye	3	N/A	3	1	N/A	N/A	N/A
9	Mrs. V. O. Adefala[5]	5	5	4	N/A	N/A	N/A	N/A
10	Mr. A. A. Odeyemi	5	N/A	4	N/A	N/A	2	N/A
11	Mrs. O. O. Omotola[2]	3	N/A	2	1	N/A	N/A	N/A
12	Mr. A. Oyedeji[2]	3	2	N/A	N/A	N/A	N/A	N/A
13	Mr. H. Musa	5	5	N/A	N/A	N/A	N/A	N/A
14	Mr. J. M. Lawal	5	5	N/A	N/A	N/A	2	N/A
15	Mrs. M. C. Olusanya[3]	1	N/A	1	N/A	N/A	N/A	N/A
16	Mr. B. G. Okuntola[4]	N/A	N/A	N/A	N/A	N/A	N/A	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 August 11, 2018

[3]Appointed to two Board Committees at the Board Meeting held on July 25, 2018

[4]Appointed to the Board with effect from December 31, 2018

[5]Appointed to the Committee at the Board Meeting held on January 30, 2019

[6]N/A -Not Applicable

Tenure of Directors

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

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, Ernst and Young LP, to carry out the annual Board and Directors appraisal for the 2018 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 2018 financial year will be presented to shareholders at the 29th 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 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 public.

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

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

(i) Compliance with Rules and Regulations: The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by the

Central Bank of Nigeria as well as the Securities and Exchange Commission, the United Kingdom Listing Authority ("UKLA") (by virtue of the listing of Global Depositary Receipts by the Bank on The London Stock Exchange in July 2007);

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

(iii) Transparency: As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while considering 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 to 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 duties.

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 for a "lock up" period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Bank from time to time.

In addition to the above, the Bank makes necessary disclosure as required under Rule 111 of the Securities and Exchange Commission ("SEC") Rules and Regulations which stipulates that Directors 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 approve 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 technology are performed.
   - Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
   - Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
   - Reviewing key IT risk and security issues relevant to the Bank's IT processes/systems.
   - Ensuring 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 70 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 is 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, 2018, 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 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 and performance 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, providing necessary support 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

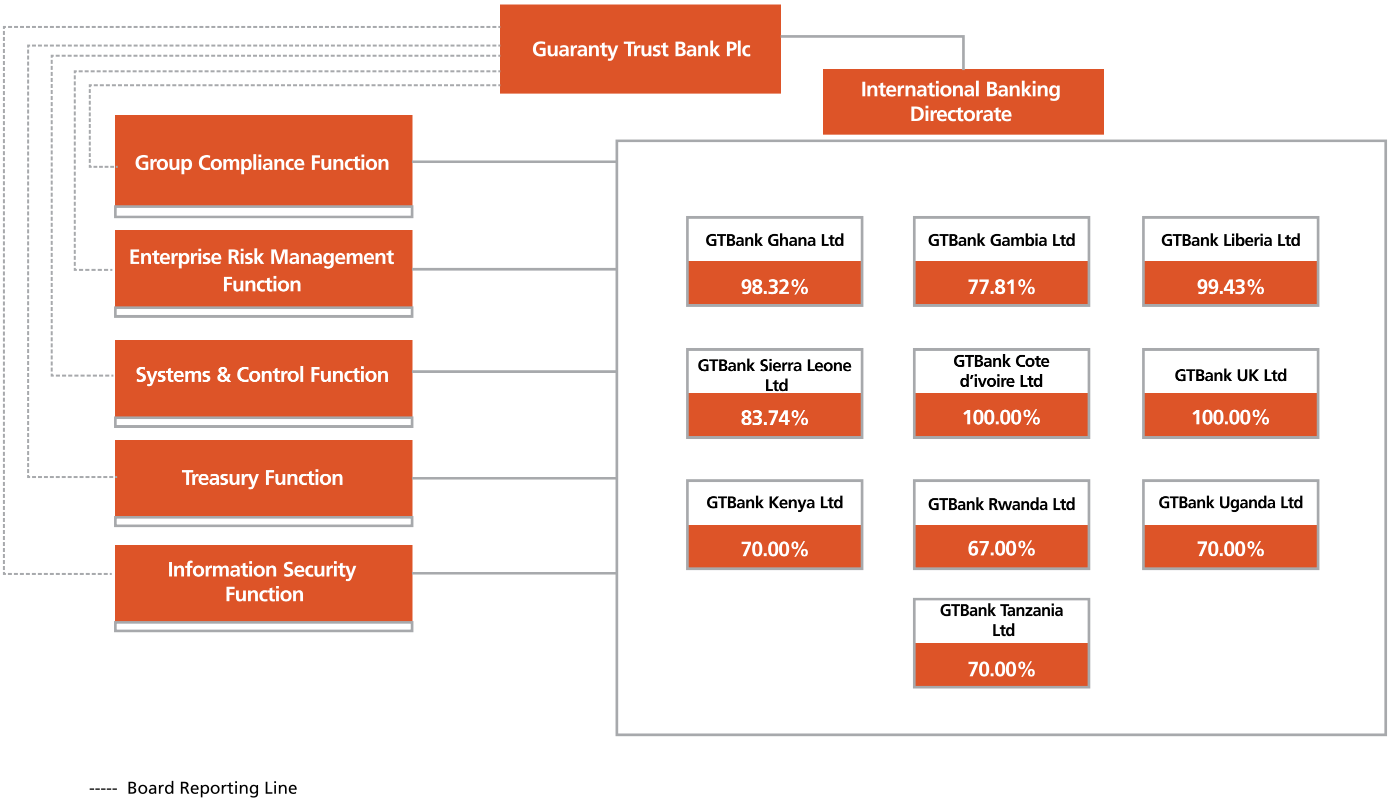
The Group Treasury function is responsible for providing required guidance in optimizing the deployment of resources in the subsidiaries except GTBank UK. The key focus is efficiency of the Balance Sheet. Monthly Assets and Liabilities review meetings are held with the Group treasury team to create synergies 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.



SUSTAINBILITY REPORT

Introduction

At Guaranty Trust Bank, we are committed to building an enduring institution that incorporates environmental and social standards into our business operations and activities. This is in line with applicable regulations and international best practices. We have integrated sustainability into our operating model and business strategy based on our awareness of the connection between profitability and sustainability. We have developed and improved the framework in which we manage our financial, social and environmental risks. This is referred to as the triple bottom line or 3Ps (profits, people and planet) in the sphere of business sustainability.

As part of our corporate values, we continuously innovate to improve our compliance level to Environmental and Social (E&S) issues in our operations and that of our business activities. We are continuously devising ways of doing things better. We do this by learning from our past experience and adopting global best practices on sustainability such as the IFC Performance Standards. We are committed to increasing the positive impact of our business operation and activities on people and planet through our compliance to both national and international sustainability practices.

As part of our commitment to international standards and the promotion of sustainable finance, we are a member of the United Nations Environment Programme Finance Initiatives (UNEP-FI) and an organizational stakeholder for Global Reporting Initiative (GRI). Also, as a signatory to the Nigerian Sustainable Banking Principles (NSBP), we continuously ensure that we meet standards through compliance to environmental and social issues, and regular reporting of our sustainability practices.
The 2018 Sustainability Report is a reflection of our journey over the last one year and it highlights various initiatives targeted at ensuring that we are a socially, environmentally and financially sustainable organisation. The scope of our report covers the Marketplace, Community, Environment, Workplace as well as our scorecard in the implementation of the Central Bank of Nigeria's Sustainable Banking Principles.

Marketplace

At GTBank, we promote economic growth and sustainable development through our lending activities to the critical sectors of the economy such as Manufacturing, Agriculture, Real Estate and Oil & Gas. We help support the government efforts at diversification through our active funding and investments in critical sectors.

The integration of Environmental & Social Risk Management (ESRM) framework into our credit approval process ensures that our lending activities do not have adverse E&S issues on the society. In 2018, we screened all the 982 corporate credits approved by the Bank for E&S risks as opposed to 311 credits that were screened for E&S risks out of the total 886 credits in 2017. As such, all the corporate lending undertaken in 2018 were properly screened for E&S risks. The customers were assessed against indices such as; the existence of Environmental and Sustainability policies, waste management practices, community engagement process, availability of regulatory permits, among others. This was done to ascertain their Commitment, Capacity and Track Record as regards Environmental & Social Risk Management. The Environmental and Sustainability practices are also screened against IFC Performance Standards.

One of our mandates is the provision of first-class financial products and services to our customers, including the underserved and unbanked population. In 2018, we deployed additional Agent Banking locations, increasing the total number of locations to 55 across the Nation from 45 that it was in 2017. We extended our agent banking coverage from 4 states and FCT to 6 states and FCT. We also partnered with CBN SANEF programme in order to deepen our reach to the unbanked. Besides, in order to promote financial inclusion and empower more women, the Bank introduced 2 new products; food and fashion credits in 2018. This has provided easy access to loan for customers especially women that need loan to enhance their businesses. The facilities were also granted without collateral and at single digit interest rate.

The Bank continues to provide various services to promote Small and Medium Enterprises (SME) through provision of new products and programmes. For instance, the third fashion weekend of November 2018 not only created trade opportunities for the local people but also facilitated learning workshops and encouraged e-commerce. The continuous organization of Fashion Weekend and Food & Drink Fair is part of the Bank strategic intent to drive economic growth in addition to the products and services offered to customers. The Bank also continues to use its GTBank SME market hub to provide a platform for SME's to showcase their products.

Community

At GTBank, we passionately believe that Corporate Social Responsibility (CSR) should be at the forefront of our strategic objectives. Thus, the Bank is committed to creating an enduring partnerships for sustainable developments while adding values to the communities where we operate.

As part of our commitment to enriching lives of the host communities we operate in, we have a well-planned CSR strategy that focuses on community development, education, environment and Arts. In terms of community development, we were able to execute 98 projects in 108 branches across the 6 geo-political zones of Nigeria through our Social Responsibility Challenge in 2018. The challenge involves the identification and implementation of viable projects by our employees to improve the lives of people in our various branches of operation. We recognized and awarded the branch with the best live-touching projects in 2018.

In terms of promoting education, the Bank donated a sum of One Hundred and Fifty Million Naira (₦150,000,000) to 72 different students as a scholarship contribution in 2018; renovated 30 schools across Nigeria; bring together 200 participants monthly to promote reading culture among the youths, amongst others.

In celebration of the Financial Literacy Day in March 2018, our employees facilitated training of 1,133 students across 18 states. Also, in celebration of the World Savings Day on October 31, 2018, some staff of the Bank volunteered to teach secondary school students on Saving Skills. The essence of the trainings was to enhance financial knowledge and improve saving culture among the youths. A summary of other CSR projects facilitated by the Bank in 2018 are listed below:

Area of Focus	Project Description	Beneficiaries
Arts	**Days of Dorcas** – a photography workshop and mentorship program for female photographers to learn from industry experts.	25 participants
	African Drum Festival – The festival showcases drums from different parts of Africa.	9,000 visitors.
	International Museum Day – an annual celebration to raise awareness on the importance of museums.	549 students
	Art 635 Virtual Reality Exhibition – A virtual experience and exhibition of artworks enlisted on Art635	1,269 artworks exhibited on the virtual reality space
	Summer weekend - A free art class for children and students.	800+ children & students
	Art Gallery – A free online Art Gallery created to support the arts in Africa.	Artists signed up - 152 Artwork added - 1,358
Education	**Dusty Manuscripts** – an annual contest targeted at budding writers and providing the opportunity to win publishing deals for the finished but unpublished manuscripts	1,134 entries received. 20 writers were shortlisted for boot camp.
	Children's Day Celebration (Books Rock) – in line with the YouRead Initiative, Books Rock was celebrated around children's day with events such as book reading, writing competitions, games etc.	180 Children in attendance
	Conrad Challenge – students of Whitesands Schools were sponsored to represent Africa at the Global Innovation Challenge in the United States of America as Team Neon. They competed in the "Smoke-free World" category and won.	4 students and 1 teacher.
	Mobile Library – A mobile library van with books for members of the community to exchange.	1,000 participants
	GTBank Adopt-a-school project – The GTBank Adopt-a-school project is a child focused programme introduced by the bank in 2004, to improve the quality of public education available to the Nigerian child.	Over 200 participants

Healthcare	**Autism Focus Group Meeting** – support for monthly focus group meetings at Autism Resource Centre, Lagos University Teaching Hospital (LUTH)	45 participants per month.
	EDWIN – a support group for women living with disabilities	300 women.
	Orange Heart Initiative - staff donations towards sickle cell.	10 people with sickle cell received free health care.
	Christmas Party – support for children on admission at the Massey Children Hospital, Lagos Island on Christmas Day	Over 200 children
	Autism Conference – GTBank rallies support for children with autism by organizing a two day programme	The general public- over 1000 people attended
Sports/Youth Development	**GTBank Masters Cup** – An annual football tournament for private secondary schools in Lagos State.	1,155 players, 28 schools
	GTBank Principals Cup – An annual football tournament for public secondary schools in Lagos and Ogun State	13,068 players, 335 schools
	Camp GTBank – An annual football training camp for the best football players of all tournaments.	40 Players participated

Environment

In our quest to become a more sustainable bank, we monitor our carbon footprint through tracking of our electricity, water, paper and fuel usage. The strategies deployed by the Bank to reduce our carbon footprint include the use of hybrid energy (solar and conventional energy) at select branches and offsite locations to power ATMs and communication devices; the use of Orange Wheels, our carpooling system and the use of communication technology (Skype, Zoom) as substitute for physical meetings.

Our paper usage increased by 8% because of the significantly increased activities in 2018 and also growing number of our staff both permanent and contract hire. To address the increased consumption in paper use, we have developed training materials on the conservation techniques for paper. As part of our strategy for paper reduction, 12% of the paper used by us in 2018 were reuse for other purposes instead of disposing the paper immediately. This is an improvement from 2017, when we reused 8% of our papers.We presently have 29 Main branches powered by alternative power sources, while 68 ATMs are powered by hybrid energy.

The electricity consumed from the National Grid increased by 70% from 2017 to 2018 based on availability of power supplied by the Discos. As such, we were able to reduce our consumption of diesel for our generators by 1,092,330Litres in 2018. There were no adverse environmental impact reported on our branches or projects financed in 2018.

Workplace

At GTBank, we are committed to enhancing the skills of our workforce both internally and through specialized trainings. We have a training plan in place to ensure that our employees meet the organizational goal of meeting customers' needs. We provide a conducive environment and offer competitive welfare package to our employees. This is to ensure that we meet our vision of becoming the leading customer-centric global bank.

In 2018, Our E&S Team were trained on the requirements of International Finance Corporation (IFC) Performance Standards, and Environmental and Social Risk Management (ESRM) in the Agriculture Sector by IFC in Lagos, Nigeria. We participated in the quarterly Sustainability Champions Meeting with other sustainability professionals in the banking sector.

For the total staff complement, we provided training on subject matters ranging from Corporate Governance, Environmental and Social Risk Management, Leadership and Management, among others. We provided employees with regular awareness on various health related issues via "Wellness Wednesdays" and personal finance through the "Finance Fridays" circulated on the intranet every week to give finance tips to our staff.

In line with our dedication to achieving gender equality and women economic empowerment, the ratio of women in the employment of the Bank and in senior management position is currently 45% and 35% respectively. In 2018, the number of women on our Board of Directors (BOD) increased from 3 to 4 persons. About 38% of the total expenditure on capacity building was spent on women in 2018.

Furthermore, to celebrate International Women's Day in March 2018, female employees were treated to pampering sessions and a forum on key topics affecting their productivity in the workplace was organized. The Bank also sponsored 10 women from various business lines of the bank to attend a Women in Successful Careers (WISCAR) event.

In 2018, Orange League Football Competition was inaugurated to promote friendly competition among our various business lines. The football competition was organized across our various divisions in Nigeria. Our Engagement team also led a week-long Health Week which climaxed in our annual Staff Trek and Family Fun day.

Assessment against the Nigerian Sustainable Banking Principles (NSBP)

GTBank was committed to the NSBP in 2018. NSBP contains nine principles which 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 Millenium Development Goals in 2015.

The table below highlights the progress made in 2018 across the nine principles:

NSBP PRINCIPLES	DEFINITION	PROGRESS UPDATE
Principle 1	**Our Business Activities: Environmental & Social Risk Management.** Integration of environmental and social consideration into our lending activities.	▪ In 2018, all our transactions were screened for E&S risk ▪ As at December 31, 2018 we have visited/conducted desktop Due Diligence Assessments for 65 customers whose operations fall under high risks. Based on the review of relevant documents and information provided by the client, we came up with 106 action plans to close out with our customers.
Principle 2	**Our Business Operations: Environmental & Social Footprint.** Avoidance of the negative impact of our Business Operations.	▪ In 2018, our paper consumption increased by 8%. As such we developed training materials on the conservation techniques for paper. ▪ The electricity consumed from the National Grid increased by 70% in 2018 based on availability of power supplied by the Discos. However, consumption of diesel for our generators reduced by 1,092,330 Litres. ▪ We presently have 29 Main branches powered by alternative power source, while 68 ATMs are powered by hybrid energy (blend of solar and conventional power sources).
Principle 3	**Human Rights:** Respect for the rights of all in Business Operations.	▪ A total number of 982 Transactions booked were assessed for human rights risks such as child labour and forced labour in 2018. Assessment comprised of initial screening with the Exclusion Checklist for all customers and Further Due Diligence Assessment for High Risk customers. ▪ We do not record any transaction where human rights violations was identified neither got transaction cancelled based on human rights abuse

Principle 4	**Women's Economic Empowerment:** promote economic empowerment through a gender inclusive workplace culture and provide products and services for women.	▪ We sponsored 10 employees bankwide to attend a program facilitated by Women In Successful Careers (WISCAR) ▪ The Bank introduced 2 new products namely; food and fashion credit in 2018. This has further empowered more women especially in the food and fashion industry. ▪ The percentage of female employees against the total staff complement increased by 3.6% from 2017 to 2018. The percentage of female full staff is now 46%.
Principle 5	**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.	▪ The bank opened an additional 10 Agent Banking locations in 2018. About 555,321 accounts were opened through our 55 agent banking locations in Nigeria. ▪ The Bank hosted the GTBank Fashion Fair to support SME businesses. The event was attended by over 250,000 individuals and provided vendors the opportunity to showcase their goods and services. ▪ 54% of our Branches can easily be accessed by physically challenged persons (those on wheelchairs) through the provision of ramps at our branches.
Principle 6	**E&S Governance:** Implementation of a transparent E&S governance practices within the institution and assess the E&S governance of our clients.	▪ Our internal audit team (Syscon) conducts monthly visits to track and monitor our progress on E&S governance ▪ We provide updates on GTBank's Sustainability Journey to the Board Risk Committee (BRC) on a quarterly basis.
Principle 7	**Capacity Building:** development of capacity to identify, assess and manage E&S risks and opportunities associated with the bank's business activities and operations	▪ We conducted Environmental & Social Risk Management Classroom Training for the Bank's Credit School participants. ▪ General awareness was done by developing an E&S Learning Case Studiesfor publication on our intranet to educate our staff on E&S issues.
Principle 8	**Collaborative Partnerships:** collaboration across the sector and leveraging on international partnerships and move the financial sector as one and ensure consistency with international standards.	▪ The Bank participated in a GRI Reporting Training hosted by the Central Bank of Nigeria. ▪ We attended the quarterly Banker's Sustainability champions meeting ▪ We attended two (2) trainings on ESRM conducted by the International Finance Corporation (IFC). ▪ Held E&S process review meetings with IFC
Principle 9	**Reporting:** regularly review and report our progress in meeting the principles/	▪ The Bank reports twice yearly to the Central Bank on the implementation of the Nigerian Sustainable Banking Principles (NSBP). ▪ We also provide periodic updates to our investors such as IFC on the integration of Environmental and Social Risk Management (ESRM) in the Bank's framework.

COMPLAINTS AND FEEDBACK

Introduction

At Guaranty Trust Bank plc ("the Bank"), we understand the importance of our customers' satisfaction to the achievement of our set goals. Hence, the incorporation of 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 continue to imbibe 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 product and services, we analyze data and feedback received to identify recurring issues. The information gathered is used for detailed analysis to identify recurring issues which are reviewed by the relevant stakeholders for learning purposes and improvement of the Bank's products and services with emphasis on preventing a reoccurrence of such identified issues.

The Feedback Channels/ Customer Touch points

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

- GT Connect (our 24 hours self-service interactive call center);
- The Complaints received via emails, letters and the portal on the Bank's website;
- 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 regarding our products, services and policies in order to improve the business and overall customer experience.
The review and evaluation are conducted using various methods including:

- Customer feedback survey via the Bank's website, In-branch, and Internet banking customer satisfaction rater;
- 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 has an effective mechanism in place for complaints handling which ensures the prompt resolution of customers' complaints if and when they arise. 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 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 CBN

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

Below is a breakdown of Complaints received and resolved by the Bank between January and December 2018 pursuant to CBN circular dated August 16, 2011.

	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
		2018	2017	2018	2017	2018	2017
1	Pending Complaints brought forward from prior year	106	150	853,165	926,590	-	-
2	Received Complaints	45,737	371,159	700,092	602,180	-	-
3	Resolved Complaints	45,756	371,203	1,224,243	675,605	326,328	455,409
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward *	87	106	329,014	853,165	-	-

***** Some of the outstanding complaints include complaints on dispense errors on other Bank terminal, failed bill payment, excess charges, etc.

The table below show Complaints received and resolved by the Bank in other currencies for the year ended December 31, 2018.

RECEIVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed	
		2018	2017
1	United States Dollars	$1,835,818	$96,643
2	Great Britain Pounds	£0	£13,601
3	Euros	€9	€6,890

RESOLVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed		Amount Refunded	
		2018	2017	2018	2017
1	United States Dollars	$1,835,818	$97,221	$1,829,139	$52,231
2	Great Britain Pounds	£0	£13,601	£0	£13,450
3	Euros	€9	€6,890	€0	€2,620

UNRESOLVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed	
		2018	2017
1	United States Dollars	$0	$0
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 committed to the fight against all forms of financial crimes, which includes money laundering and terrorist financing, bribery and corruption. 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. Strict adherence to the same is mandatory for all members of staff Group wide.

The framework, ensures compliance with AML/CFT legislation and regulations in Nigeria and has incorporated leading best practices including, but not limited:

- The Financial Action Task Force (FATF) 40 Recommendations;
- Money Laundering (Prohibition) Act 2011 (as amended);
- Terrorism (Prevention) Act 2011 (as amended);
- CBN AML/CFT Regulations 2013;
- Terrorism Prevention Regulations 2013;
- Corrupt Practices and Other Related Offences Act, Cap. C31 Laws of the Federation of Nigeria, 2004 ("the Act").
- UK Bribery Act 2010;
- USA Foreign Corrupt Practices Act;
- Central Bank of Nigeria (CBN) Circulars.

Structure of the framework

Policies and procedural guidelines have been developed by the Bank and are regularly reviewed to ensure that they stay relevant and current and are in line with the evolving regulatory requirements and leading practices. The Policies and Procedures clearly articulate the Bank's AML and CFT stance in the global fight against financial crime and are available on the Bank's intranet site for access to all members of staff at any point in time.

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 in accordance with AML/CFT global best practice. 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.

Where appropriate, KYC includes ascertaining who the Ultimate Beneficial Owner (UBO), Legal representatives and Trustees are.

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. Sanction screening is also conducted prior to entering into a relationship as well as prior to effecting a transaction to ensure that the Bank does not enter into a relationship with a sanctioned person/entity.

(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 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 regulatory bodies worldwide: Office of Foreign Asset Control "OFAC"; European Union (EU); Her Majesty's Treasury (HMT); The Ministry of Economy, Finance and Industry in France (MINEFI); The United Nations (UN); The Local list as provided by local regulatory and enforcement 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) Prohibited Business Relationships:

In line with international best practice, the Bank does not open accounts or conduct transactions for customers using pseudonyms or numbers instead of actual names or maintain relationships with individuals or entities that have been sanctioned.

(xi) Risk Assessment:

The Bank conducts Risk Assessment on its customers, existing products, new products and services. This is to ensure that AML/CFT risks are identified and mitigated

(xii) Anti-Bribery and Corruption (ABC) and Anti-Fraud):

The Bank is committed to the highest standards of ethical conducts in all its endeavors and interactions. The Bank has zero tolerance for any form of bribery, corruption, fraud and unethical practices among employees, between the Bank and its employees, as well as between the Bank and external parties. The Bank also expects the same standards to be applied by third parties acting on behalf of the Bank.

(xiii) AML/CFT Training:

The Bank places a high premium on the training of its employees. Training is conducted to ensure employees are well informed about the AML/CFT laws, KYC principles and the red flags of money laundering or terrorism financing which may occur in their job functions. Annual Compliance training is mandatory for all members of staff, including Senior Management and Directors.

Trainings is conducted via e-learning, face to face or on an ad hoc basis by email to the appropriate personnel in relation to topical national and international findings.

(xiv) 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.

(xv) Record Retention:

Customer identification documents are retained throughout the life of the account and for 5 years after the cessation of the banking relationship and for 5 years after the transaction date for transaction instruments. In litigation and/or regulatory investigations, the records will be kept for as long as they are required.

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

HELPING OUR CUSTOMERS AND COMMUNITIES THRIVE

MRS. OSARETIN DEMUREN

The greatest value that we can create for our communities is ensuring the long-term growth and profitability of our business.

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen, welcome to the 29th Annual General Meeting of Guaranty Trust Bank Plc.

I am honoured to serve as the Chairman of the Board of Directors of Guaranty Trust Bank Plc at this time of incredible opportunities for exponential growth. Our organisation has an unmatched record in creating value for its shareholders, and in 2018 we continued to set the pace by serving customers in a way that makes their lives better, delivering premium returns for our shareholders.

Ladies and Gentlemen, our Bank recorded significant success in the year despite the challenges in the operating environment and delivered a strong financial performance. Our capital position remains strong, with a total capital adequacy ratio of 23.4% and the Bank is proposing a final dividend of ₦2.45k per unit of ordinary share held by shareholders, in addition to an interim dividend of 30k per unit of ordinary share, bringing total dividend for 2018 financial year to ₦2.75k per unit of ordinary share.

In line with the dictates of my office, I will give an overview of our macroeconomic environment, outline some of our major achievements during the year and conclude with our outlook for 2019.

2018 MACRO-ECONOMIC REVIEW

In 2018, the global economy faced headwinds from the US government's protectionist policy with its major trading partners. This led to increased tariffs on Chinese and US exports as well as the revamp of the 24-year North American Free Trade Agreement (NAFTA) between the US, Canada and Mexico. The protectionist policy, complimented with faltering domestic demand, slowed China's growth in 2018 to a 28-year-low and raised anxiety about risks to the world economy. Brexit-related uncertainty heightened during the year and precipitated an economic slowdown in the UK and several European countries. Furthermore, the tightening of monetary policy in advanced economies eroded investors' appetite for emerging market securities and fuelled sell-offs which consequently exacerbated inflationary and foreign exchange pressures in several emerging markets.

Generally, the Nigerian economy recorded improvements in the area of growth, price and exchange rate stability as well as fiscal stability. Macroeconomic conditions improved modestly as real growth in GDP rose to 1.93% in 2018 from 0.82% in 2017. Growth in national output remains tepid at 1.93% and well below the 10-year historical average of 4.5%. However, non-oil sector outperformed the oil sector as shutdown in major pipelines and incidences of unsold cargoes negatively impacted the oil sector. The growth in non-oil sector was propelled by the telecommunications sector, which grew rapidly due to steady growth in subscriber numbers and investments in newer technology. The agricultural sector, which had been faced with herder-farmer conflict and recent episodes of flooding, was also a major contributor to real growth driven by government's interventions in the form of low-interest credit and subsidized farm inputs. The major agricultural intervention programme embarked on by the government was the Anchor Borrowers Programme, which provided over ₦82billion in funding to 350,000 farmers of rice, wheat, maize, cotton etc. The Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) also facilitated loans valued at over ₦85.8billion across the various agricultural value chain in the country. These intervention programmes aided the easy access of finance to rural farmers, which in turn resulted in improved food productivity in the country.

Exchange rate remained relatively stable during the year despite pressures emanating from capital reversals by foreign portfolio investors. The Central Bank of Nigeria (CBN) intensified intervention in the foreign exchange market to ensure liquidity and this led to the convergence of the multiple exchange rates that was prevalent in the economy. The stability in exchange rate and increasing food production led to the decline in average inflation from 16.5% in 2017 to 12.2% in 2018. In achieving the relative price and exchange rate stability, the CBN maintained a hawkish monetary policy by intensifying Open Market Operations to curb excess system liquidity. Yields on fixed income securities experienced a downward trend in most parts of the year but picked-up inthe last quarter to attract investors, who continued to reduce their exposure to Nigerian sovereign instruments on account of the increased political risk premium emanating from the 2019 general elections.

However, fiscal policy remained accommodative as expected spending in the 2018 budget rose by 5.9% to ₦9.12trillion against ₦8.61trillion projection in 2017. The government continued its Eurobond programme which is aimed at reducing debt service cost and successfully executed two Eurobond issuances of $2.5billion in February and $2.786billion in November. In addition to raising the low-priced dollar debt to bolster FG's finances, the enforcement of the Voluntary Asset and Income Declaration Scheme (VAIDS) yielded positive results. The Federal Government recovered about ₦30billion from individuals and corporate establishments through VAIDS while the database of registered taxpayers increased to more than 19million in 2018 from 14million in 2016. The aggressiveness of the government in tax collection resulted in the highest annual revenue of ₦5.32trillion in 2018 and a growth in tax revenue-to-GDP from 6% in 2017 to 7% in 2018.

OUR FINANCIAL SCORECARD

A review of our financial results shows positive performance across all financial metrics and improved strategic positioning of the brand. Gross earnings for the year grew by 3.7% to ₦434.7billion from ₦419.2billion reported in December 2017. Profit before tax stood at ₦215.6billion, representing a growth of 9.1% over ₦197.7billion recorded in the corresponding year ended December 2017. The Bank's customer deposits increased by 10.3% to ₦2.274trillion from ₦2.062trillion in December 2017, however, loan book dipped by 12.9% from ₦1.449trillion recorded as at December 2017 to ₦1.262trillion in December 2018.

In view of the above, the Bank closed the 2018 financial year with Total Assets of ₦3.287trillion and Shareholders' Funds of ₦575.6Billion. In terms of Asset quality, NPL ratio and Cost of Risk improved to 7.3% and 0.3% in December 2018 from 7.7% and 0.8% in December 2017 respectively. In addition, coverage ratio for NPLs stood at 105.1% and Capital adequacy ratio remained very strong, closing at 23.4% despite the implementation of IFRS 9. On the backdrop of this result, Post Tax Return on Equity (ROAE) and Return on Assets (ROAA) closed at 30.9% and 5.6% respectively.

PLAYING A LARGER ROLE IN OUR CUSTOMERS' LIVES

Playing a larger role in our customers' lives means that, whether our customers are pursuing their personal ambitions, taking care of their families or running a business, we would provide them with simple and efficient solutions specifically designed to help them achieve their goals. For example, understanding that many of our customers who live on monthly salaries often require short-term financing for immediate needs, we created Quick Credit to offer them loans of up to ₦5million at an interest rate of 1.75% monthly, to pay back within 6 months or a year. Built on the digital automation of our credit scoring and customer prequalification, the entire process of applying and getting Quick Credit takes less than 2 minutes, and our customers only need to dial *737*51*51# from their mobile phones to request for a loan.

We expanded the services available on our "Bank 737" USSD banking service to cater to a wide range of needs; such as enabling customers pay for utility bills, renew subscriptions, apply for a loan or transfer money to others. We also ensured that whenever our customers dialed *737#, used our mobile banking applications, or logged on to our internet banking platform, they could request for comprehensive account statements, apply for foreign exchange for personal or business travel, and access several other services that meet their needs and expectations.

At the heart of our Group's strategy is a commitment to the shared future we intend to create for our customers, staff, shareholders and all our other stakeholders across Africa. The success and wide acceptance of our consumer-focused fairs - the GTBank Food and Drink Festival and the GTBank Fashion Weekend, is testament for us that there is no greater value than empowering our small businesses and creating experiences for our customers. In furtherance of our support for small businesses, we introduced the Food Industry Credit and the Fashion Industry Credit. Both loans, which are targeted at SMEs in the Food and Fashion industries and offered at 9% interest rate per annum, are not just the most affordable loans in both sectors, they are the first of a kind to be designed to address the peculiar needs of small businesses in these sectors.

In today's fast paced world, many of our customers depend increasingly on their mobile devices to get things done. Exceeding customers' expectations in the digital age means that we cannot afford complacency. We need to combine the agility and responsiveness of a digital start-up with the reliability, strength and capabilities of a global brand. In driving our digital strategy, we created Habari- a digital platform that connects our customers to the everyday things that matter to them and all from a single mobile application. Habari reflects our underlying commitment to connecting businesses and customers in a way that creates sustainable value for both. Although it is still early days, Habari is fast gaining consumer adoption and loyalty, just as we continue to improve the platform to offer customers cheaper, faster and easier access to all the things they love or need.

During the year, all deposit money banks in the country together with the Central Bank of Nigeria ("CBN"), rolled out the Shared Agent Network Expansion Facility (SANEF) with the aim of on-boarding 40 million low income Nigerians into the financial system, increasing financial access points and deepening access to low-cost mobile and digital financial products for all Nigerians. The initiative also involves a renewed focus on broadening financial literacy campaigns, as well as creating micro loans, insurance and investment packages that enable more people benefit from the expertise abound in the financial services sector. Our Bank has been a major driver of this initiative, which is wholly funded by banks, as it reflects the Bank's long-running commitment to building partnerships and collaborations that make financial services cheaper, simpler and more accessible to every Nigerian.

BOARD OF DIRECTORS

In the course of the financial year ended December 31, 2018, Mrs. Olutola Omotola and Mr. Wale Oyedeji retired from the Board with effect from August 11, 2018, having served as Executive Directors for over six years. The Board also appointed Mrs. Miriam Chidiebele Olusanya and Mr. Babajide Gregory Okuntola, as Executive Directors, with effect from August 11, 2018 and December 31, 2018 respectively. The appointments of Mrs. Olusanya and Mr. Okuntola, both seasoned bankers and outstanding professionals, have been approved by the Central Bank of Nigeria (CBN) and will be presented to Shareholders at this Meeting. Their profiles are available in the Directors' Report.

In compliance with the provisions of Article 84(b) of the Articles of Association of the Bank which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Hezekiah Oyinlola and Ms. Imoni Akpofure will retire at the 29th Annual General Meeting and both being eligible, offer themselves for re-election. Their profiles are available in the Directors Report.

EMPOWERING OUR COMMUNITIES

Our contribution to society encompasses maximising sustainable shareholder value, empowering communities and supporting sustainable development. Along with our values, our strong belief in shaping a world where people and communities thrive underpins our approach to Corporate Social Responsibility. At the core of our approach is a strategic focus on Community Development, Education, The Arts and The Environment; four areas which we believe are fundamental pillars to building an inclusive society.

Just like the way we run our business, we tend to do things in CSR a little differently; focusing on value, leveraging partnerships and working directly with communities to develop and execute initiatives and projects that empower people and uplift communities. In 2018 alone, we supported more than one hundred CSR initiatives across the 36 states and Federal Capital Territory of Nigeria, directly impacting the lives of thousands of people and supporting some of the most underserved communities in the country.

A detailed summary of our Corporate Social Responsibility interventions for the year is contained in the CSR section of this annual report.

DRIVING OUR AFRICAN GROWTH

As we continue to consolidate our leading position in Nigeria's financial services sector, we are also making progress in growing our business across select, high growth African markets. We believe that our commercial success depends on the prospects of Africa and we, in turn, play a significant role as a catalyst for her growth. In the 2018 financial year, our subsidiaries, across nine African countries and the United Kingdom, contributed 12.1% (₦26.1billion) to the Group's Profit Before Tax (PBT) compared to 8.7% (₦17.4billion) in 2017. This was in spite of the regulatory headwinds and the challenging business environment in our subsidiary countries.

Guaranty Trust Bank (UK) Limited grew its profit significantly by 55%, from ₦0.9billion in 2017 to ₦1.4billion in 2018, whilst total assets grew by 4% from ₦204.8billion in 2017 to ₦213.6billion in 2018. Guaranty Trust Bank (Cote D' Ivoire) Limited recorded an impressive 223% growth in PBT from ₦0.14billion in 2017 to ₦0.47billion in 2018, with customer deposits increasing by 31% from ₦12.1billion in 2017 to ₦15.8billion in 2018. Guaranty Trust Bank (Ghana) Limited also recorded growth across all financial performance indicators. The Bank's profit grew by 77% from ₦9.3billion in 2017 to ₦16.5billion in 2018, whilst Customer deposits grew by 13% from ₦110.1billion in 2017 to ₦123.9billion in 2018. In recognition of its leadership in product and service innovation, Guaranty Trust Bank (Ghana) Limited was recognised as the "Best Digital Bank" by Capital Finance International.

Guaranty Trust Bank (Sierra Leone) Limited was also recognised as the "Most Innovative Bank" in the country by the European Global Banking and Finance Awards and as "Bank of the Year" by Financial Times. The bank recorded a 40% growth in PBT from ₦2.9billion in 2017 to ₦4.1billion in 2018, with customer deposits increasing by 18% to ₦32.0billion in 2018 from ₦27.1billion reported in 2017.

The balance sheet of Guaranty Trust Bank (Liberia) Limited remained strong with 10% growth in Total Assets from ₦36.5billion in 2017 to ₦40.1billion in 2018 and customer deposits growing by 1% from ₦27.5billion in 2017 to ₦27.8billion in 2018. Profit before Tax declined slightly by 2% from ₦1.77billion in 2017 to ₦1.74billion in 2018 due to the deterioration of the value of the local currency and the scarcity of foreign exchange. Both factors significantly dampened the overall business activities in the country. Total Assets of Guaranty Trust Bank (Gambia) Limited grew by 26% from ₦35.1billion in 2017 to ₦44.3billion in 2018. Customer deposits also grew by 27% from ₦28.8billion in 2017 to ₦36.7billion in 2018 and Loan to customers grew slightly by 2% from ₦5.0billion in 2017 to ₦5.1billion in the year under review. The bank made a Profit before Tax of ₦1.1billion, a decline of 33% over the ₦1.6billion reported in December 2017; this reflected the country's attempt to reduce interest rate on Fixed Income Securities from an average of 15% in 2017 to 10% in 2018.

Our subsidiaries in East Africa continued to record strong and stable growth with the consolidated Profit before Tax of Guaranty Trust Bank (Kenya) Limited, which has both GTBank Uganda and GTBank Rwanda as its subsidiaries, growing by 41% from ₦1.0billion in 2017 to ₦1.5billion in 2018. Total Assets grew by 4%, from ₦129.1billion in 2017 to ₦133.7billion in 2018 whilst customer deposits also grew by 14% from ₦88.5billion in 2017 to ₦101.2billion in 2018. Our youngest subsidiary, Guaranty Trust Bank (Tanzania), commenced operations in December 2017 and continues to show strong evidence of growth and a clear potential for profitability.

INVESTING IN OUR PEOPLE

Made up of a wide variety of experiences, perspectives and backgrounds, our members of staff, together, remain the driving force of our progress. Hence, looking out for them at work and caring for their personal well-being, is not only a moral imperative, it is fundamental to our continued success.

In 2018, we continued to pay critical attention to the development of our staff by providing them with professional training and connecting them with extensive and flexible learning opportunities that allows them take e-learning courses, attain extra qualifications or study for post-graduate degrees, whilst in the organization. We promote an open and transparent culture at every level, to ensure that our members of staff not only feel safe and protected against behaviours that do not align with our values but get all the support and encouragement that they need to speak up and share ideas that will move our organization forward.

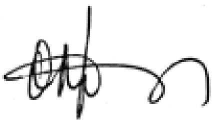
Our employees are energetic, passionate and fun-loving, and during the year they blended these qualities with superb footballing skills at the first edition of the Orange League, our new football tournament where staff from different business divisions of the bank, compete for the most prestigious sporting title in GTBank. By the end of the first edition, the Orange League had provided as much sporting spectacle as it had fostered team bonding; promoting a healthy workforce and improving the productivity of our people.

2019 MACRO-ECONOMIC OUTLOOK

The IMF projects that in 2019, the Nigerian economy will grow at a rate of 2.3% which indicates an improvement over its 1.9% forecast for 2018. The improved prospect for the Nigerian economy is premised on the optimistic outlook for crude oil prices. Growth in the non-oil sector is set to improve further, following the Central Bank of NIgeria's announcement of a monetary stimulus program which is aimed at providing long term credit at single digits to employment elastic sectors. Also, the anticipated review of salaries and wages as well as the expected improvement in consumer confidence will stimulate private consumption and ultimately aggregate demand. Accretion of external reserves is expected to improve from increased portfolio inflows, as risk sentiment for emerging market securities improves and the perceived political risk diminishes following the conclusion of the 2019 general elections. This will create an adequate foreign exchange buffer that will facilitate the Apex Bank's ability to maintain liquidity in the FX market and exchange rate stability. It is expected that the stability in exchange rate as well as the continuous intervention in the agricultural sector will further aid price stability and disinflation.

We are firmly on track towards executing our strategy, achieving our vision and fulfilling our purpose. Given the outlook of improving macroeconomic conditions, the Bank remains resolute in taking advantage of these opportunities to growing earnings, improving profitability and delivering returns to our esteemed shareholders.

Thank you for your loyalty and continued support.

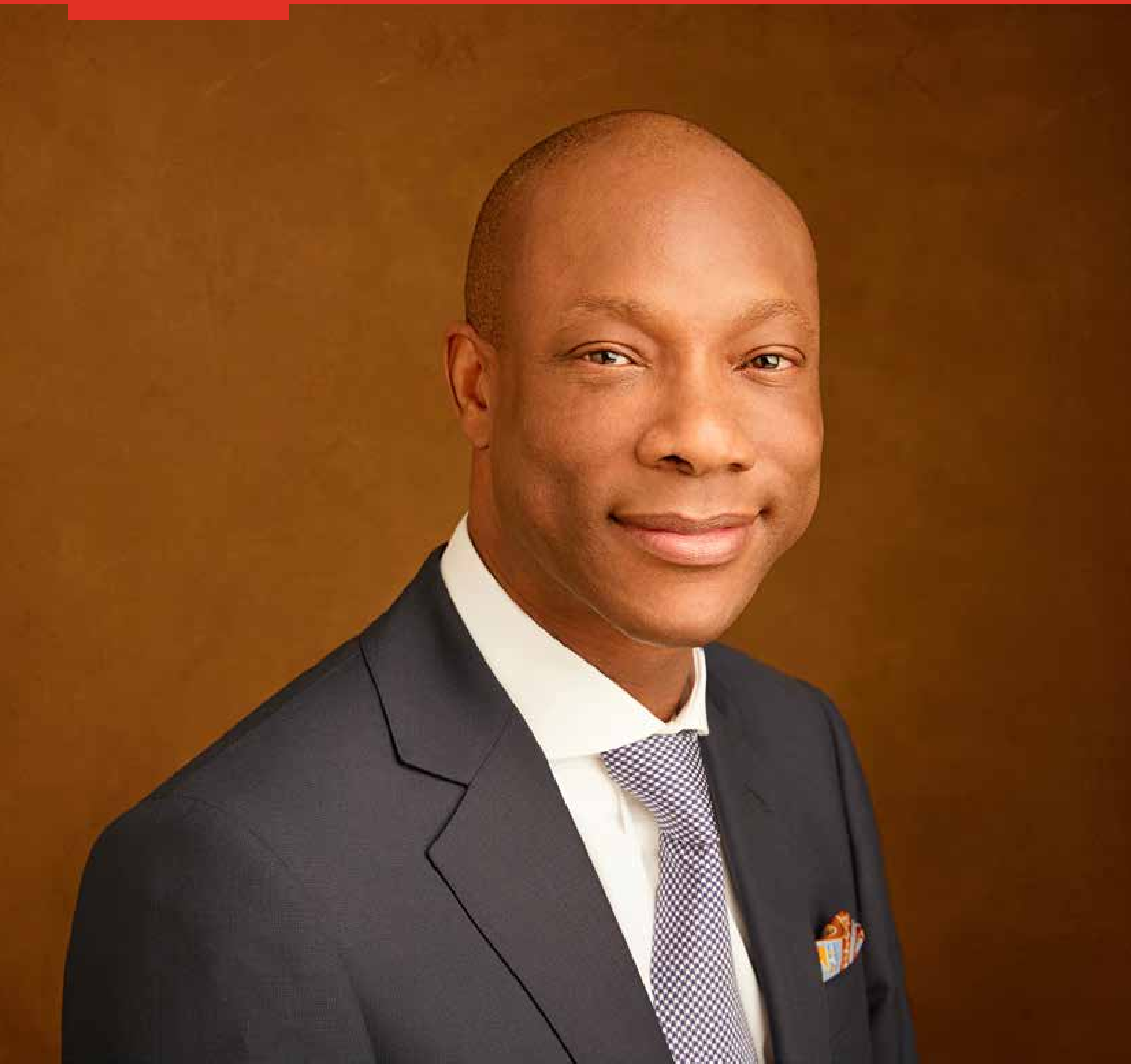


Osaretin Demuren
Chairman, Guaranty Trust Bank

MANAGING DIRECTOR'S STATEMENT

BUILDING ON OUR VALUES

SEGUN AGBAJE



At a time of rapid and radical change, there is nothing more important than staying true to the values on which our great organization was founded.

Dear Shareholders,

I am delighted to welcome you to the 29th Annual General Meeting of Guaranty Trust Bank Plc and present your Bank's scorecard for the 2018 financial year.

In 2018, our focus on staying nimble, strengthening customer relationships and driving our digital-first strategy paid off. We successfully navigated the pressures of our challenging and radically changing business environment, recorded growth across key financial indices and reaffirmed our position as one of the best performing and well managed financial institutions in Africa.

We continued to make excellent progress around accelerating the pace with which we deliver innovation that allows us to deliver products and services that enrich the lives of our customers. We also continued to support our communities - large and small;by creatively expanding certain flagship Corporate Responsibility programs, including the GTBank Food and Drink Fair, The GTBank Fashion Weekend and by applying our Simple Change Big Impact community development model to uplifting communities across the country. We have remained steadfast in our dedication to our customers and the communities we serve, whilst building value for our shareholders.

In the subsequent paragraphs, I will share with you how we are driving growth across our franchise and combining the best of our business with the massive potential of digital technologies to ensure that we lead the future of banking in Africa.

DELIVERING ON YOUR MANDATE FOR GROWTH

Ladies and Gentlemen, the single most important reason we exist is to create value for you, our shareholders. It gives me great pleasure to report to you, that 2018 was another strong year for the Bank on many measures, as we achieved healthy growth across all our major businesses. Our financial results reflect strong underlying performance and leadership positions across virtually all our businesses. A review of our results for 2018 financial year shows positive performance across all financial metrics and improved strategic positioning of the brand. Gross earnings for the year grew by 3.7% to ₦434.7billion from ₦419.2billion reported in the December 2017. Profit before tax stood at ₦215.6billion, representing a growth of 9.1% over ₦197.7billion recorded in the corresponding year ended December 2017. The Bank's customer deposits increased by 10.3% to ₦2.274trillion from ₦2.062trillion in December 2017, however, loan book dipped by 12.9% from ₦1.449trillion recorded as at December 2017 to ₦1.262trillion in December 2018.

In view of the above, the Bank closed the 2018 financial year with Total Assets of ₦3.287trillion and Shareholders' Funds of ₦575.6billion. In terms of Asset quality, NPL ratio and Cost of Risk improved to 7.3% and 0.3% in December 2018 from 7.7% and 0.8% in December 2017 respectively. In addition, coverage ratio for NPL stood at 105.1% and Capital adequacy ratio remained very strong, closing at 23.4% despite the implementation of IFRS 9. On the backdrop of this result, Post Tax Return on Equity (ROAE) and Return on Assets (ROAA) closed at 30.9% and 5.6% respectively. The Bank is proposing final dividend of ₦2.45k per unit of ordinary share held by shareholders in addition to interim dividend of 30k per unit of ordinary share bringing total dividend for 2018 financial year to ₦2.75k per unit of ordinary share.

We put our customers at the heart of everything that we do. No matter how our customers find us – in a branch, on our mobile banking app, on gtbank.com or through a friend – we want to make it easy for them to become a customer and stay with us throughout their lives. We will continue to invest in having a simpler, cheaper and faster way to develop this relationship across the Bank. We now have over 15 million customers, 10 million more than six years ago, and every day, we combine our expertise and experience to deliver innovative products and services that help our customers fulfill their aspirations. The best part is that, our customers do not have to go into our banking halls to get the best of our services.

With our USSD service, "Bank 737," we give our customers instant access to virtually all our retail banking services anywhere they are, using their mobile phones. Now, by simply dialing *737#, our customers can pay utility bills, apply for loans and, if they find themselves in a situation where they do not have a debit card, withdraw cash from any ATM across the country. Our customers are showing us where we need to get better, and we are paying attention. Getting this right is important because we are a part of our customers' everyday lives. For example, our internet banking and mobile banking platforms now offer various levels of visa processing for select countries, ranging from sending Account Statements to Embassies, to end-to-end processing of visa applications.

The bar for what customers expect in every industry has grown much higher. We live in an on-demand world. Customers can get the service, content or experience they want when they want it on nearly any device. They expect speed and simplicity. During the year, we launched Quick Credit, which gives customers instant access to personal loans at an interest rate of 1.75 percent monthly, the lowest rate in Nigeria's financial services sector. We automated the entire process of obtaining Quick Credit, such that it now takes less than 2 minutes for end to end processing of a loan request. There are no bureaucracies in applying for Quick Credit, thanks to the massive investments that we have made in data and analytics, as well as in the digitization of our credit scoring process. We also created flexible payment options for some of our customers' most pressing needs. For example, with our Hub Credit, customers can buy whatever they need online and pay later. Our customers can also pay for their personal and business trips with our Travel Advance, or pay for their vehicle insurance in convenient installments using our Vehicle Insurance Loan. Together, these personal credit facilities demonstrate, not only our leadership in consumer lending, but our ever-growing relevance in all aspects of our customers' lives.

We are also innovating around how we lend to businesses, especially those in the SME sector. Three years ago, when we launched the GTBank Food and Drink Fair and Fashion Weekend, our aim was to provide SMEs in the food and fashion space with the networks, access to markets and capacity building that they need to grow their business. In 2018, we amplified our supportby creating the Food and Fashion Industry Credit, which offers small business owners in the food and fashion retail sectors loans of up to N5 million at an interest rate of 9% per annum. These products reflect not just our commitment to propelling local entrepreneurs to dominate two critical sectors of our economy, but also our focus on plugging the gaps that keep our customers from achieving the most from their business endeavors.

In driving the growth of our business and enriching the lives of our customers, our products and services continue to receive numerous awards and recognitions from reputable organizations and industry watchers. Some of the awards we received in 2018 include; Bank of the Year - Nigeria from the Banker Magazine, Best Banking Group and Best Retail Bank Nigeria from World Finance Magazine, Most Innovative Bank from the African Investor, and Best Digital Banking Brand in Nigeria from the Global Brands Magazine. Locally, we reaffirmed our position as Nigeria's leading financial institution on e-payments by winning six of the twelve Electronic Payment Incentive Scheme (EPIS) awards instituted by the Central Bank of Nigeria and the Nigeria Inter-bank Settlement System to celebrate financial service providers driving electronic payments in Nigeria. Individually, these awards reflect our "never-settle" attitude towards product leadership and excellent service delivery; together, they inspire us to continue to do more for our customers and indeed the communities in which we operate.

DOING MORE FOR OUR CUSTOMERS AND COMMUNITIES

Indeed, the future of our business and the health of our communities are inextricably linked, and as an organization that always puts people first, using our unique capabilities and broad networks to lift our customers and communities is not just an obligation; it is who we are and what we do.

Africa is home to some of the most enterprising people on this planet, with millions of self-employed people present across every aspect of industry. Although their businesses are small, often employing less than a dozen people, together, these small businesses are driving the rapid growth of Africa across various industries. During the debut edition of our free business platforms - GTBank Food and Drink Fair and Fashion Weekend, I had the pleasure of meeting and spending time with many of the people behind the small businesses in the food and fashion industries. They were mostly young, very talented, incredibly passionate about their businesses, and very keen to make positive change in our society. Being in their midst made me even more optimistic about the future of our continent and further buttressed our reason for creating these free business platforms.

The GTBank Fashion Weekend and the GTBank Food and Drink Fair were borne out of our long-held commitment to helping our customers thrive and our understanding that the SME sector is the best vehicle to drive inclusive economic growth. However, small businesses face critical challenges with capacity, scaling up production and accessing new markets. Building capacity for entrepreneurs is at the top of our priorities list; a major reason we put together, every year, a team of internationally reputed food and fashion experts to facilitate masterclasses for thousands of budding and established indigenous entrepreneurs. Through the GTBank Fashion Weekend, and the GTBank Food and Drink Fair, we are supporting our customers to realize the full potential of their businesses whilst addressing the current challenges that they face. As a proudly African institution, we are at the forefront of driving business initiatives that put our indigenous talents on a global pedestal. There are so many great things happening in Africa, and the GTBank Food and Drink and Fashion Weekend are the perfect places to experience a great deal of it.

As we continue to invest in empowering small businesses and promoting enterprise, we know that our vision of a society of thriving fathers, prospering mothers and excelling youths, cannot be fully achieved without critical interventions in our communities. That is why now, more than ever, we are working with local communities and organizations that share our values to execute community development initiatives that uplift people in underserved areas of our society. In 2018, we launched a nationwide campaign, tagged "#SimpleChangeBigImpact," through which we collaborated with individuals and groups to invest in the social infrastructure of twenty communities nationwide. Members of the community were challenged to think about simple changes they could make in their immediate community that will positively impact people. We received many ingenious ideas and working with the originators of these ideas, we brought twenty of these simple change ideas to life. Some of the projects include providingsustainable sources of clean water to communities where drinking water was not available, providing shoes for children using recyclable materials, providing employment to disadvantaged members of the community, supporting pregnant women in IDP Camps and developing a USSD application that allows members of the community book hospital appointments.

We are also partnering with like minds to drive our advocacy for people living with Autism, reignite the culture of reading with our YouRead Programme, nurture football talents through our Football Tournaments and support indigenous artists and authors through our art workshops and book publishing sponsorships. Working with our members of staff, we covered the costof healthcare for several children with Sickle Cell Anaemia, and through our Staff Social Responsibility Challenge, we undertook more than hundred community development projects nationwide; ranging from renovating schools to providing free medical consultations. Ultimately, every society is judged by how wide it paves the path to opportunities for all its people;hence, whether with our Free Business platforms or our CSR initiatives, we will continue to work tirelessly to expand access to opportunities for our customers and the communities whereinwe operate.

BUILDING THE BANK OF THE FUTURE

The world is changing, and fast. We see this in every aspect of our lives, from how we take care of the things that are important to us, to the way we stay in touch with loved ones. In many ways, Guaranty Trust Bank plc has been a driving force for this change. Whether it is dematerializing access to banking services through zero-balance accounts or making financial services cheap, simple and readily available to everyone with our 737 USSD banking, our organization has been setting the pace since the first day it set foot in the banking industry 29 years ago. We did it again in 2018when we launched Habari, an integrated digital platform that gives our customers total control over their digital lives; connecting them directly to all the everyday things that matter to them. On Habari, we have created access to millions of local and international music, online shopping, movies, videos, bills payment and chat with friends, all in one place.

Habari is the first of its kind in the financial services sector. A product of our long-term thinking oncustomer centricity and digitization, Habari encapsulates our journey towards redefining customer experience. It is our way of going beyond the industry trend of today—of building mobile banking applications—to creatingthe banking platform that better positions us to evolve with our customers. The response to Habari has been very positive. Within its first month of release, the platformattracted more than 100,000 users, and as those numbers continue to grow rapidly, we are constantly retooling the platform in line with customer feedback. However, themost powerful motivation for creating Habari is our conviction that the bank of the future is a trusted, integrated digital platform that plugs in seamlessly with every aspect of the customer's life. At GTBank, we are determined to build the bank of the future; it is the only way that we will stay relevant to our customers and, indeed, guarantee the long-term growth of our business.

We have a clear vision and continue to set ourselves ambitious aspirations. What the people at Guaranty Trust Bank achieve every yearthrough commitment and hard work is extraordinary. This is why I am so proud of our people and, why I am always motivated to do a better job for them all.While we always try to focus on what we could do better, we also try to make sure work is fulfilling. We take time to celebrate our successes and do fun things, like our nationwide staff football league that brings staff and their families together to support the teams representing each Business Division of the Bank. This competition, alongside several other staff bonding initiatives, helps to inspire and motivate our people to continue the great work that they do for our organisation.

Going into the new year, we know that driving innovation and flawlessly executing our retail strategy are not only essential to countering the challenges we will face in 2019, they are fundamental to delivering on our vision of building the bank of the future.We believe that it is the combination of customer centricity and digitization that will be the source of competitive advantage for the Bank. We are therefore committing a lot of time and resources into linking these priorities and bringing them to life in our organisation.

Guided by our values and inspired by the rich legacy of our organization, I am confident in our capability to continue to grow and transform our organisation to become truly dominant now, and in the future, whilst consistently delivering the returns that you, our shareholders, deserve.

Thank You for your continued trust.

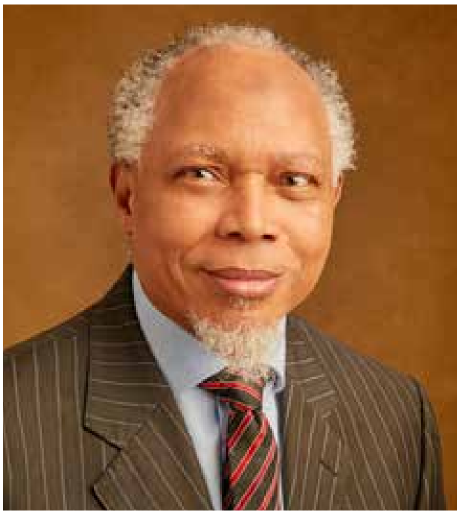
Segun Agbaje
Managing Director/CEO
Guaranty Trust Bank plc

DIRECTORS' REPORT

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

Mr. J.K.O. Agbaje
MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Mr. O.M. Agusto
NON-EXECUTIVE DIRECTOR



Mr. K.A Adeola
NON-EXECUTIVE DIRECTOR

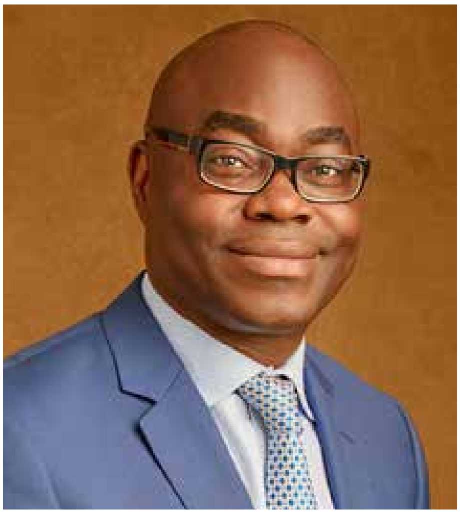
Mr. I. Hassan
NON-EXECUTIVE DIRECTOR

Mr. H.A. Oyinlola
NON-EXECUTIVE DIRECTOR

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

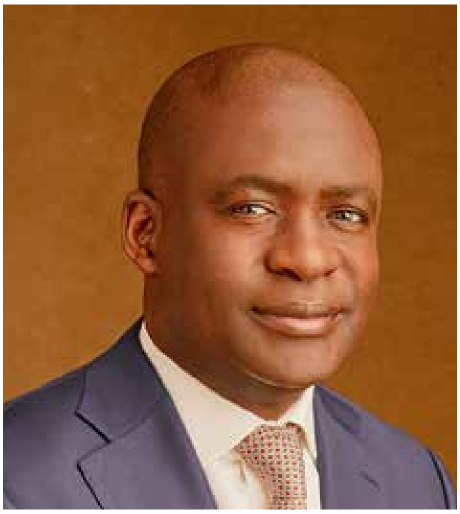
Mr. B.T. Soyoye
NON-EXECUTIVE (INDEPENDENT) DIRECTOR

Mrs. V.O. Adefala
NON-EXECUTIVE (INDEPENDENT) DIRECTOR



Mr. A.A Odeyemi
EXECUTIVE DIRECTOR

Mr. H. Musa
EXECUTIVE DIRECTOR



Mr. J.M. Lawal
EXECUTIVE DIRECTOR

Mrs. M. C. Olusanya
EXECUTIVE DIRECTOR
(Appointed with effect from August 11, 2018)

Mr. B.G. Okuntola
EXECUTIVE DIRECTOR
(Appointed with effect from December 31, 2018)

Mr. E.E. Obebeduo
COMPANY SECRETARY

For the financial year ended December 31, 2018

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, 2018.

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 3.7%. Highlights of the Group's operating results for the financial year ended December 31, 2018, are as follows:

	Group Dec-18 N'000	**Group Dec-17 N'000**	**Parent Dec-18 N'000**	**Parent Dec-17 N'000**
Gross Earnings	434,698,969	419,226,271	356,532,364	360,237,308
Profit before income tax	215,586,770	197,685,045	190,209,286	183,647,629
Income tax expense	(30,947,176)	(29,772,387)	(23,289,521)	(24,919,924)
Profit for the year	184,639,594	167,912,658	166,919,765	158,727,705
Profit attributable to:				
Equity holders of the parent entity	183,851,283	167,045,340	166,919,765	158,727,705
Non-controlling interests	788,311	867,318	-	-
Earnings Per Share (Kobo) - Basic	654	594	567	539
Earnings Per Share (Kobo) - Diluted	654	594	567	539

Dividend

During the 2018 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, 2018.

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 ₦2.45k (Two Naira, Forty-Five Kobo only) per ordinary share of 50 Kobo (bringing the total dividend for the financial year ended December 31, 2018 to ₦2.75k (2017: ₦2.70k per share). Withholding tax would be deducted at the point of payment.

Directors and their interest

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

	Names	Direct Holding December 2018	[1]Indirect Holding December 2018	Direct Holding December 2017	[1]Indirect Holding December 2017
		Shares of 50k each		Shares of 50k each	
1	Mrs. O. A. Demuren	356,581	-	356,581	-
2	Mr. Olusegun Agbaje	32,146,651	9,481,350[1]	32,146,651	9,481,350[1]
3	Mr. Adebayo Adeola	2,681,640	-	3,181,640	-
4	Mr. Ibrahim Hassan	630,838	-	630,838	-
5	Mr. Olabode Agusto	200,000	-	200,000	-
6	Mr. H. A. Oyinlola	-	-	-	-
7	Ms. Imoni Akpofure	-	-	-	-
8	Mr. B. T. Soyoye	-	-	-	-
9	Mrs. V. O. Adefala	160,000	-	160,000	-
10	Mrs. Olutola Omotola[2]	452,331	234,350[1]	452,331	234,350[1]
11	Mr. Demola Odeyemi	7,661,601	1,688,550[1]	7,661,601	1,688,550[1]
12	Mr. Wale Oyedeji[2]	5337	-	492,787	-
13	Mr. Haruna Musa	102,875	12,500[1]	2,875	12,500[1]
14	Mr. Bolaji Lawal	137,382	116,400[1]	137,382	116,400[1]
15	Mrs. Miriam Olusanya[3]	247,866	234,350[1]	-	-
16	Mr. Babajide Okuntola[4]	-	-	-	-

1Indirect shareholding includes underlying shares of GDRs (Global Depository Receipts)
2 Retired with effect from August 11, 2018
3Appointed to the Board with effect from August 11, 2018
4 Appointed to the Board with effect from December 31, 2018

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	▪ Part of gross salary package for Executive Directors only. ▪ Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid monthly during the financial year.
13th month salary	▪ Part of gross salary package for Executive Directors only. ▪ Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid last month of the financial year.
Directors fee	▪ Paid annually on the day of the Annual General Meeting ('AGM') to Non-Executive Directors only.	Paid annually on the day of the AGM.
Sitting allowance	▪ 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, 2018, Mrs. Olutola Omotola and Mr. Wale Oyedeji retired from the Board with effect from August 11, 2018, having served as Executive Directors for over six years. In the course of the year, the Board appointed Mrs. Miriam Chidiebele Olusanya and Mr. Babajide Gregory Okuntola, as Executive Directors, with effect from August 11, 2018 and December 31, 2018 respectively.

The appointments of Mrs. Olusanya and Mr. Okuntola have been approved by the Central Bank of Nigeria (CBN) and will be presented to Shareholders at this Meeting.

Profile of Mrs. Miriam Chidiebele Olusanya

Mrs. Miriam Chidiebele Olusanya has over 20 years banking experience that cuts across Transaction Services, Asset and Liability Management, Financial Markets, Corporate Finance and Investor Relations.

Mrs. Olusanya holds a Bachelor of Pharmacy degree from the University of Ibadan (1995) and a Master of Business Administration (Finance and Accounting) from the University of Liverpool (2011). She has also attended several executive management and banking specific developmental programs in leading educational institutions.

Mrs. Olusanya is the Group Treasurer and Head, Wholesale Banking Division of the Bank. She also serves as a Non-Executive Director on the Board of Guaranty Trust Bank (Gambia) Limited.

Mrs. Olusanya joined the Bank as an Executive Trainee and rose through the ranks to become a General Manager, a position she held until her appointment as an Executive Director.

Mrs. Olusanya is in her mid-forties and is resident in Nigeria.

Profile of Mr. Babajide Gregory Okuntola

Mr. Babajide Gregory Okuntola's banking experience spans Transaction Services, Financial Control and Oil and Gas. He is responsible for managing the Bank's Oil and Gas portfolio covering the Upstream, Midstream and Downstream subsectors of the Oil and Gas industry.

Mr. Okuntola holds a Bachelor of Economics degree from the Lagos State University and a Master of Business Administration (Petroleum and Energy Economics) from the European-American University. He has attended several executive management and banking specific programs in leading educational institutions.

Mr. Okuntola is in his late thirties and is resident in Nigeria.

Retirement by Rotation

In compliance with the provisions of Article 84(b) of the Articles of Association of the Bank which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Hezekiah Oyinlola and Ms. Imoni Akpofure will retire at the 29th Annual General Meeting and both being eligible, offer themselves for re-election.

Profile of retiring Directors

Profile of Mr. Hezekiah Adesola Oyinlola

Mr. Oyinlola is a Non-Executive Director of the Bank. He holds a B.Sc Accounting (First Class Hons.) degree in Accounting (1979) from the University of Ghana, Legon and an MBA from Stanford University, Graduate School of Business, Stanford, United States America. He is a seasoned professional with over thirty-nine (39) years' work experience in the Oil and Gas industry, having worked with Schlumberger Group from 1984 till 2016. He served in management capacity at various times, including being the first Nigerian Managing Director of Schlumberger Group in Nigeria and rose through the ranks to become Vice President and Group Treasurer and later to become the Chairman Africa, Schlumberger Group, a position he held from 2011 until his retirement in June 2016.

Mr. Oyinlola is a member of the Advisory Board, Sustainability Accounting Standards Board; the Executive Committee, African Diaspora Health Initiative; the Board of Trustees, Nigerian American Multicultural Council; and President and Member of the Board of the Schlumberger Foundation. He is a Fellow of the Institute of Petroleum Studies, University of Port Harcourt, Nigeria.

Mr. Oyinlola is an alumnus of several local and international training programs on Infrastructure and Energy Finance, Reservoir Engineering, Petroleum Fiscal Systems and Economics, Project Finance, International Tax Management, Crisis Management and Management, Banking, Finance, Trade and Investment at institutions such as the Oxford University Institute for Energy Studies, and Institute for Management Development, (IMD), Switzerland.

Mr. Oyinlola joined the Board on April 16, 2014, and is the Chairman of the Board Risk Management Committee, in addition to being a member of the Board Human Resources and Nominations Committee and the Board Information Technology Strategy Committee. He satisfied the requirement for attendance of Board and Committee Meetings as required by the Code of Corporate Governance during the period under review. A record of his attendance at Board Meetings is available on page 21 of this Report.

Mr. Oyinlola is in his early sixties and resident in Nigeria.

Profile of Ms. Imoni Lolia Akpofure

Ms. Akpofure holds a Bachelor of Engineering (B.Eng Honors) degree in Civil Engineering (1988) from the Imperial College, University of London, United Kingdom, a Master of Science Degree (M.Sc) in Environmental Engineering (1989) from the Newcastle University, United Kingdom. She obtained an MBA from the Institut

Européen d 'Administration des Affaires (INSEAD), France.

Ms. Akpofure is a seasoned professional with over 29 years' work experience, out of which 18 years was spent in the financial industry, having worked with International Finance Corporation from 1995 till 2013 where she rose through the ranks to become the Director, Western Europe, a position she held from 2009 till her retirement in 2013.

Ms. Akpofure serves as member of several other boards, both locally and internationally, including as Member, Investment Committee, Fund for Agricultural Finance in Nigeria (FAFIN), Member, the Advisory Board, KINA Advisory Limited, United Kingdom and is currently one of the two (2) Regional Directors for Africa of CDC Group Plc (formerly Commonwealth Development Corporation), working with CDC's investment teams in London to support investments in Anglophone, Francophone and Lusophone African Countries.

Ms. Akpofure joined the Board on October 21, 2015, and is the Chairman of the Board Audit Committee, in addition to being a member of the Board Human Resources and Nominations Committee, Board Risk Management Committee and the Board Information Technology Strategy Committee. She satisfied the requirement for attendance of Board and Committee Meetings as required by the Code of Corporate Governance during the period under review. A record of her attendance at Board Meetings is available on page 21 of this Report.

Ms. Akpofure is in her early fifties and resident in Nigeria.

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, 2018, is as follows:

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at December 31, 2018, is as follows:

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1 - 10,000	249,841	76.8711	752,463,989	2.5567
10,001 - 50,000	56,935	17.5178	1,226,104,003	4.1660
50,001 - 100,000	8,778	2.7008	616,605,243	2.0951
100,001 - 500,000	7,479	2.3011	1,524,088,962	5.1785
500,001 - 1,000,000	848	0.2609	586,701,535	1.9935
1,000,001 - 5,000,000	818	0.2517	1,682,246,867	5.7159
5,000,001 - 10,000,000	107	0.0329	725,861,369	2.4663
10,000,001 - 50,000,000	140	0.0431	3,211,665,170	10.9125
50,000,001 - 100,000,000	34	0.0105	2,471,588,716	8.3979
100,000,001 - 500,000,000	26	0.0080	5,616,253,635	19.0827
500,000,001 - 1,000,000,000	2	0.0006	1,481,396,271	5.0334
1,000,000,001 - 2,000,000,000	3	0.0009	4,021,772,437	13.6650
2,000,000,001 - 5,000,000,000	1	0.0003	2,873,175,540	9.7624
SUB TOTAL	325,012	99.9997	26,789,923,737	91.0257
GTBANK GDR UNDERLYING SHARES	1	0.0003	2,641,255,487	8.97
TOTAL	**325,013**	**100.00**	**29,431,179,224**	

According to the Register of Members as at December 31, 2018, 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)	2,641,255,487	8.97
Stanbic Nominees Nigeria Limited	7,632,250,151	25.93

Citibank Nigeria Limited ("Citibank") held the 2,641,255,487units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. The role merely confers legal responsibility for the safe custody of the shares on Citibank as custodian. Citibank does not exercise any investor rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.

Stanbic Nominees Nigeria Limited ("Stanbic") held 25.93% 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 ₦928,078,323 (December 31 2017: ₦867,113,525) as donations and charitable contributions during the year. It comprises contributions to Educational organizations, Art and Cultural 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	Art 635 Gallery Platform	17,885,299
	Supporting Female Photography - Days of Dorcas	4,744,700
	International Museum Day	1,700,390
	Support for Indigenous Art Institutions & Exhibitions	78,462,370
Community Development	ANWAD Conference	250,000
	Bus Shelters	1,600,000
	Centre for Values in Leadership Support	1,000,000
	HoneyBee Foundation Women Empowerment Initiative	845,950
	International Women's Day	6,063,475
	Massey Street Children Hospital	1,197,105
	Maternal and Child Healthcare	555,000
	Nigeria Electronic fraud Forum	3,228,159
	Nominate a Service Champion Initiative	5,333,050
	Cycle to School for Under Previledged Children	59,489,726
	Orange Heart Sickle Cell Initiative	3,743,612
	Orange Ribbon-Autism Project	61,098,388
	Simple Change Big Impact	27,273,533
	Social Responsibility Challenge	4,292,836
	Red Cross Partnership	85,521,009
	Bankers Annual Event	3,000,000

Education	Adopt-a-School Programme	2,720,775
	Chartered Institute of Bankers of Nigeria	10,000,000
	Supporting Technology Innovations in Secondary Schools	4,436,105
	Cybersecurity Summit	5,501,446
	Dusty Manuscript - Support for Literary Art	9,238,079
	Financial Institutions Training Center	20,000,000
	Financial Literacy	1,926,000
	Grassroots Football Support:	
	- Masters Cup	34,512,782
	- Principals Cup - Lagos and Ogun State	130,058,307
	Education Support in Adopted Public School	10,988,750
	World Savings Day	1,760,000
	Community Library Initiative - You Read	13,137,470
	SANEF Financial Inclusion	299,685,000
Others	CSR Report	3,550,789
	Others	13,278,218
Grand Total		**928,078,323**

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, 2018 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, 2018 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
	Number			Percentage	
Employees	1,849	1,545	3,394	54%	46%

Gender analysis in average terms of Board and Top Management as at December 31, 2018 is as follows:

	Male	Female	Total	Male	Female
	Number			Percentage	
Board	10	4	14	71%	29%
Top Management (AGM - GM)	34	20	54	63%	37%
Total	**44**	**24**	**68**	**65%**	**35%**

Detailed Gender analysis in average terms of Board and Top Management as at December 31, 2018 is as follows:

	Male	Female	Total	Male	Female
	Number			Percentage	
Assistant General Manager	14	9	23	61%	39%
Deputy General Manager	9	9	18	50%	50%
General Manager	11	2	13	85%	15%
Executive Director	4	1	5	80%	20%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	5	3	8	63%	38%
Total	**44**	**24**	**68**	**65%**	**35%**

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 seven 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 fora 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 and social clubs within their vicinity towards achieving employee wellness.

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

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

BY ORDER OF THE BOARD

Erhi Obebeduo
Company Secretary
FRC/2017/NBA/00000016024
Plot 635, Akin Adesola Street, Victoria Island, Lagos
January , 2019

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended December 31, 2018

The Directors accept responsibility for the preparation of the financial statements set out from pages 80 – 332 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

Going Concern:

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

HARUNA MUSA
FRC/2017/CIBN/00000016515
24 January, 2019

SEGUN AGBAJE
FRC/2013/CIBN/00000001782
24 January, 2019

For the year ended December 31, 2018

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, 2018 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 N179,316,000 (31 December, 2017: N631,288,000) was outstanding as at 31 December, 2018. The status of performance of insider related credits is as disclosed in Note 48d.

- 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 Committee
January 28, 2019

Members of the Audit Committee are:

1.Alhaji M.A. Usman[1]	-	Chairman
2.Mrs. Sandra Mbagwu-Fagbemi		Shareholder's Representatives
3.Mrs. A. Kuye		
4.Mr. Bode Agusto		
5.Ibrahim Hassan		
6.Ms. ImoniAkpofure		

Ernst & Young
UBA House, 10th Floor
57 Marina, Lagos

Tel: (234 -1) 4630479, 4630480
Fax: (234 -1) 4630481
E-mail: services@ng.ey.com

To the Members of Guaranty Trust Bank Plc,

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

We have performed the appraisal of the Board of Guaranty Trust Bank Plc for the year ended 31st December, 2018 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014.

The Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 mandates an annual appraisal of the Board and individual directors of Financial Institutions with specific focus on the Board structure and composition, responsibilities, processes, relationships, individual director's competences and respective roles in the performance of the Board. Subsection 2.8.2 of the code requires each board to "*identify and adopt in the light of the company's future strategy, critical success factors or key strategic objectives*" while subsection 2.8.3 requires that such appraisal should be conducted by an independent consultant.

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 one on one interviews with the directors and key personnel of the Company.

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.

On the basis of our work, except as noted below, the Board of Guaranty Trust Bank Plc has 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 31st December, 2018.

Specific recommendations for the further improvement of Guaranty Trust Bank Plc's Corporate Governance practices have been articulated and included in our detailed report to the Board. These recommendations cover the following areas: Board meeting attendance and update of Corporate Governance policy documents.

This report should be read in conjunction with the Corporate Governance section of the Guaranty Trust Bank Annual Report.

For: Ernst & Young

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

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 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of financial position as at 31 December 2018;
- 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.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

Key audit matter	How our audit addressed the key audit matter

Impairment of loans and advances to customers (N100.07billion)

We focused on this area due to the size of the loans and advances balance net of impairment (N1.26trillion) and because it requires significant judgement in terms of the timing and amount recognised.

We also focused on this area because the adoption of IFRS 9 'financial instruments' introduced a new forward looking, expected credit loss (ECL) model which requires significant judgement in measuring credit risk of loans and advances. Key areas of judgement include:

- Determination of the business model and the assessment of solely payment of principal and interest;
- Determination of the internal rating model used to determine the credit quality of facilities and measure the default risk of obligors;
- Determination of the criteria for assessing significant increase in credit risk (SICR);
- Incorporation of forward looking information in building the economic scenarios within the model, as well as determining the probability weighting used in the ECL model;
- Determination of the 12 month and Lifetime probability of default (PD) used in the ECL model;
- Estimation of the Loss Given Default (LGD) by considering collateral values having adjusted for haircut and time value of money as well as estimation of recoveries on unsecured exposures;
- Segmentation of the Bank's portfolio to reflect shared risk.

See notes 3(b(j)), 4(f), 6, 11 and 29 to the consolidated and separate financial statements.

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

We understood the Group's decisions around the business model assessment and treatment of contractual cash flows that gave rise to cash flows which are solely payment of principal and interest.

We adopted a combined controls and substantive approach in assessing the loan loss impairment made by management.

We assessed management's default definition against the 90 days past due rebuttable presumption as prescribed by IFRS 9 and other qualitative default indicators as stipulated in the standard. We also assessed the criteria applied by management in determining significant increase in credit risk since initial recognition on loans that do not have objective evidence of impairment.

We evaluated and tested the design and operating effectiveness of the controls that management has established in respect of ECL model governance particularly around:

- Restriction of access to modify the ECL algorithm;
- Data extraction between the loan application system and the ECL model; and
- Staging of facilities for lifetime ECL recognition for SICR based on internal credit ratings as well as stipulated notch movements in credit risk ratings.

We applied a risk based testing approach to evaluate the reasonableness of the internal rating model by selecting a sample of credit facilities and reviewing related customer files and account statements to test the identification of default and SICR. We checked 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 assessed a sample from this population for impairment triggers using computer assisted audit techniques.

We tested the valuation of collaterals and other evidence of future cash flows by evaluating the valuation reports and assessing management overlays made on the recoverability of collateral considering the current economic condition and the state of the assets held as collateral.

Using our credit modelling experts, we checked the calculation of the PD and LGD in the ECL model. Our other audit procedures around the ECL model included:

- Assessing the reasonableness of forward looking information incorporated into the impairment calculations;
- Challenging management's judgement on portfolio segmentation to ensure that only portfolio with similar risk characteristics are grouped together in the ECL model;
- Evaluating the multiple economic scenarios chosen as well as the weightings applied to non-linear losses; and
- Re-performing certain model calculations to confirm the risk parameter outputs.

We reviewed the IFRS 9 disclosures for reasonableness.

Valuation of goodwill (N8.68billion)

We focused on this area because of the significant judgement involved in estimating the carrying amount of goodwill at year end. 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
- Applying assumptions within the value-in-use calculations specifically around the estimation of future cash flows, determination of long-term growth rate and the discount rate.

See note 3(b(p)), 6, 32(c) to the consolidated and separate financial statement. This 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.

We assessed the determination of recoverable amounts of the CGUs by:

- Evaluating the period and the composition of management's future cash flow forecasts for each CGU; and
- Assessing the reasonableness of the current year's cash flow forecast by comparing previous period's cash flow forecasts to actual results from prior years' audited financial statements.

We assessed the reasonableness of assumptions made by management in relation to the long-term growth rates and the discount rates applied

Other information

The directors are responsible for the other information. The other information comprises Corporate governance, Subsidiary governance, Sustainability report, Reports and feedback, Anti-money laundering and combatting terrorist financing framework, Internal control and risk management systems, Directors' report, Statement of Directors' responsibilities, Report of the audit committee, Value added statements, Five year financial summary, Regulatory requirements under the IFRS regime, Statement of prudential adjustment, Operational risk management, Agents and agents' locations, Activities of card operations, Shareholders information, and Corporate social responsibility (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 other sections of the Guaranty Trust Bank Plc 2018 Annual Report, 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 an audit opinion or 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 sections of the Guaranty Trust Bank Plc 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 statements and statement of comprehensive income are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 48 to the consolidated and separate financial statements; and

v) as disclosed in Note 49 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2018.

Obioma Ubah

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

22 February 2019

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

FINANCIALS

Statements of financial position
As at 31 December 2018

In thousands of Nigerian Naira	Notes	Group Dec-2018	Restated[1] Group Dec-2017	Restated[1] Group Jan-2017	Parent Dec-2018	Restated[1] Parent Dec-2017	Restated[1] Parent Jan-2017
Assets							
Cash and bank balances	4, 8, 23	676,989,012	641,973,784	455,863,305	457,497,929	455,296,196	233,847,233
Financial assets held for trading	4, 8, 24	11,314,814	23,945,661	12,053,919	8,920,153	16,652,356	6,321,370
Derivative financial assets	25	3,854,921	2,839,078	1,042,470	3,854,921	2,839,078	1,042,470
Investment securities:							
– Fair Value through profit or loss	4, 8, 26	2,620,200	-	-	2,620,200	-	-
– Fair Value through other comprehensive income	4, 8, 26	536,084,955	-	-	459,629,259	-	-
– Available for sale	4, 8, 26	-	517,492,733	448,056,733	-	453,089,625	408,246,905
– Held at amortised cost	4, 8, 26	98,619,509	-	-	2,003,272	-	-
– 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	56,777,170	58,976,175	48,216,412	56,291,739	58,961,722	48,205,702
Loans and advances to banks	4, 8, 28	2,994,642	750,361	653,718	46,074	43,480	29,943
Loans and advances to customers	4, 8, 29	1,259,010,359	1,448,533,430	1,589,429,834	1,067,999,019	1,265,971,688	1,417,217,952
Restricted deposits & other assets	34	508,678,702	444,946,897	371,995,835	494,969,807	433,528,669	364,152,777
Investment in subsidiaries	30	-	-	-	55,814,032	46,207,004	43,968,474
Property and equipment	31	111,825,917	98,669,998	93,488,055	96,300,538	84,979,798	81,710,025
Intangible assets	32	16,402,621	14,834,954	13,858,906	5,635,606	4,501,296	3,377,961
Deferred tax assets	33	2,169,819	1,666,990	1,578,427	-	-	-
		3,287,342,641	**3,351,096,659**	**3,116,393,439**	**2,711,582,549**	**2,824,078,165**	**2,613,340,074**
Assets classified as held for sale	34(b)	-	-	-	938,945	850,820	-
Total assets		**3,287,342,641**	**3,351,096,659**	**3,116,393,439**	**2,712,521,494**	**2,824,928,985**	**2,613,340,074**
Liabilities							
Deposits from banks	4, 8, 35	82,803,047	85,430,514	125,067,848	735,929	42,360	40,438
Deposits from customers	4, 8, 36	2,273,903,143	2,062,047,633	1,986,246,232	1,865,816,172	1,697,560,947	1,681,184,820
Financial liabilities held for trading	4, 8, 37	1,865,419	2,647,469	2,065,402	1,865,419	2,647,469	2,065,402
Derivative financial liabilities	25	3,752,666	2,606,586	987,502	3,752,666	2,606,586	987,502
Other liabilities	8, 39	140,447,508	224,116,829	118,893,100	119,812,419	203,019,404	93,271,050
Current income tax liabilities	21	22,650,861	24,147,356	17,928,279	22,511,233	24,009,770	17,819,039
Debt securities issued	4, 8, 38	-	92,131,923	126,237,863	-	92,131,923	-
Other borrowed funds	4, 8, 41	178,566,800	220,491,914	219,633,604	177,361,218	210,671,384	332,317,881
Deferred tax liabilities	33	7,785,850	18,076,225	17,641,384	7,888,454	12,814,766	11,946,699
		2,711,775,294	**2,731,696,449**	**2,614,701,214**	**2,199,743,510**	**2,245,504,609**	**2,139,632,831**
Liabilities included in assets classified as held for sale	34(b)	-	-	-	935,725	847,600	-
Total liabilities		**2,711,775,294**	**2,731,696,449**	**2,614,701,214**	**2,200,679,235**	**2,246,352,209**	**2,139,632,831**

Statements of financial position (Continued)
As at 31 December 2018

In thousands of Nigerian Naira	Notes	Group Dec-2018	Restated[1] Group Dec-2017	Restated[1] Group Jan-2017	Parent Dec-2018	Restated[1] Parent Dec-2017	Restated[1] Parent Jan-2017
Equity	**42**						
Capital and reserves attributable to equity holders of the parent entity							
Share capital		14,715,590	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(5,583,635)	(5,291,245)	(5,91,245)	-	-	-
Retained earnings		106,539,050	122,618,621	87,062,977	79,668,689	109,594,239	80,778,889
Other components of equity		323,991,767	352,403,527	272,891,094	293,986,866	330,795,833	254,741,650
Total equity attributable to owners of the Parent		**563,133,886**	**607,917,607**	**492,849,530**	**511,842,259**	**578,576,776**	**473,707,243**
Non-controlling interests in equity		12,433,461	11,482,603	8,842,695	-	-	-
Total equity		**575,567,347**	**619,400,210**	**501,692,225**	**511,842,259**	**578,576,776**	**473,707,243**
Total equity and liabilities		**3,287,342,641**	**3,351,096,659**	**3,116,393,439**	**2,712,521,494**	**2,824,928,985**	**2,613,340,074**

Approved by the Board of Directors on 30 January 2019:

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
[1] See Note 51

Income Statements
For the Year ended 31 December 2018

In thousands of Nigerian Naira	Notes	Group Dec-2018	Restated[1] Group Dec-2017	Parent Dec-2018	Restated[1] Parent Dec-2017
Interest income	9	306,963,482	327,333,512	258,010,986	284,442,547
Interest expense	10	(84,529,681)	(80,670,351)	(69,569,079)	(66,792,928)
Net interest income		**222,433,801**	**246,663,161**	**188,441,907**	**217,649,619**
Loan impairment charges	11	(4,906,485)	(12,169,120)	(1,504,303)	(10,834,612)
Net interest income after loan impairment charges		**217,527,316**	**234,494,041**	**186,937,604**	**206,815,007**
Fee and commission income	12	52,367,605	42,921,857	36,110,550	30,048,147
Fee and commission expense	13	(1,897,532)	(2,189,661)	(957,708)	(1,561,766)
Net fee and commission income		**50,470,073**	**40,732,196**	**35,152,842**	**28,486,381**
Net gains on financial instruments classified as held for trading	14	24,583,974	11,338,819	16,652,294	6,542,636
Other income	15	50,783,908	37,632,083	45,758,534	39,203,978
Net impairment reversal/(loss) on financial assets	16	(650,015)	(696,680)	120,299	(696,680)
Personnel expenses	17	(36,856,121)	(32,832,341)	(23,681,401)	(22,354,351)
Operating lease expenses	18	(2,085,035)	(1,596,413)	(663,998)	(654,665)
Depreciation and amortization	19	(17,629,276)	(15,383,697)	(14,255,334)	(13,042,425)
Other operating expenses	20	(70,558,054)	(76,002,963)	(55,811,554)	(60,652,252)
Profit before income tax		**215,586,770**	**197,685,045**	**190,209,286**	**183,647,629**
Income tax expense	21	(30,947,176)	(29,772,387)	(23,289,521)	(24,919,924)
Profit for the year		**184,639,594**	**167,912,658**	**166,919,765**	**158,727,705**
Profit attributable to:					
Equity holders of the parent entity		183,851,283	167,045,340	166,919,765	158,727,705
Non-controlling interests		788,311	867,318	-	-
		184,639,594	**167,912,658**	**166,919,765**	**158,727,705**

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	6.54	5.94	5.67	5.39
– Diluted	22	6.54	5.94	5.67	5.39

The accompanying notes are an integral part of these financial statements

[1]See Note 51

Statements of other comprehensive income
For the Year ended 31 December 2018

In thousands of Nigerian Naira	Notes	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Profit for the year		**184,639,594**	**167,912,658**	**166,919,765**	**158,727,705**
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent years:					
Net change in fair value of equity investments FVOCI		71,341	-	71,341	-
		71,341	-	71,341	-
Remeasurements of post-employment benefit obligations		(238,929)	839,010	(238,929)	839,010
Income tax relating to remeasurements of post-employment benefit obligations		71,679	(251,703)	71,679	(251,703)
		(167,250)	587,307	(167,250)	587,307
Other comprehensive income to be reclassified to profit or loss in subsequent years:					
Foreign currency translation differences for foreign operations		11,698,406	2,937,026	-	-
Income tax relating to foreign currency translation differences for foreign operations	21	(3,509,522)	(881,108)	-	-
Net change in fair value of financial assets FVOCI		(7,270,448)	-	(7,691,996)	-
Income tax relating to Net change in fair value of financial assets FVOCI	21	2,103,633	-	2,230,097	-
Net change in fair value of available for sale financial assets		-	9,739,861	-	8,472,052
Income tax relating to Net change in fair value of available for sale financial assets	21	-	(2,963,957)	-	(2,583,614)
		3,022,069	8,831,822	(5,461,899)	5,888,438
Other comprehensive income for the year, net of tax		2,926,160	9,419,129	(5,557,808)	6,475,745
Total comprehensive income for the year		**187,565,754**	**177,331,787**	**161,361,957**	**165,203,450**
Total comprehensive income attributable to:					
Equity holders of the parent entity		186,069,082	175,401,994	161,361,957	165,203,450
Non-controlling interests		1,496,672	1,929,793	-	-
Total comprehensive income for the year		**187,565,754**	**177,331,787**	**161,361,957**	**165,203,450**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
December 2018
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 2018	**14,715,590**	**123,471,114**	**71,218,191**	**265,444,886**	**(5,291,245)**	**5,234,178**	**10,506,272**	**122,618,621**	**607,917,607**	**11,482,603**	**619,400,210**
Changes on initial application of IFRS 9 (Note 45)	-	-	(65,490,719)	-	-	258,336	-	(85,863,846)	(151,096,229)	(782,655)	(151,878,884)
Restated balance as at 1 January 2018	**14,715,590**	**123,471,114**	**5,727,472**	**265,444,886**	**(5,291,245)**	**5,492,514**	**10,506,272**	**36,754,775**	**456,821,378**	**10,699,948**	**467,521,326**
Total comprehensive income for the year:											
Profit for the Year	-	-	-	-	-	-	-	183,851,283	183,851,283	788,311	184,639,594
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	7,761,639	-	7,761,639	427,245	8,188,884
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	(167,250)	(167,250)	-	(167,250)
Fair value adjustment	-	-	-	-	-	(5,376,590)	-	-	(5,376,590)	281,116	(5,095,474)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(5,376,590)**	**7,761,639**	**(167,250)**	**2,217,799**	**708,361**	**2,926,160**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(5,376,590)**	**7,761,639**	**183,684,033**	**186,069,082**	**1,496,672**	**187,565,754**
Transactions with equity holders, recorded directly in equity:											
Transfers for the Year	-	-	(1,298,356)	37,112,108	-	-	-	(35,813,752)	-	-	-
Reclassification due to derecognition	-	-	-	-	-	(1,378,178)	-	1,378,178	-	-	-
Inflow from NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	236,841	236,841
Acquisition/disposal of own shares	-	-	-	-	(292,390)	-	-	-	(292,390)	-	(292,390)
Dividend to equity holders	-	-	-	-	-	-	-	(79,464,184)	(79,464,184)	-	(79,464,184)
	-	**-**	**(1,298,356)**	**37,112,108**	**(292,390)**	**(1,378,178)**	**-**	**(113,899,758)**	**(79,756,574)**	**236,841**	**(79,519,733)**
Balance at 31 December 2018	**14,715,590**	**123,471,114**	**4,429,116**	**302,556,994**	**(5,583,635)**	**(1,262,254)**	**18,267,911**	**106,539,050**	**563,133,886**	**12,433,461**	**575,567,347**

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**	**87,062,977**	**492,849,530**	**8,842,695**	**501,692,225**
Total comprehensive income for the year:											
Profit for the Year	-	-	-	-	-	-	-	167,045,340	167,045,340	867,318	167,912,658
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**	**167,632,647**	**175,401,994**	**1,929,793**	**177,331,787**
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
Dividends to equity holders	-	-	-	-	-	-	-	(60,333,917)	(60,333,917)	(250,635)	(60,584,552)
	-	**-**	**15,483,586**	**56,259,500**	**-**	**-**	**-**	**(132,077,003)**	**(60,333,917)**	**710,115**	**(59,623,802)**
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**	**122,618,621**	**607,917,607**	**11,482,603**	**619,400,210**

Statement of Changes in Equity
December 2018
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 2018	**14,715,590**	**123,471,114**	**67,762,679**	**258,145,396**	**4,887,758**	**109,594,239**	**578,576,776**
Changes on initial application of IFRS 9 (Note 45)	-	-	(65,490,719)	-	258,336	(83,399,907)	(148,632,290)
Restated balance as at 1 January 2018	**14,715,590**	**123,471,114**	**2,271,960**	**258,145,396**	**5,146,094**	**26,194,332**	**429,944,486**
Total comprehensive income for the year:							
Profit for the Year	-	-	-	-	-	166,919,765	166,919,765
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	(167,250)	(167,250)
Fair value adjustment	-	-	-	-	(5,390,558)	-	(5,390,558)
Total other comprehensive income	**-**	**-**	**-**	**-**	**(5,390,558)**	**(167,250)**	**(5,557,808)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(5,390,558)**	**166,752,515**	**161,361,957**
Transactions with equity holders, recorded directly in equity:							
Transfers for the Year	-	-	2,089,953	33,102,199	-	(35,192,152)	-
Reclassification due to derecognition	-	-	-	-	(1,378,178)	1,378,178	-
Dividend to equity holders	-	-	-	-	-	(79,464,184)	(79,464,184)
	-	**-**	**2,089,953**	**33,102,199**	**(1,378,178)**	**(113,278,158)**	**(79,464,184)**
Balance at 31 December 2018	**14,715,590**	**123,471,114**	**4,361,913**	**291,247,595**	**(1,622,642)**	**79,668,689**	**511,842,259**

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

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)**	**80,778,889**	**473,707,243**
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	158,727,705	158,727,705
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**	**159,315,012**	**165,203,450**
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)
	-	**-**	**15,438,501**	**54,727,244**	**-**	**(130,499,662)**	**(60,333,917)**
Balance at 31 December 2017	**14,715,590**	**123,471,114**	**67,762,679**	**258,145,396**	**4,887,758**	**109,594,239**	**578,576,776**

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

Statements of cash flows

For the Year ended 31 December 2018

In thousands of Nigerian Naira	Notes	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash flows from operating activities					
Profit for the year		184,639,594	167,912,658	166,919,765	158,727,705
Adjustments for:					
Depreciation of property and equipment	19, 31	15,327,097	13,420,623	12,454,757	11,439,516
Amortisation of Intangibles		2,302,179	1,963,074	1,800,577	1,602,909
Gain on disposal of property and equipment		(230,429)	(101,587)	(103,934)	(38,594)
Gain on repossessed collateral		-	(3,476,869)	-	(3,476,869)
Impairment on financial assets		5,556,500	13,713,536	1,384,004	11,828,151
Net interest income		(222,433,801)	(246,663,161)	(188,441,907)	(217,649,619)
Foreign exchange gains	15	(31,082,991)	(25,540,198)	(30,031,174)	(23,926,663)
Fair value changes for FVTPL		(617,646)	(7,692)	(617,646)	(7,692)
Derivatives fair value changes		130,237	(177,524)	130,237	(177,524)
Dividend income		(224,631)	(179,310)	(224,631)	(3,558,832)
Income tax expense	21, 34(b)	30,947,176	29,772,387	23,289,521	24,919,924
Other non-cash items		389,264	64,036	389,264	64,036
		(15,297,451)	(49,300,027)	(13,051,167)	(40,253,552)
Net changes in:					
Financial assets held for trading		13,191,742	(11,834,406)	8,349,849	(10,323,294)
Assets pledged as collateral		2,199,535	(10,757,398)	2,669,983	(10,756,020)
Loans and advances to banks and placements with banks		(31,761,575)	(9,451,025)	(21,458,415)	(5,900,174)
Loans and advances to customers		91,424,381	196,636,958	97,093,592	192,911,634
Restricted deposits and other assets		(68,596,377)	(41,857,075)	(67,906,034)	(42,429,700)
Deposits from banks		(5,407,368)	(52,975,050)	693,569	1,922
Deposits from customers		164,535,362	34,241,098	133,628,967	(12,411,380)
Financial liabilities held for trading		(782,050)	582,067	(782,050)	582,067
Other liabilities		(90,394,972)	86,674,660	(89,664,434)	91,484,146
		74,408,678	191,259,829	62,625,027	203,159,201
Interest received		321,441,161	320,690,405	272,488,665	277,799,440
Interest paid		(85,781,718)	(80,488,743)	(70,821,116)	(66,611,320)
		235,659,443	240,201,662	201,667,549	211,188,120
		294,770,670	382,161,464	251,241,409	374,093,769
Income tax paid		(33,709,152)	(25,001,610)	(26,615,745)	(20,696,442)
Net cash provided by operating activities		**261,061,518**	**357,159,854**	**224,625,664**	**353,397,327**

Statements of cash flows

For the Year ended 31 December 2018

In thousands of Nigerian Naira	Notes	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash flows from investing activities					
Redemption of investment securities		1,333,581,618	625,108,960	1,340,111,269	663,770,005
Purchase of investment securities		(1,360,098,030)	(697,073,315)	(1,357,601,773)	(697,073,315)
Dividends received		224,631	179,310	224,631	3,558,832
Purchase of property and equipment	31	(28,350,669)	(19,003,518)	(23,787,592)	(14,780,301)
Proceeds from the sale of property and equipment		675,278	800,706	116,029	109,606
Purchase of intangible assets	32	(3,733,759)	(2,863,251)	(2,934,888)	(2,726,244)
Additional investment in subsidiary	30	-	-	(9,607,028)	-
Net cash used in investing activities		**(57,700,931)**	**(92,851,108)**	**(53,479,352)**	**(47,141,417)**
Cash flows from financing activities					
Repayment of debt securities issued		(99,008,757)	(41,681,921)	(99,008,757)	(40,754,537)
Repayment of long term borrowings		(65,370,563)	(50,018,470)	(56,015,226)	(39,526,457)
Increase in long term borrowings		14,450,000	35,869,527	14,450,000	35,869,527
Finance lease repayments		(284,509)	(1,513,030)	(284,509)	(1,513,030)
Purchase of treasury shares		(292,390)	-	-	-
Dividends paid to owners	43	(79,464,184)	(60,333,917)	(79,464,184)	(60,333,917)
Dividends paid to non-controlling interest		-	(250,635)	-	-
Increase in non-controlling interest	30	236,841	960,750	-	-
Net cash used in financing activities		**(229,733,562)**	**(116,967,696)**	**(220,322,676)**	**(106,258,414)**
Net increase/(decrease) in cash and cash equivalents		**(26,372,975)**	**147,341,050**	**(49,176,364)**	**199,997,496**
Cash and cash equivalents at beginning of the year		609,174,897	432,548,424	426,425,496	210,862,662
Effect of exchange rate fluctuations on cash held		32,161,258	29,285,423	30,219,110	15,565,338
Cash and cash equivalents at end of the Year	**23(b)**	**614,963,180**	**609,174,897**	**407,468,242**	**426,425,496**

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 year ended 31 December 2018, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The Consolidated and separate financial statements of the parent and the Group have been prepared in accordance with International Financial Reporting Standards (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.

The Consolidated and Separate Financial Statements have been audited and were authorized for issue by the directors on 30th January 2019.

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.
- Fair value through other comprehensive income (FVOCI) financial assets are measured at fair value through equity.
- 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.

(d) Changes to accounting policies

New and amended standards and interpretations

The Group has adopted IFRS 9 with a transition date of 1 January 2018. This resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1st January,

2018. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

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

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognise revenue, and at what amount:

a) Identify the contract(s) with a customer
b) Identify the performance obligations in the contract
c) Determine the transaction price
d) Allocate the transaction price to the performance obligations in the contract
e) Recognise revenue when (or as) the entity satisfies a performance obligation

The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

The Bank has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. However, the adoption of IFRS 15 did not result in any adjustments to the amounts recognised in the financial statements as the Bank's previous accounting treatment is in line with the requirements of IFRS 15.

There was no impact on the Bank's retained earnings at the date of initial application (i.e. 1 January 2018).

Amendments to IFRS 2 - Share Based Payment - Classification and measurment of share based payment transactions
This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an 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.

IFRS 9 - Financial instruments
As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 introduces a new approach for classification and measurement of financial instruments and a more forward looking Impairment methodology.

Classification and Measurement
IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model with the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial

recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. The adoption of IFRS 9 did not result in significant changes to existing asset measurement bases.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for loans which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The Group has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

An assessment of the ECL in the Group's balance sheet reflects an increase in the provisions for credit losses. However, this increase will not have a significant impact on regulatory capital and invariably the Capital adequacy due to the Group's strong earnings and retention capacity over the years.

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.

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 for annual periods beginning on or after 1 January 2018:

Standard	Content	Effective Date
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 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.

Prior to introduction of IFRS 16, The Group has always carried its operating lease on balance sheet. Notwithstanding, the Group carried out the impact assessment of the amendment on its business. This amendment does not have any financial implications on the Group. The operating lease of the group totaling N5.1bn is fully paid in advance with no future minimum lease payments to be made, leaving the Group with no future liability. The operating lease is currently recognised in the statement of financial position as part of prepaid assets and this is currently being amortised to Income statement over the rental period. The implication is that the current accounting treatment and presentation of the operating leases will not change on application of IFRS 16.

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 anyway 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 year.

(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 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 year 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 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.

Whilst interest revenue is always required to be presented as a separate line item, it is calculated differently according to the status of the asset with regard to credit impairment.

For a financial asset that has not become credit impaired since initial recognition, interest revenue is calculated using a 'gross method' of applying the effective interest rate method to the gross carrying amount of the asset (i.e. its carrying amount excluding the loss allowance).

For a financial asset that subsequently has become credit-impaired, from the beginning of the next reporting period, interest revenue is calculated using a 'net method' of applying the effective interest rate to the net amortised cost balance (i.e. including the loss allowance).

(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 gains on financial instruments classified as held for trading

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 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 gains on financial instruments classified as held for trading. Dividend income on long term equity investments is recognised as a component of other income.

(h) Leases

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

(a) The Group is the lessee

(i) Operating lease

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

(ii) Finance lease

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

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

(b) The Group is the lessor

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

(I) Income Tax

(a) Current income tax

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

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

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 FVOCI 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 on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. For non-revolving facilities, origination date is the date the facility is disbursed, origination date for revolving facilities is the date the line is availed, while origination date for credit card is the date the credit limit is availed on the card. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

II. Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include both debt and equity instruments.

Financial assets are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL) for trading related assets

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Bank assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Bank takes into consideration the following factors:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets

- How the performance of assets in a portfolio is evaluated and reported to Group heads and other key decision makers within the Bank's business lines;

- The risks that affect the performance of assets held within a business model and how those risks are managed;

- How compensation is determined for the Bank's business lines' management that manages the assets; and

- The frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- Business Model 1 (BM1): Financial assets held with the sole objective to collect contractual cash flows;

- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Group may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Group considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
  - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
  - Selling the financial asset to manage credit concentration risk (infrequent).
  - Selling the financial assets as a result of changes in tax laws (infrequent).
  - Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Group holds a portfolio of long-term fixed rate loans for which it has the option to propose a revision of the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Other Income in the Consolidated Statement of Income. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Consolidated Statement of Income using the effective interest rate method. Impairment on financial assets measured at FVOCI is calculated using the expected credit loss approach.

c) Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income as part of Other Income. Realized and unrealized gains and losses are recognized as part of Other Income in the Consolidated Statement of Income.

d) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, any contract that evidences a residual interest in the issuer's net assets.

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Other Income in the Consolidated Statement of Income. The Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Consolidated Statement of Income. Dividends received are recorded in other income in the Consolidated Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated Statement of Income on sale of the security. Transaction cost on disposal of equity instruments is recognised as an expense in the income statement.

Financial liabilities are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

e) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Other Income in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Bank's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Consolidated Statement of Income upon derecognition/ extinguishment of the liabilities.

f) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Cash and cash equivalents

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.

III. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occurs only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Group's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 31st January 2018, the reclassification date will be 1 April, 2018 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 31st January, 2018. Gains, losses or interest previously recognised are not be restated when reclassification occurs.

IV. Modification of financial assets and liabilities

a. Financial assets

When the contractual terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Group shall assess whether there has been a significant increase in the credit risk of the financial instrument by comparing:

- the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms)

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria:

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

In addition to the above, the bank shall also consider qualitative factors as detailed below:

Qualitative criteria

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- Conversion of a loan from one currency to another currency

Other factor to be considered:

- Extension of maturity dates

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized (see above) and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

b. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

De-recognition of financial instruments

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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.

V. Impairment of Financial Assets

In line with IFRS 9, the Group assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

Equity instruments and financial assets measured at FVTL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group adopts a three-stage approach for impairment assesment based on changes in credit quality since initial recognition.

- **Stage 1** – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

- **Stage 2** – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

- **Stage 3** – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

- **PD –** The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

    - **12-month PDs** – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The Bank obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.

    - **Lifetime PDs** – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9. The Bank obtains 3 years forecast for the relevant macroeconomic variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.

- **EAD –** The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- **LGD –** The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

To estimate expected credit loss for off balance sheet exposures, credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Bank considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off balance sheet exposures to determine the EAD and the ECL impairment model for financial assets is applied on the EAD to determine the ECL on the off balance sheet exposures.

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires that:

- The Group uses internal subject matter experts from Risk, Treasury and Business Divisions to consider a range of relevant forward looking data, including macro-economic forecasts and assumptions, for the determination of unbiased general economic adjustments in order to support the calculation of ECLs.

- Macro-economic variables taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, crude-oil prices and exchange rate, and requires an evaluation of both the current and forecast direction of the macro-economic cycle.

- Macro-economic variables considered have strong statistical relationships with the risk parameters (LGD, EAD, CCF and PD) used in the estimation of the ECLs, and are capable of predicting future conditions that are not captured within the base ECL calculations.

- Forward looking adjustments for both general macro-economic adjustments and more targeted at portfolio / industry levels. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Macroeconomic factors

The Group relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

The macroeconomic variables and economic forecasts as well as other key inputs are reviewed and approved by management before incorporated in the ECL model. Any subsequent changes to the forward looking information are also approved before such are inputted in the ECL model.

The macro economic variables are obtained for 3 years in the future and are reassessed every 6 months to ensure that they reflect prevalent circumstances and are up to date.

Where there is a non-linear relationships, one forward-looking scenario is never sufficient as it may result in the estimation of a worst-case scenario or a best-case scenario. The Bank's ECL methodology considers weighted average of multiple economic scenarios for the risk parameters (basically the forecast macroeconomic variables) in arriving at impairment figure for a particular reporting period. The model is structured in a manner that the final outcome, which is a probability cannot be negative.

SICR is assessed once there is an objective indicator of a deterioration in credit risk of customer. In addition, the Bank as part of its routine credit processes perform an assessment on a quarterly basis to identify instances of SICR.

Multiple forward-looking scenarios

The Group determines allowance for credit losses using three probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Group prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn is used in the estimation of the multiple scenario ECLs. The ' normal case' represents the most likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Group adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Bank's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau, etc.

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

- Others include death, insolvency, breach of covenants, etc.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days past due are considered impaired. More information around rebuttal is presented under Financial Risk Management on page 157.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Loan commitments and financial guarantee contracts: generally, as a provision;

- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

VI. Write-off

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, where there is no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialed by the approving authority.

A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

VII. Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is measured at FVTPL.

VIII. Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

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.

(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 amortised cost, fair value through profit or loss or fair value through other comprehensive income. See description in accounting policy Note J (ii) above.

(l) Derivatives held for risk management purposes

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

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'.

(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.

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

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

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

(iv) De-recognition

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

(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 and loan commitments

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. After initial recognition, guarantee contracts are subsequently measured at the higher of:

a) The amount of the loss allowance, and
b) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Financial guarantees, principally consisting of letters of credit are included within other liabilities.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Group recognises a provision in accordance with IAS 37 if the contract was considered to be onerous.

(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, by offering the shares acquired by the SPV by way of Share Appreciation Rights (SARs) and Stock Options (hybrid plan) to qualifying members of staff at prevailing net book value.

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

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

(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 reseves

(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/or 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 for 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.

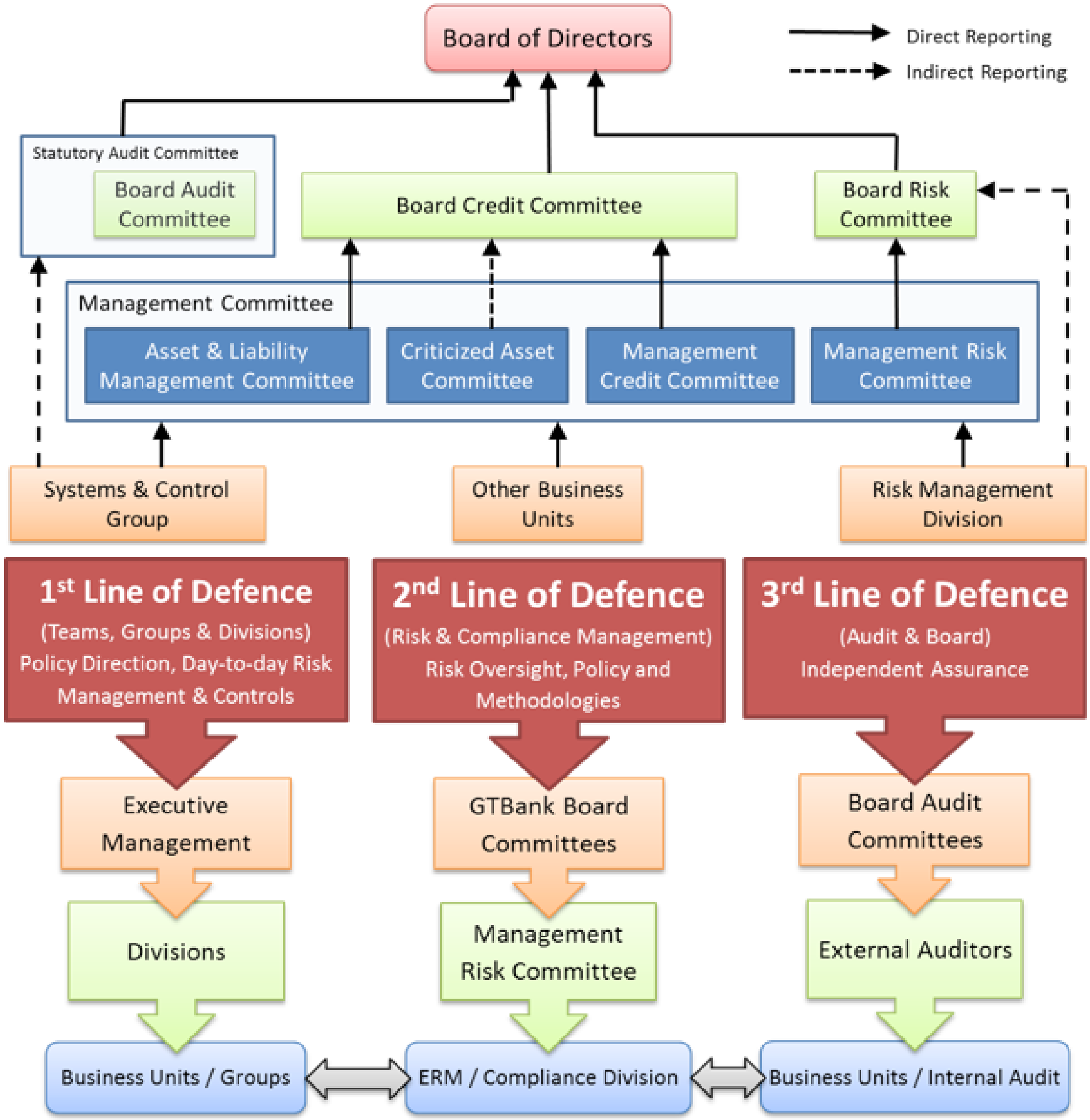
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees 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 and interest rate risk, liquidity risk, operational risk, reputation risk, technology risk and other major risks that may arise from time to time. The committee monitors the 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 he 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 that 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.

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 I, the Bank has implemented the Standardized Approach for the three risk areas – Credit, Market & Operational risk and the Advanced Internal Rating Based (AIRB) Approah using the OFSAA Basel II solution software. The advanced measurement approach for credit risk uses PD, LGD and EAD as the input parameters.

(i) Management of Credit Risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. The Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the 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.

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 IFRS 9, the bank has adopted Expected Credit Loss (ECL) approach effective January 1, 2018. IFRS 9 adopts dual measurement approach to determining expected credit loss. The 12 month ECL is applicable to credit exposure in Stage 1 where there is no significant deterioration in credit quality. It is computed as loss allowance.

The lifetime ECL is the loss allowance computed for credit exposures in Stage 2 and 3. As part of the envolving 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 under IFRS 9 is determined using 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	▪ Exceptional credit quality ▪ Obligors with overwhelming capacity to meet obligation ▪ Top multinationals / corporations ▪ Good track record ▪ Strong brand name ▪ Strong equity and assets ▪ Strong cash flows ▪ Full cash coverage
2 (AA)	Superior Credit	▪ Very high credit quality ▪ Exceptionally high cash flow coverage (historical and projected) ▪ Very strong balance sheets with high liquid assets ▪ Excellent asset quality ▪ Access to global capital markets ▪ Typically large national corporate in stable industries and with significant market share
3 (A)	Minimal Risk	▪ High quality borrowers ▪ Good asset quality and liquidity position ▪ Strong debt repayment capacity and coverage ▪ Very good management ▪ Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected ▪ Typically in stable industries
4 (BBB)	Above Average	▪ Good asset quality and liquidity ▪ Very good debt capacity but smaller margins of debt service coverage ▪ Good management in key areas ▪ Temporary difficulties can be overcome to meet debt obligations ▪ Good management but depth may be an issue ▪ Good character of owner ▪ Typically good companies in cyclical industries
5 (BB)	Average	▪ Satisfactory asset quality and liquidity ▪ Good debt capacity but smaller margins of debt service coverage ▪ Reasonable management in key areas ▪ Temporary difficulties can be overcome to meet debt obligations ▪ Good management but depth may be an issue ▪ Satisfactory character of owner ▪ Typically good companies in cyclical industries

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

Risk ratings models form the building blocks for the determination of default risk of counterparties. The models are backtested to ascertain the predicitive capabilities relative to actual performance and make necessary amendments as necessary to enhance their effectiveness.

Because significant increase in credit risk is the main factor that determines movement of a financial asset from Stage 1 to Stage 2, all obligors with downward movement of credit rating of more than 3 notches or any movement into rating 7 are migrated to Stage 2. An obligor is moved into Stage 3 when there is rating migration to rating grade 8 to 10.

A facility in Stage 3 can subsequently be deemed "cured". A facility is deemed to be "cured" when there is a significant reduction in the credit risk of the financial instrument. "Cured" facilities within Stage 2 are monitored for a probationary period of 90 days to confirm if the credit risk has decreased sufficiently before they can be migrated from Stage 2 to Stage 1 while "Cured" facilities within Stage 3 are monitored for a probationary period of 180 days before migration from Stage 3 to Stage 1. The decrease in risk of default is reflected in the obligor's Risk Rating which is a critical input for Staging.

In computing the Expected Credit Loss (ECL), the bank considers four components listed below:

1. Probability of Default (PD)

This is an estimate of the likelihood of default over a given time horizon (e.g. 12 months or lifetime). The bank 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.

The Bank uses a statistical approach in estimating the PD considering macroeconomic indicators and obligor specific data. The statistical model specifies the relationship between the inputs and the outcome - PD. The parameters determined depend on the data used to develop the model.

For the purpose of estimating an IFRS 9 complaint PD, the Bank adopts Logistic Regression method one of the highly recommended statistical techniques. This is a statistical method for analysing a dataset in which there are one or more independent variables (macro-economic/obligor specific data) that determine an outcome (probability of default).

The default status of an obligor (a function of customerrating) is used as dependent variable while macro-economic variables (such as interest rate, GDP growth rate, unemployment rate etc.) and customer specific information (e.g. changes in obligor's rating and interest rate) are used as independent variables. The default status reflects the credit ratings assigned to customers. These ratings are generated based on due consideration of obligor specific quantitative (financial) and qualitative (non-financial) information such as age, loan type, industry, management structure, business risk etc.

The core input used to determine PDs are the internal ratings generated by the Bank's Credit Analysis sub-system (Lead to Loan). These ratings are assigned to customers after careful review of quantitative and qualitative factors specific to the obligor, macro indicators and industry information. The Bank's rating model currently considers past and current economic information, however, the accounting standard requires that forward looking information is incorporated into the PD determination.
To achieve an IFRS 9 compliant PD, the Bank adopted Logistic Regression model which incorporates the macroeconomic forecasts into the PD determination process. The Normal scenario macroeconomic variables used for the purpose of the forecast is obtained from credible sources while the Upturn and Downturn scenarios are derived based on historical trend analysis and management's unbiased estimates of forward looking macroeconomic indicators.

The Bank uses Simplified approach in determining PDs for other financial instruments below:

1. Investments in securities issued by Sovereign
2. Investments in securities issued by State Government
3. Interbank Placements

2. Exposure at Default (EAD)

This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest , and expected drawdown on committed facilities.

EAD measures the utilised exposure at default. For on-balance sheet exposures, the gross value of the exposure is taken into account, and off-balance sheet exposures a credit conversion factor (CCF) is used to estimate future utilisation. The off balance sheet exposures are considered when performing staging and ECL calculations.

The modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms. This expected changes includes:

- Contractual repayments/amortization schedule
- Prepayments (i.e. early repayment)
- Changes in utilization of an undrawn commitment within agreed credit limits in advance of default.

This cash-flow model further reflects movements in the EAD in the months before default. Interest payments receivable on the account as at the reporting date is included in the EAD to reflect an expectation that these interest payments could be missed in the eventuality/ occurrence of a default.

The inputs into the EAD model are reviewed to assess their suitability for IFRS 9 and adjusted, where required, to ensure an unbiased, probability-weighted ECL calculation reflecting current expectations and forward-looking information.

3. Loss Given Default (LGD)
This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. It typically varies by type of counterparty, type of exposure and seniority of claim and availability of collateral or other credit support.

The Bank uses the Workout and Recovery Approach in determining its LGD. This approach models LGD based on the actual cash flows that can be recovered from a firm by the workout process, once default has occurred. The methodology involves prediction of the future cash flows that can be recovered from a company, after it has defaulted on its payments. It takes into account all cash flows from the distressed asset linked to the recovery.

The forecasted cash flows are discounted using the EIR. These discounted cash flows are summed up to provide the expected recovery amount. The total exposure of the firm at the time of default minus the expected recovery amount gives the loss given default in absolute terms. The ratio of loss given default in absolute value to exposure at default gives the LGD in percentage terms.
The Bank incorporates FLI into the LGD model through adjustments to the collateral values to reflect their fair value and the EAD to reflect prepayment rates and foreign currency adjustments (on foreign currency denominated facilities).

4. Discount Rate
This is used to discount an expected loss to a present value at the reporting date using the effective interest rate (EIR) (or where applicable, other rate permitted by IFRS 9) determined at initial recognition.

(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 as set by the regulators and it is currently at 20% of the Bank's shareholders' funds is adopted 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 below:

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

The above limits are subject to the following overriding approvals:

- The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.

- All new facilities, up till the Deputy Managing Director approval limit, require one-up approval i.e. approval at a level higher than that of the person that would ordinarily approve it.

Master Netting Arrangements

Master netting arrangements are entered into to manage its 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 availment. 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 to 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

Placement 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 2018 and 31 December 2017.

Credit risk exposure relating to On-Balance Sheet

	Maximum exposure		Maximum exposure	
In thousands of Nigerian Naira	Group		Parent	
Classification	**Dec-2018**	**Dec-2017**	**Dec-2018**	**Dec-2017**
Cash and bank balances:				
- Unrestricted balances with central banks	72,552,069	83,203,161	47,484,035	54,379,661
- Balances held with other banks	208,289,218	224,804,904	75,142,158	113,342,767
- Money market placements	331,989,039	266,662,035	291,334,276	245,450,392
Loans and advances to banks	2,994,642	750,361	46,074	43,480
Loans and advances to customers[1]:				
- Loans to individuals	147,603,603	162,458,313	97,756,079	102,698,430
- Loans to non-individuals	1,111,406,756	1,286,075,117	970,242,940	1,163,273,258
Financial assets held for trading:				
- Debt securities	11,314,814	23,945,661	8,920,153	16,652,356
- Derivative financial instruments	3,854,921	2,839,078	3,854,921	2,839,078
Investment securities:				
- Debt securities	633,613,868	610,938,635	460,551,315	452,085,230
Assets pledged as collateral:				
- Debt securities	56,777,170	58,976,175	56,291,739	58,961,722
Restricted deposits and other assets[2]	473,570,394	414,595,806	472,130,644	413,210,464
Total	**3,053,966,494**	**3,135,249,246**	**2,483,754,334**	**2,622,936,838**
Loans exposure to total exposure	41%	46%	43%	48%
Debt securities exposure to total exposure	23%	22%	21%	20%
Other exposures to total exposure	36%	32%	36%	32%

As shown above, 41% (Parent: 43%) of the total maximum exposures is derived from loans and advances to banks and customers (2017: 46% ; Parent: 48%); while 23% (Parent: 21%) represents exposure to investments in debt securities (2017: 22% ; Parent: 20%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

[1] Further classification of Loans to Customers along product lines are provided on the next page.
[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit risk exposure relating to Off-Balance Sheet

	Maximum exposure		Maximum exposure	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Financial guarantees	386,386,612	433,620,435	362,816,565	414,229,702
Other contingents	54,664,913	60,752,732	22,059,650	22,369,921
Total	**441,051,525**	**494,373,167**	**384,876,215**	**436,599,623**

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-2018	Dec-2017	Dec-2018	Dec-2017
Loans to individuals:				
Overdraft	10,072,957	11,154,553	8,486,883	5,317,073
Loans	137,478,680	151,303,760	89,269,196	97,381,357
Others	51,966	-	-	-
	147,603,603	**162,458,313**	**97,756,079**	**102,698,430**
Loans to non-individuals:				
Overdraft	109,885,323	204,087,272	82,146,104	124,345,944
Loans	953,126,794	1,034,882,877	839,702,197	1,003,730,440
Others	48,394,639	47,104,968	48,394,639	35,196,874
	1,111,406,756	**1,286,075,117**	**970,242,940**	**1,163,273,258**

Credit quality of Financial Assets

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

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

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

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Sovereign Ratings				
B-	-	8,677,770	-	-
B+	-	5,425,327	-	-
Nigeria (B) S&P	47,484,035	59,016,104	47,484,035	54,379,661
unrated	25,068,034	10,083,960	-	-
	72,552,069	**83,203,161**	**47,484,035**	**54,379,661**

Restricted and Unrestricted balances with Central Bank of Nigeria are assigned Sovereign rating of B from 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.

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Counterparties with external credit rating (S&P)				
A	19,038,477	1,829,878	1,110,811	1,829,878
A-1	1,081,566	18,038,038	-	-
A-1+	-	3,409,966	-	-
A-2	-	178,488	-	-
A-3	-	27,731,180	-	-
A-	760,117	7,195,411	33,660	7,195,411
A+	57,110,516	85,132,174	50,815,129	85,132,174
AA+	430,548	-	430,548	-
AA	8,759,168	-	-	-
AA-	36,539	2,812,538	36,539	2,812,538
BBB+	9,261,474	-	-	-
BBB	1,901,878	-	1,901,878	-
BBB-	8,620,295	-	-	-
BB+	8,622,922	2,313	4,378	2,313
B+	83,131	-	-	-
B	1,101,482	-	-	-
Unrated	33,627,560	78,474,918	20,809,215	16,370,453
Counterparties with external credit rating (Fitch)				
A	11,042,526	-	-	-
A-	11,068,869	-	-	-
AA-	11,281,530	-	-	-
BBB+	8,727,158	-	-	-
BBB-	108,083	-	-	-
BB	8,857,379	-	-	-
BB-	6,768,000	-	-	-
	208,289,218	**224,804,904**	**75,142,158**	**113,342,767**

Money Market placements

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

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Counterparties with external credit rating (S&P)				
A	4,305,480	-	-	-
A-1+	17,976,425	13,995,885	17,976,425	49,349,047
A-1	220,443,523	159,209,971	220,443,523	131,058,929
A-2	42,238,966	317,781	42,238,966	331,663
B	46,396,933	53,657,909	-	49,746,348
	331,361,327	**227,181,546**	**280,658,914**	**230,485,987**
Sovereign Ratings				
B	-	9,161,348	-	7,505,548
	-	**9,161,348**	**-**	**7,505,548**
Counterparties without external credit rating				
Unrated	627,712	30,319,141	-	-
Foreign Subsidiaries	-	-	10,675,362	7,458,857
	627,712	**30,319,141**	**10,675,362**	**7,458,857**
	331,989,039	**266,662,035**	**291,334,276**	**245,450,392**

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.

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Soverign Ratings				
Other Sovereign (B) S&P	2,394,661	2,512,995	-	-
Nigeria (B) S&P	8,920,153	16,652,356	8,920,153	16,652,356
B- (S&P)	-	4,778,930	-	-
Unrated	-	1,380	-	-
	11,314,814	**23,945,661**	**8,920,153**	**16,652,356**

Investment Securities

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

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Sovereign Ratings:				
AA	34,274,921	19,009,949	-	-
B+	44,011,235	30,385,637	-	-
Nigeria (B) S&P	451,167,653	450,077,976	451,167,653	450,077,976
Other Sovereign Rating (B) S&P	65,158,706	35,400,720	-	-
Counterparties with external credit rating (S&P):				
B-	7,380,390	41,293,740	7,380,390	-
unrated	29,617,691	32,518,694	-	-
Counterparties with external credit rating (Agusto):				
Aa-	2,003,272	2,251,919	2,003,272	2,007,254
	633,613,868	**610,938,635**	**460,551,315**	**452,085,230**

Of the Parent's Investment Securities of N460,551,315,000 (Dec 2017: N452,085,230,000) the sum of N451,167,653,000 (2017: N443,450,994,000) 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.

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Soverign Ratings				
Nigeria (B) S&P	56,291,739	58,961,722	56,291,739	58,961,722
B+	485,431	14,453	-	-
	56,777,170	**58,976,175**	**56,291,739**	**58,961,722**

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.

	Credit quality		Credit quality	
In thousands of Nigerian Naira	Group		Parent	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017
Soverign Ratings				
Other Sovereign Rating (B+) S&P	1,439,750	-	-	-
Nigeria (B) S&P	429,073,791	379,833,531	429,073,791	379,833,531
Counterparties with external credit rating (S&P)				
A-1	6,899,318	7,127,658	6,899,318	5,768,420
A-1+	214,484	-	214,484	-
A-2	1,989,358	849,069	1,989,358	147,787
B+	-	5,063,719	-	-
Unrated	33,953,693	17,619,438	33,953,693	23,358,335
Counterparties with external credit rating (Moodys)				
P-3	-	177,982	-	177,982
F1+	-	268,902	-	268,902
F1	-	3,655,507	-	3,655,507
	473,570,394	**414,595,806**	**472,130,644**	**413,210,464**

Rating Legend:

External credit rating (S&P)

AA+:Very Strong Capacity to Repay

AA:Very Strong Capacity to Repay

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

BBB+:Adequate Capacity to Repay

BBB:Adequate Capacity to Repay

BBB-:Adequate Capacity to Repay

External credit rating (S&P)

BB+:Moderate Capacity to Repay

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 repay

F1:Strong capacity to repay

External credit rating (Agusto):

Aa- : Very strong capacity to repay

A : Strong capacity to repay

External credit rating (Agusto):

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)

AA-: High grade

A: High grade

A-: Upper medium grade

BBB+: Lower medium grade

BBB-: Lower medium grade

BB: Non investment grade speculative

BB-: Non investment grade speculative

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-2018

In thousands of Nigerian Naira				
Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and bank balances:				
- Unrestricted balances with central banks	47,484,035	25,068,034	-	72,552,069
- Balances held with other banks	2,477,768	27,180,623	178,630,827	208,289,218
- Money market placements	-	69,306,550	262,682,489	331,989,039
Loans and advances to banks	46,074	1,954,910	993,658	2,994,642
Loans and advances to customers[1]:				
- Loans to individuals	97,756,079	14,831,056	35,016,468	147,603,603
- Loans to non-individuals	969,525,601	141,881,155	-	1,111,406,756
Financial assets held for trading:				
- Debt securities	8,920,153	2,394,661	-	11,314,814
- Derivative financial instruments	3,854,921	-	-	3,854,921
Investment securities:				
- Debt securities	453,170,925	138,787,740	41,655,203	633,613,868
Assets pledged as collateral:				
- Debt securities	56,291,739	485,431	-	56,777,170
Restricted deposits and other assets[2]	456,963,714	2,875,551	13,731,129	473,570,394
	2,096,491,009	**424,765,711**	**532,709,774**	**3,053,966,494**

[1]Further classification of Loans & Advances to Customers along product lines is provided on the next page.
[2]Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Of the Group's Credit risk exposure outside Africa relating to On-balance sheet, 19% relates to exposures in United States of America, 80% relates to exposures in United Kingdom and 1% relates to exposures in other countries.

Credit risk exposure relating to Off-Balance Sheet

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

Group
Dec-2018

In thousands of Nigerian Naira				
Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	362,816,565	21,789,182	1,780,865	386,386,612
Other contingents	22,059,650	24,671,753	7,933,510	54,664,913
	384,876,215	**46,460,935**	**9,714,375**	**441,051,525**

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-2018

In thousands of Nigerian Naira				
Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,367,025	4,654,082	51,850	10,072,957
Loans	92,389,054	10,125,008	34,964,618	137,478,680
Others	-	51,966	-	51,966
	97,756,079	**14,831,056**	**35,016,468**	**147,603,603**
Loans to non-individuals:				
Overdraft	81,658,806	28,226,517	-	109,885,323
Loans	839,472,156	113,654,638	-	953,126,794
Others#	48,394,639	-	-	48,394,639
	969,525,601	**141,881,155**	**-**	**1,111,406,756**

Others include Usances and Usance Settlement.

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 bank balances:				
- 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**

[1]Further classification of Loans & Advances to Customers along product lines is provided on the next page.
[2]Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

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.

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				
Classification	**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 and advances across geographical regions 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[1]	35,196,872	11,908,096	-	47,104,968
	1,161,844,696	**124,230,421**	**-**	**1,286,075,117**

[1]Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2018

In thousands of Nigerian Naira				
Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and bank balances:				
- Unrestricted balances with central banks	47,484,035	-	-	47,484,035
- Balances held with other banks	2,281,907	434,926	72,425,325	75,142,158
- Money market placements	-	17,976,425	273,357,851	291,334,276
Loans and advances to banks	46,074	-	-	46,074
Loans and advances to customers[1]:				
- Loans to individuals	97,756,079	-	-	97,756,079
- Loans to non-individuals	970,242,940	-	-	970,242,940
Financial assets held for trading:				
- Debt securities	8,920,153	-	-	8,920,153
- Derivative financial instruments	3,854,921	-	-	3,854,921
Investment securities:				
- Debt securities	453,170,925	-	7,380,390	460,551,315
Assets pledged as collateral:				
- Debt securities	56,291,739	-	-	56,291,739
Restricted deposits and other assets[2]	456,963,715	1,435,800	13,731,129	472,130,644
	2,097,012,488	**19,847,151**	**366,894,695**	**2,483,754,334**

[1] Further classification of Loans & Advances to Customers along product lines is provided on the next page.
[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

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.

Credit risk exposure relating to Off-Balance Sheet

Parent
Dec-2018

In thousands of Nigerian Naira				
	Nigeria	**Rest of Africa**	**Outside Africa**	**Total**
Financial guarantees	362,816,565	-	-	362,816,565
Other contingents	22,059,650	-	-	22,059,650
	384,876,215	**-**	**-**	**384,876,215**

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-2018

In thousands of Nigerian Naira				
Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	8,486,883	-	-	8,486,883
Loans	89,269,196	-	-	89,269,196
	97,756,079	**-**	**-**	**97,756,079**
Loans to non-individuals:				
Overdraft	82,146,104	-	-	82,146,104
Loans	839,702,197	-	-	839,702,197
Others[1]	48,394,639	-	-	48,394,639
	970,242,940	**-**	**-**	**970,242,940**

[1]Others 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 bank balances:				
- 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**

[1] Further classification of Loans & Advances to Customers along product lines is provided on the next page.
[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

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

Credit risk exposure relating to Off-Balance Sheet

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

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
Others1	35,196,874	-	-	35,196,874
	1,163,273,258	**-**	**-**	**1,163,273,258**

[1]Others 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-2018

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 bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	72,552,069	-	-	-	-	-	72,552,069
- Balances held with other banks	-	208,289,218	-	-	-	-	-	-	-	-	-	208,289,218
- Money market placements	-	313,976,163	-	-	11,515,178	6,497,698	-	-	-	-	-	331,989,039
Loans and advances to banks	-	1,039,732	-	-	1,954,910	-	-	-	-	-	-	2,994,642
Loans and advances to customers[3]:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	147,603,603	-	147,603,603
- Loans to non-individuals	27,135,378	42,497,288	49,321,792	7,589,626	41,248,675	58,777,055	232,583,083	471,517,165	51,059,217	-	129,677,477	1,111,406,756
Financial assets held for trading:												
- Debt securities	-	-	-	-	-	11,314,814	-	-	-	-	-	11,314,814
- Derivative financial instruments	-	3,852,032	-	-	-	-	1,600	1,289	-	-	-	3,854,921
Investment securities:												
- Debt securities	-	7,380,390	-	-	-	626,233,478	-	-	-	-	-	633,613,868
Assets pledged as collateral:												
- Debt securities	-	-	-	-	25,509	56,751,661	-	-	-	-	-	56,777,170
Restricted deposits and other assets[4]	-	-	-	-	-	14,406,074	-	-	-	-	459,164,320	473,570,394
	27,135,378	**577,034,823**	**49,321,792**	**7,589,626**	**54,744,272**	**846,532,849**	**232,584,683**	**471,518,454**	**51,059,217**	**147,603,603**	**588,841,797**	**3,053,966,494**

[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.

Credit Risk Exposure to off-balance sheet items

Group
Dec-2018
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	1,128,091	6,917,101	246,913,222	200,000	8,178,462	-	12,880,763	66,622,652	1,550,679	-	41,995,642	386,386,612
Other contingents	1,969,791	908,007	1,035,036	-	4,465,051	2,467	11,293,329	7,021,231	510,508	-	27,459,493	54,664,913
Total	**3,097,882**	**7,825,108**	**247,948,258**	**200,000**	**12,643,513**	**2,467**	**24,174,092**	**73,643,883**	**2,061,187**	**-**	**69,455,135**	**441,051,525**

[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-2018
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	-	-	-	-	-	-	-	-	-	10,072,957	-	10,072,957
Loans	-	-	-	-	-	-	-	-	-	137,478,680	-	137,478,680
Others	-	-	-	-	-	-	-	-	-	51,966	-	51,966
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**147,603,603**	**-**	**147,603,603**
Loans to non-individuals:												
Overdraft	5,714,473	57,031	15,976,349	2,311,888	12,495,159	1,431,463	48,288,440	16,475,967	1,519,340	-	5,615,213	109,885,323
Loans	20,879,867	42,440,257	33,310,925	5,277,738	22,837,580	57,345,592	156,416,844	441,083,807	49,539,154	-	123,995,030	953,126,794
Others	541,038	-	34,518	-	5,915,936	-	27,877,799	13,957,391	723	-	67,234	48,394,639
	27,135,378	**42,497,288**	**49,321,792**	**7,589,626**	**41,248,675**	**58,777,055**	**232,583,083**	**471,517,165**	**51,059,217**	**-**	**129,677,477**	**1,111,406,756**

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

Credit Risk Exposure to on-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
Cash and bank balances:												
- 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	60,242,354	52,905,237	244,568,505	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**	**68,848,677**	**837,778,487**	**244,596,430**	**535,228,296**	**89,358,891**	**162,458,313**	**525,877,878**	**3,135,249,246**

[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.

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**

[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-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	-	-	-	-	-	-	-	-	-	11,154,553	-	11,154,553
Loans	-	-	-	-	-	-	-	-	-	151,303,760	-	151,303,760
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**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
	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**

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2018
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 bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	47,484,035	-	-	-	-	-	47,484,035
- Balances held with other banks	-	75,142,158	-	-	-	-	-	-	-	-	-	75,142,158
- Money market placements	-	291,334,276	-	-	-	-	-	-	-	-	-	291,334,276
Loans and advances to banks	-	46,074	-	-	-	-	-	-	-	-	-	46,074
Loans and advances to customers[3]:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	97,756,079	-	97,756,079
- Loans to non-individuals	22,382,359	41,840,199	35,165,789	5,458,044	38,210,337	54,068,501	214,777,088	469,756,352	51,059,217	-	37,525,054	970,242,940
Financial assets held for trading:												
- Debt securities	-	-	-	-	-	8,920,153	-	-	-	-	-	8,920,153
- Derivative financial instruments	-	3,852,032	-	-	-	-	1,600	1,289	-	-	-	3,854,921
Investment securities:												
- Debt securities	-	7,380,390	-	-	-	453,170,925	-	-	-	-	-	460,551,315
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	56,291,739	-	-	-	-	-	56,291,739
Restricted deposits and other assets[4]	-	-	-	-	-	14,406,074	-	-	-	-	457,724,570	472,130,644
	22,382,359	**419,595,129**	**35,165,789**	**5,458,044**	**38,210,337**	**634,341,427**	**214,778,688**	**469,757,641**	**51,059,217**	**97,756,079**	**495,249,624**	**2,483,754,334**

[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.

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2018
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	1,124,706	6,917,101	232,932,597	200,000	7,329,156	-	12,552,689	64,832,989	1,550,679	-	35,376,648	362,816,565
Other contingents	1,954,654	-	-	-	2,834,532	-	9,234,371	1,177,380	510,508	-	6,348,205	22,059,650
Total	**3,079,360**	**6,917,101**	**232,932,597**	**200,000**	**10,163,688**	**-**	**21,787,060**	**66,010,369**	**2,061,187**	**-**	**41,724,853**	**384,876,215**

[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

Parent
Dec-2018
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	-	-	-	-	-	-	-	-	-	8,486,883	-	8,486,883
Loans	-	-	-	-	-	-	-	-	-	89,269,196	-	89,269,196
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**97,756,079**	**-**	**97,756,079**
Loans to non-individuals:												
Overdraft	1,143,606	774,431	5,059,852	277,462	9,499,023	10,326	42,000,925	16,475,967	1,519,340	-	5,385,172	82,146,104
Loans	20,697,715	41,065,768	30,071,419	5,180,582	22,795,378	54,058,175	144,898,364	439,322,994	49,539,154	-	32,072,648	839,702,197
Others	541,038	-	34,518	-	5,915,936	-	27,877,799	13,957,391	723	-	67,234	48,394,639
	22,382,359	**41,840,199**	**35,165,789**	**5,458,044**	**38,210,337**	**54,068,501**	**214,777,088**	**469,756,352**	**51,059,217**	**-**	**37,525,054**	**970,242,940**

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

Credit Risk Exposure to on-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
Cash and bank balances:												
- 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	-	69,274,208	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	-	-	-	-	406,868,624	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**	**102,698,430**	**476,142,832**	**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.

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**

[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

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 and advances to customers:												
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	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
	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**

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

The following tables show the analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

Maximum exposure to credit risk - Loans and advances

Group
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	71,849,397	-	-	71,849,397
Very Strong Capacity	424,306,587	-	-	424,306,587
Strong Repayment Capacity	476,661,678	-	-	476,661,678
Acceptable risk	128,428,707	161,381,836	-	289,810,543
Default	-	-	99,444,792	99,444,792
Total	**1,101,246,369**	**161,381,836**	**99,444,792**	**1,362,072,997**

Parent
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	17,007,774	-	-	17,007,774
Very Strong Capacity	407,873,274	-	-	407,873,274
Strong Repayment Capacity	392,058,239	-	-	392,058,239
Acceptable risk	121,605,530	136,903,710	-	258,509,240
Default	-	-	83,581,014	83,581,014
Total	**938,544,817**	**136,903,710**	**83,581,014**	**1,159,029,541**

Maximum exposure to credit risk - Money Market Placements

Group
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	331,989,039	-	-	331,989,039

Parent
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	291,334,276	-	-	291,334,276

Maximum exposure to credit risk - Investment securities

Group
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	633,613,868	-	-	633,613,868

Parent
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	460,551,315	-	-	460,551,315

Maximum exposure to credit risk - off balance sheet

Group
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	441,051,525	-	-	441,051,525

Parent
Dec-2018

In thousands of Nigerian Naira				
Rating	**Stage 1**	**Stage 2**	**Stage 3**	**Grand Total**
Exceptional Capacity	384,876,215	-	-	384,876,215

Transition of Loan Exposures across 12 months and lifetime ECL between Dec 2017 and Dec 2018
We presented in the tables below the transition of loan exposures across the 12 Months, ECL Life time not Credit Impaired and ECL Life time Credit Impaired i.e Stages 1, 2 & 3 between January 1 2018 and December 2018.

As at December 2018
Group

In thousands of Nigerian Naira	**Stage 2**	**Stage 3**
Stage 1	-	-
Stage 2	161,381,836	-
Stage 3	-	99,444,792
Gross	**161,381,836**	**99,444,792**

Transition from January 1 2018

		Stage as at December 2018	
		Stage 2	Stage 3
Loan Stage as at Dec 2017	Stage 1	78,475,299	2,186,702
	Stage 2	82,567,714	54,055,723
	Stage 3	338,823	43,202,366
	Gross	**161,381,836**	**99,444,792**

As at December 2018
Parent

In thousands of Nigerian Naira	Stage 2	Stage 3
Stage 1	-	-
Stage 2	136,903,710	-
Stage 3	-	83,581,014
Gross	**136,903,710**	**83,581,014**

Transition from January 1 2018

		Stage as at December 2018	
		Stage 2	Stage 3
Loan Stage as at Dec 2017	Stage 1	66,572,297	1,837,872
	Stage 2	70,043,982	45,432,567
	Stage 3	287,431	36,310,575
	Gross	**136,903,710**	**83,581,014**

As at December 2018, Loan Exposures amounting to N66.57 billion and N287 million which were within Stage 1 and Stage 3 respectively as at January 1 2018, migrated to Stage 2 due to changes in Credit Ratings of certain Obligors Likewise, Loan Exposures in the sum of N1.84 billion and N45.43 billion which were within Stage 1 and Stage 2 respectively as at January 1 2018, were moved to Stage 3 based on their current state assessment.

Disclosures of various factors that impact the ECL Model as at 31 December 2018.

These Factors revolves around:
1) Discounting of the expected future casflows from individual Obligors with their respective Effective interest rate (EIR) on the set future dates to present value.
2) Application of varying haircut to underlying collateral and further discounting with their respective EIR
3) Application of varying Forward Looking Information in relation to Underlying Macroeconomic assumptions and the degree of responsivenes of the Obligors to the assumptions at different degree of Normal, Downturn and Upturn Scenarios. The weightings applied to the multiple economic scenarios are Upturn - 24%; Normal - 38%; and downturn - 38%.

The following macro-economic forecasts under the different scenarios were adopted for individual customers:

Macro-Economic variable assumptions:

	Scenario	Year 1	Year 2	Year 3
Exchange rate (₦/USD)	Upturn	305.00	335.50	369.05
	Normal	350.00	370.70	407.77
	Downturn	358.36	383.35	421.69
Inflation rate (%)	Upturn	9.00	8.00	9.00
	Normal	9.60	8.50	9.05
	Downturn	14.60	13.50	14.05
Unemployment (%)	Upturn	6.40	6.44	6.48
	Normal	14.13	14.21	14.30
	Downturn	18.80	18.91	19.03
GDP growth rate (%)	Upturn	6.23	6.27	6.30
	Normal	2.10	1.90	2.00
	Downturn	-1.58	-1.59	-1.60

The following macro-economic forecasts under the different scenarios were adopted for corporate customers:

Macro-Economic variable assumptions:

	Scenario	Year 1	Year 2	Year 3
Exchange rate (₦/USD)	Upturn	305.00	335.50	369.05
	Normal	350.00	370.70	407.77
	Downturn	358.36	383.35	421.69
Inflation rate (%)	Upturn	9.00	8.00	9.00
	Normal	9.60	8.50	9.05
	Downturn	14.60	13.50	14.05
Crude oil prices (USD/barrel)	Upturn	90.40	90.94	91.49
	Normal	73.00	77.00	81.00
	Downturn	29.60	29.78	29.96
GDP growth rate (%)	Upturn	6.23	6.27	6.30
	Normal	2.10	1.90	2.00
	Downturn	-1.58	-1.59	-1.60

Disclosures of various factors that impact the Subsidiaries ECL Model as at 31 December 2018.

The following macro-economic forecasts under the different scenarios were adopted in the highlighted jurisdictions:

Macro-Economic variable assumptions for individual customers:

Scenario	Macroeconomic Variable	United Kingdom	Ghana	Kenya	Serria-Leone	Gambia
Normal	Exchange rate (Per US$)	0.88	4.80	100.89	8,396.05	52.22
	Inflation	2.00%	9.40%	4.70%	18.14%	4.00%
	Unempolyment	4.00%	n/a	11.00%	4.50%	9.40%
	Residential Property Prices	1.30%	n/a	n/a	n/a	n/a
	GDP	0.30%	7.40%	6.00%	3.70%	5.14%
Upturn	Exchange rate (Per US$)	0.98	4.50	90.80	7,396.05	51.18
	Inflation	1.90%	8.00%	4.23%	16.99%	3.50%
	Unempolyment	3.80%	n/a	9.90%	n/a	8.50%
	Residential Property Prices	1.50%	n/a	n/a	n/a	n/a
	GDP	0.40%	9.60%	6.60%	4.70%	7.50%
Downturn*	Exchange rate (Per US$)	1.10	5.60	105.93	9,396.05	54.58
	Inflation	4.50%	12.00%	4.94%	19.29%	5.50%
	Unempolyment	9.50%	n/a	11.55%	n/a	11.50%
	Residential Property Prices	-33.00%	n/a	n/a	n/a	n/a
	GDP	-4.70%	3.40%	5.70%	2.70%	8.50%

Macro-Economic variable assumptions for corporate customers:

Scenario	Macroeconomic Variable	United Kingdom	Ghana	Kenya	Serria-Leone	Gambia
Normal	Exchange rate (Per US$)	0.88	4.80	100.89	8,396.05	52.22
	Inflation	2.00%	9.40%	4.70%	18.14%	4.00%
	GDP	0.30%	7.40%	6.00%	3.70%	5.14%
	Crude	n/a	58.00	n/a	n/a	n/a
Upturn	Exchange rate (Per US$)	0.98	4.50	90.80	7,396.05	51.18
	Inflation	1.90%	8.00%	4.23%	16.99%	3.50%
	GDP	3.80%	9.60%	6.60%	4.70%	7.50%
	Crude	n/a	60.00	n/a	n/a	n/a
Downturn*	Exchange rate (Per US$)	1.11	5.60	105.93	9,396.05	54.58
	Inflation	4.50%	12.00%	4.94%	19.29%	5.50%
	GDP	4.70%	3.40%	5.70%	2.70%	8.50%
	Crude	n/a	80.00	n/a	n/a	n/a

*The Downturn scenario for United Kingdom reflects the Post Brexit Stress Scenario

(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 during the current period:

- **Stage 1: Loans and Advances:**

These are loans and advances that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (where the optional simplification is applied) at the reporting date. The credit quality of the Stage 1 loans and advances are assessed by reference to the internal rating system adopted by the Group (see Note 4(f)(ii) Credit Risk Measurement). These are assigned ratings 1-6[1] .

In addition to the above, Stage 1 loans and advances are loans that have experienced movement of credit rating of less than 3 notches migration of the obligors over the period of 3 years.

- **Stage 2: Loans and Advances:**

These are loans and advances that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. The credit quality of the Stage 2 loans and advances are assessed by reference to the internal rating system adopted by the Group (see Note 4(f)(ii) Credit Risk Measurement). These are assigned rating 7[1] .

In addition to the above, Stage 2 loans and advances are loans that have experienced movement of credit rating of more than 3 notches migration of the obligors over the period of 3 years.

- **Stage 3: Loans and Advances:**

These are loans and advances that have objective evidence of a credit loss event. Stage 3 allocation is driven by either the identification of credit impairment or an exposure being classified as defaulted. The credit quality of the Stage 3 loans and advances are assessed by reference to the internal rating system adopted by the Group (see Note 4(f)(ii) Credit Risk Measurement). These are assigned ratings 8-10[1] .

All loans and advances are categorized as follows in comparative period:

- **Neither past due nor impaired:**

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

- **Past due but not impaired:**

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

- **Individually impaired:**

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

- **Collectively impaired:**

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

[1]Ratings:

Ratings 1	Exceptional capacity
Ratings 2	Very strong capacity
Ratings 3-5	Strong repayment capacity
Ratings 6	Acceptable Risk
Ratings 7	Stage 2 loans and advances
Ratings 8-10	Stage 3 loans and advances

This classification is in line with disclosures in note 4 on page 122-123

(2) Allowances for impairment

Current period:
The Group establishes an allowance for impairment losses that represents its estimate of expected credit losses in its loan portfolio. In accordance with IFRS 9 which requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3).

Stage 1 – This is where credit risk has not increased significantly since initial recognition. For loans in stage 1, the Group recognises 12 month ECL and interest income is recognised on a gross basis – this means that interest will be calculated on the gross carrying amount of the loan before adjusting for ECL.

Stage 2 - This is where credit risk has increased significantly since initial recognition (stage 1). When a loan is transferred to stage 2, the Group recognises lifetime ECL but interest income will continue to be recognised on a gross basis.

Stage 3 – At stage 3, the loan is credit impaired. This is effectively the point at which there has been an incurred loss event. For loans in stage 3, the Group continues to recognise lifetime ECL but interest income is recognised on a net basis. This means that interest income will be calculated based on the gross carrying amount of the loan less ECL.

Realizable collaterals are important component of cash flows.

Comparative period:
The Group established an allowance for impairment losses that represented its estimate of incurred losses in its loan portfolio in comparative period. 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 was derived by identifying exposure at default and recoverable cash-flows. The Cash-flows were 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 was recognized as individual impairment.

Collective Impairment - This was 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 were important component of cash flows adopted.

(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) Governance structure around the ECL model:

The governance around the ECL model centres on the monitoring of performance of obligors in accordance with the term and conditions of the underlying facilities and ensure that the ratings assigned to each counterparty reflects the outcome of the internal rating model of the Group, tailored to the various categories and sectors of the counterparties. For this purpose the Bank has set up 3 level of structure with oversights on the review of credit performance and assign credit ratings. The three levels of governance structure are:

i) **Chief Risk Officer:** The Chief Risk Officer (CRO) works with the divisional heads and relationship managers to monitor and provide feedback on the performance of the facilities less than or equal to ₦100 million. This gives him insight into what the appropriate rating migration for each facility in this band should be.

ii) **An Executive Director (ED) who is a member of the Board Risk Management Committee (BRMC):** An ED who is a member of the BRMC has been assigned responsibility for the facilities above ₦100 million but less than ₦500 million. The ED works with the CRO, divisional heads and the relationship managers to monitor the facilities in this category. He ensures that adequate information as to the level of performance of these facilities is promptly retrieved and the counterparties are correctly rated.

iii) **The Managing Director (MD):** The Managing Director presides over the review of facilities over ₦500 million.

Every decision made with respect to the performance of these facilities must be approved by the MD.

All the above approving authorities in respect of credit ratings consider number of days past due as one of the quantitative variables in the determination of the credit ratings to be assigned to credit facilities. Facilities that are 30 days past due are assigned a credit rating of 7 except appropriate rebuttals are in place to justify a better credit rating while Facilities that are 90 days past due are assigned a rating of 8 except appropriate rebuttals are in place to justify a better credit rating.

(5) Policy around rebuttal:

When backstop is used and an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 respectively, the presumption can be rebutted only on the basis of the following:

i) The relationship manager and divisional head must provide reasonable and supportable evidence for the rebuttal. In doing this, the evidence must be provided to the CRO and credit risk management team within 10 working days failure of which the transfer will be made.

ii) For accounts that are moved to stage 2, the CRO and credit risk management team will review the evidence provided by the relationship manager and provide feedback to the relationship manager as regards the acceptability of the evidence.

iii) For accounts that are moved to stage 3, the CRO and credit risk management team will review the evidence provided by the relationship manager. The account is then scheduled to be presented to the Criticised Asset Committee (CAC).

iv) CAC takes decision with respect to the the acceptability of the evidence presented to it.

v) Where the evidence is deemed acceptable as stated in (ii) and (iv) above, the account is immediately transferred back to the previous stage. Where the evidence is not acceptable, the account is left in the new stage except the relationship manager is able to provide fresh evidence which will follow the same step above.

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.

Dec-2018

In thousands of Nigerian Naira

	Group Dec-2018				Parent Dec-2018			
	Loans to Individual	**Loans to non- Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non- Individual**	**Loans to Banks**	**Total**
Stage 1 - 12 months ECL	143,670,977	954,592,587	2,982,805	1,101,246,369	95,457,290	843,053,290	34,237	938,544,817
Stage 2 - Life Time ECL Not Credit Impaired	4,475,095	156,906,738	3	161,381,836	1,222,472	135,681,235	3	136,903,710
Stage 3 - Non Performing Loans	6,838,207	92,592,087	14,498	99,444,792	6,135,558	77,430,958	14,498	83,581,014
Gross Loans and Advances	**154,984,279**	**1,204,091,412**	**2,997,306**	**1,362,072,997**	**102,815,320**	**1,056,165,483**	**48,738**	**1,159,029,541**
Less allowances for impairment:								
Stage 1 - 12 months ECL	1,939,547	5,682,598	39	7,622,184	37,539	5,141,742	39	5,179,320
Stage 2 - Life Time ECL Not Credit Impaired	55,638	11,224,567	-	11,280,205	20,448	11,114,060	-	11,134,508
Stage 3 - Non Performing Loans	5,385,491	75,777,491	2,625	81,165,607	5,001,254	69,666,741	2,625	74,670,620
Total allowance	**7,380,676**	**92,684,656**	**2,664**	**100,067,996**	**5,059,241**	**85,922,543**	**2,664**	**90,984,448**
Net Loans and Advances	**147,603,603**	**1,111,406,756**	**2,994,642**	**1,262,005,001**	**97,756,079**	**970,242,940**	**46,074**	**1,068,045,093**

Dec-2017

In thousands of Nigerian Naira

	Group Dec-2017				Parent Dec-2017			
	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	97,512,132	899,222,829	31,011	996,765,972
Past due but not impaired	2,999	10,367,137	-	10,370,136	-	10,316,092	-	10,316,092
Individually impaired	1,970,023	114,227,644	-	116,197,667	522,787	102,227,628	-	102,750,415
Collectively Impaired	12,235,508	233,260,725	14,308	245,510,541	7,284,110	209,164,817	14,099	216,463,026
Gross Loans and Advances	**166,066,450**	**1,350,256,690**	**751,991**	**1,517,075,131**	**105,319,029**	**1,220,931,366**	**45,110**	**1,326,295,505**
Less allowances for impairment:								
Individually impaired	1,309,374	47,605,013	-	48,914,387	392,090	42,022,563	-	42,414,653
Portfolio allowance	2,298,763	16,576,560	1,630	18,876,953	2,228,509	15,635,545	1,630	17,865,684
Total allowance	**3,608,137**	**64,181,573**	**1,630**	**67,791,340**	**2,620,599**	**57,658,108**	**1,630**	**60,280,337**
Net Loans and Advances	**162,458,313**	**1,286,075,117**	**750,361**	**1,449,283,791**	**102,698,430**	**1,163,273,258**	**43,480**	**1,266,015,168**

Each category of the gross loans is further analysed into Product lines as follows:

Dec-2018
In thousands of Nigerian Naira

	Group Dec-2018				Parent Dec-2018			
	Loans to Individual	**Loans to non- Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non- Individual**	**Loans to Banks**	**Total**
Loans	135,493,302	843,529,431	2,850,482	981,873,215	88,516,103	754,618,483	21,345	843,155,931
Overdrafts	8,125,709	62,537,246	132,323	70,795,278	6,941,187	39,908,897	12,892	46,862,976
Others	51,966	48,525,910	-	48,577,876	-	48,525,910	-	48,525,910
Stage 1 - 12 Months ECL	**143,670,977**	**954,592,587**	**2,982,805**	**1,101,246,369**	**95,457,290**	**843,053,290**	**34,237**	**938,544,817**
Loans	2,994,860	107,962,613	-	110,957,473	135,966	89,333,176	-	89,469,142
Overdrafts	1,480,235	48,944,124	3	50,424,362	1,086,506	46,348,058	3	47,434,567
Others	-	1	-	1	-	1	-	1
Stage 2 - Life Time ECL Not Credit Impaired	**4,475,095**	**156,906,738**	**3**	**161,381,836**	**1,222,472**	**135,681,235**	**3**	**136,903,710**
Loans	4,142,438	46,283,604	1,930	50,427,972	3,451,555	34,241,704	1,930	37,695,189
Overdrafts	2,695,769	46,085,570	12,568	48,793,907	2,684,003	42,966,341	12,568	45,662,912
Others	-	222,913	-	222,913	-	222,913	-	222,913
Stage 3 - Non Performing Loans	**6,838,207**	**92,592,087**	**14,498**	**99,444,792**	**6,135,558**	**77,430,958**	**14,498**	**83,581,014**
Total Loans and Advances	**154,984,279**	**1,204,091,412**	**2,997,306**	**1,362,072,997**	**102,815,320**	**1,056,165,483**	**48,738**	**1,159,029,541**

The impairment allowance on loans is further analysed as follows:

Dec-2018

In thousands of Nigerian Naira

	Group Dec-2018				Parent Dec-2018			
	Loans to Individual	**Loans to non- Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non- Individual**	**Loans to Banks**	**Total**
Stage 1: 12 Months ECL								
Loans	1,916,492	4,904,087	-	6,820,579	16,169	4,431,267	-	4,447,436
Overdrafts	23,055	560,642	39	583,736	21,370	492,606	39	514,015
Others	-	217,869	-	217,869	-	217,869	-	217,869
	1,939,547	**5,682,598**	**39**	**7,622,184**	**37,539**	**5,141,742**	**39**	**5,179,320**
Stage 2: Life Time ECL Not Credit Impaired								
Loans	35,515	8,143,678	-	8,179,193	332	8,058,286	-	8,058,618
Overdrafts	20,123	3,080,889	-	3,101,012	20,116	3,055,774	-	3,075,890
	55,638	**11,224,567**	**-**	**11,280,205**	**20,448**	**11,114,060**	**-**	**11,134,508**
Stage 3: Non Performing Loans								
Loans	3,199,913	31,601,089	1,637	34,802,639	2,817,927	26,001,613	1,637	28,821,177
Overdrafts	2,185,578	44,040,086	988	46,226,652	2,183,327	43,528,812	988	45,713,127
Others	-	136,316	-	136,316	-	136,316	-	136,316
	5,385,491	**75,777,491**	**2,625**	**81,165,607**	**5,001,254**	**69,666,741**	**2,625**	**74,670,620**
Total allowance	**7,380,676**	**92,684,656**	**2,664**	**100,067,996**	**5,059,241**	**85,922,543**	**2,664**	**90,984,448**

Each category of the gross loans is further analysed into Product lines as follows:

Dec-2017

In thousands of Nigerian Naira

	Group Dec-2017				Parent Dec-2017			
	Loans to Individual	Loans to non- Individual	Loans to Banks	Total	Loans to Individual	Loans to non- Individual	Loans to Banks	Total
Loans	**144,028,918**	**834,381,575**	**706,672**	**979,117,165**	**94,991,749**	**810,744,043**	**-**	**905,735,792**
Overdrafts	7,829,002	148,984,106	31,011	156,844,119	2,520,383	88,478,786	31,011	91,030,180
Others	-	9,035,503	-	9,035,503	-	-	-	-
Neither past due nor impaired	**151,857,920**	**992,401,184**	**737,683**	**1,144,996,787**	**97,512,132**	**899,222,829**	**31,011**	**996,765,972**
Loans	2,706	5,780,211	-	5,782,917	-	5,767,262	-	5,767,262
Overdrafts	293	4,581,976	-	4,582,269	-	4,548,830	-	4,548,830
Others	-	4,950	-	4,950	-	-	-	-
Past due but not impaired	**2,999**	**10,367,137**	**-**	**10,370,136**	**-**	**10,316,092**	**-**	**10,316,092**
Loans	1,828,654	97,118,340	-	98,946,994	522,787	94,074,170	-	94,596,957
Overdrafts	141,369	15,945,663	-	16,087,032	-	8,153,458	-	8,153,458
Others	-	1,163,641	-	1,163,641	-	-	-	-
Individually impaired	**1,970,023**	**114,227,644**	**-**	**116,197,667**	**522,787**	**102,227,628**	**-**	**102,750,415**
Loans	8,090,978	146,458,877	2,055	154,551,910	3,623,244	140,346,215	1,846	143,971,305
Overdrafts	4,144,530	48,939,294	12,253	53,096,077	3,660,866	33,292,628	12,253	36,965,747
Others	-	37,862,554	-	37,862,554	-	35,525,974	-	35,525,974
Collectively Impaired	**12,235,508**	**233,260,725**	**14,308**	**245,510,541**	**7,284,110**	**209,164,817**	**14,099**	**216,463,026**

The impairment allowance on loans is further analysed as follows:

In thousands of Nigerian Naira

	Group Dec-2017				Parent Dec-2017			
	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	392,090	37,827,497	-	38,219,587
Overdrafts	89,602	7,820,027	-	7,909,629	-	4,195,066	-	4,195,066
Others	-	541,330	-	541,330	-	-	-	-
	1,309,374	**47,605,013**	**-**	**48,914,387**	**392,090**	**42,022,563**	**-**	**42,414,653**
Portfolio allowance:								
Loans	1,427,724	9,612,470	1,109	11,041,303	1,364,333	9,373,753	1,109	10,739,195
Overdrafts	871,039	6,543,740	521	7,415,300	864,176	5,932,692	521	6,797,389
Others	-	420,350	-	420,350	-	329,100	-	329,100
	2,298,763	**16,576,560**	**1,630**	**18,876,953**	**2,228,509**	**15,635,545**	**1,630**	**17,865,684**
Total allowance	**3,608,137**	**64,181,573**	**1,630**	**67,791,340**	**2,620,599**	**57,658,108**	**1,630**	**60,280,337**

(i) Credit quality of Stage 1 Loans and advances

The credit quality of the portfolio of Stage 1 loans and advances can be assessed by reference to the internal rating system adopted by the Group.

Group
Dec-2018

In thousands of Nigerian Naira	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	Overdraft	Loans	Others	Overdraft	Loans	Others	Overdraft	Loans	Total
Exceptional capacity	503,623	12,762,032	-	2,002,440	56,581,302	-	-	-	71,849,397
Very strong capacity	133,068	3,926,638	-	15,497,042	378,966,390	25,783,449	-	-	424,306,587
Strong repayment capacity	6,773,139	117,622,261	51,966	28,237,609	306,339,456	14,688,672	119,437	2,829,137	476,661,678
Acceptable risk	715,879	1,182,371	-	16,800,155	101,642,283	8,053,789	12,886	21,345	128,428,707
Total	**8,125,709**	**135,493,302**	**51,966**	**62,537,246**	**843,529,431**	**48,525,910**	**132,323**	**2,850,482**	**1,101,246,369**

Credit quality of Loans and advances Neither Past Due Nor Impaired

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	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	Overdraft	Loans	Others	Overdraft	Loans	Others	Overdraft	Loans	Total
Exceptional capacity	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**

The credit quality of Stage 1 Loans and advances for the Parent is discussed below:

Parent
Dec-2018

In thousands of Nigerian Naira	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	Overdraft	Loans	Others	Over-draft	Loans	Others	Overdraft	Loans	Total
Exceptional capacity	-	3,614,562	-	722,614	12,670,598	-	-	-	17,007,774
Very strong capacity	72,348	976,460	-	4,146,309	376,894,708	25,783,449	-	-	407,873,274
Strong repayment capacity	6,154,154	83,130,469	-	22,952,112	264,273,215	15,548,283	6	-	392,058,239
Acceptable risk	714,685	794,612	-	12,087,864	100,779,961	7,194,177	12,886	21,345	121,605,530
Total	**6,941,187**	**88,516,103**	**-**	**39,908,899**	**754,618,482**	**48,525,909**	**12,892**	**21,345**	**938,544,817**

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.

Parent
Dec-2017

In thousands of Nigerian Naira	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	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**

(ii) Stage 2 Loans and Advances to Customers

Group
Dec-2018

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross Loans:				Total
Loans	2,994,860	107,962,613	-	110,957,473
Overdraft	1,480,235	48,944,124	3	50,424,362
Others	-	1	-	1
	4,475,095	**156,906,738**	**3**	**161,381,836**
Impairment:				
Loans	35,515	8,143,678	-	8,179,193
Overdraft	20,123	3,080,889	-	3,101,012
	55,638	**11,224,567**	**-**	**11,280,205**
Net Amount:				
Loans	2,959,345	99,818,935	-	102,778,280
Overdraft	1,460,112	45,863,235	3	47,323,350
Others	-	1	-	1
	4,419,457	**145,682,171**	**3**	**150,101,631**
FV of collateral[1]:				
Loans	3,837,762	131,637,253	-	135,475,015
Overdraft	1,896,846	69,430,792	-	71,327,638
Others	-	5	-	5
	5,734,608	**201,068,050**	**-**	**206,802,658**
Amount of undercollateralisation:				
Overdraft	-	-	3	-
	-	-	3	-
Net Loans	**4,419,457**	**145,682,171**	**3**	**150,101,631**
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.

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
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
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
181 - 365 days	-	4,564,366	4,564,366
	293	**4,581,976**	**4,582,269**
Others			
0 - 90 days	-	4,950	4,950
	-	4,950	4,950
FV of collateral[1]			
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	**-**	**-**	**-**

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

Stage 2 Loans and Advances to Customers (Cont'd)

Parent
Dec-2018

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross Loans:				
Loans	135,966	89,333,176	-	89,469,142
Overdraft	1,086,506	46,348,058	3	47,434,567
Others	-	1	-	1
	1,222,472	**135,681,235**	**3**	**136,903,710**
Impairment:				
Loans	332	8,058,286	-	8,058,618
Overdraft	20,116	3,055,774	-	3,075,890
Others	-	-	-	-
	20,448	**11,114,060**	**-**	**11,134,508**
Net Amount:				
Loans	135,634	81,274,890	-	81,410,524
Overdraft	1,066,390	43,292,284	3	44,358,677
Others	-	1	-	1
	1,202,024	**124,567,175**	**3**	**125,769,202**
FV of collateral[1]:				
Loans	188,350	94,870,242	-	95,058,592
Overdraft	193,844	62,734,118	-	62,927,962
Others	-	5	-	5
	382,194	**157,604,365**	**-**	**157,986,559**
Amount of undercollateralisation:				
Overdraft	892,662	-	3	-
	840,278	**-**	**3**	**-**
Net Loans	**1,202,024**	**124,567,175**	**3**	**125,769,202**
Amount of undercollateralisation on net loans	**819,830**	**-**	**3**	**-**

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

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:

Parent
Dec-2017
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
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			
181 - 365 days	-	5,767,262	5,767,262
	-	**5,767,262**	**5,767,262**
Overdrafts			
181 - 365 days	-	4,548,830	4,548,830
	-	**4,548,830**	**4,548,830**
FV of collateral[1]			
Loans	-	26,158,542	26,158,542
Overdrafts	-	23,249,296	23,249,296
	-	**49,407,838**	**49,407,838**
Amount of undercollateralisation	**-**	**-**	**-**

[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 orindexes of similar assets.

(iii) Stage 3 Loans and Advances to Customers

The breakdown of gross amount of Stage 3 Loans, along with the fair value of related collateral held by the Group as security, are as follows:

Group
Dec-2018

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	4,142,438	46,283,604	1,930	50,427,972
Overdraft	2,695,769	46,085,570	12,568	48,793,907
Others	-	222,913	-	222,913
	6,838,207	**92,592,087**	**14,498**	**99,444,792**
Impairment:				
Loans	3,199,913	31,601,089	1,637	34,802,639
Overdraft	2,185,578	44,040,086	988	46,226,652
Others	-	136,316	-	136,316
	5,385,491	**75,777,491**	**2,625**	**81,165,607**
Net Amount:				
Loans	942,525	14,682,515	293	15,625,333
Overdraft	510,191	2,045,484	11,580	2,567,255
Others	-	86,597	-	86,597
	1,452,716	**16,814,596**	**11,873**	**18,279,185**
FV of collateral[1]:				
Loans	6,120,700	71,521,510	1,926	77,644,136
Overdraft	3,657,682	66,003,407	43,166	69,704,255
Others	-	556,438	-	556,438
FV of collateral	**9,778,382**	**138,081,355**	**45,092**	**147,904,829**
Amount of undercollateralisation:				
Loans	-	-	4	-
	-	**-**	**-**	**-**
Net Loans	**1,452,716**	**16,814,596**	**11,873**	**18,279,185**
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.

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 collateral[1]:				
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:				
	-	**-**	**-**	**-**
Net Loans	**660,649**	**66,622,631**	**-**	**67,283,280**
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.

Stage 3 Loans and Advances to Customers (Cont'd)

The breakdown of gross amount of Stage 3 Loans, along with the fair value of related collateral held by the Parent as security, are as follows:

Parent
Dec-2018

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	3,451,555	34,241,704	1,930	37,695,189
Overdraft	2,684,003	42,966,341	12,568	45,662,912
Others	-	222,913	-	222,913
	6,135,558	**77,430,958**	**14,498**	**83,581,014**
Impairment:				
Loans	2,817,927	30,001,613	1,637	32,821,177
Overdraft	2,183,327	39,528,812	988	41,713,127
Others	-	136,316	-	136,316
	5,001,254	**69,666,741**	**2,625**	**74,670,620**
Net Amount:				
Loans	633,628	4,240,091	293	4,874,012
Overdraft	500,676	3,437,529	11,580	3,949,785
Others	-	86,597	-	86,597
	1,134,304	**7,764,217**	**11,873**	**8,910,394**
FV of collateral1:				
Loans	6,120,700	52,190,923	1,926	58,313,549
Overdraft	2,668,602	63,291,076	43,166	66,002,844
Others	-	556,438	-	556,438
FV of collateral	**8,789,302**	**116,038,437**	**45,092**	**124,872,831**
Amount of undercollateralisation:				
Loans	**-**	**-**	**4**	**-**
Overdraft	**15,401**	**-**	**-**	**-**
	-	**-**	**-**	**-**
Net Loans	**1,134,304**	**7,764,217**	**11,873**	**8,910,394**
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.

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 Parent as security, are as follows:

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 collateral[1]:				
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:				
	-	**-**	**-**	**-**
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.

Credit risk exposure by internal rating grades

The breakdown of credit risk exposure by internal rating grades is as presented below:

Group
Dec-2018
In thousands of Nigerian Naira

Gross carrying amount	Loans to Individual			Loans to non-Individual			Loans to Banks		
Ratings	**12 Month ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**12 Month ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**12 Month ECL**	**Stage 2 ECL**	**Stage 3 ECL**
1 - 6	143,670,977	84,987	-	954,592,587	1,454,757	-	2,982,805	-	-
7	-	4,390,108	-	-	155,451,981	-	-	3	-
8 - 10	-	-	6,838,207	-	-	92,592,087	-	-	14,498
Total	**143,670,977**	**4,475,095**	**6,838,207**	**954,592,587**	**156,906,738**	**92,592,087**	**2,982,805**	**3**	**14,498**

Parent
Dec-2018
In thousands of Nigerian Naira

Gross carrying amount	Loans to Individual			Loans to non-Individual			Loans to Banks		
Ratings	**12 Month ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**12 Month ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**12 Month ECL**	**Stage 2 ECL**	**Stage 3 ECL**
1 - 6	95,457,290	84,987	-	843,053,290	1,454,757	-	34,237	-	-
7	-	1,137,485	-	-	134,226,478	-	-	3	-
8 - 10	-	-	6,135,558	-	-	77,430,958	-	-	14,498
Total	**95,457,290**	**1,222,472**	**6,135,558**	**843,053,290**	**135,681,235**	**77,430,958**	**34,237**	**3**	**14,498**

(v) Credit collateral

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

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

All collateral offered must have the following attributes:

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

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

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

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

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

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation. The Bank 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

The Group had a facilities with a total EAD of N467.5bn for which the Group did not recognise loss allowance because of the collaterals values.

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-2018

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	**Collateral**	**Gross Loans**	**Collateral**
Against Stage 1 Loans and Advances	1,098,263,564	11,123,108,271	2,982,805	194,506
Against Stage 2 Loans and Advances	161,381,833	206,802,658	3	-
Against Stage 3 Loans and Advances	99,430,294	147,859,739	14,498	45,092
Total	**1,359,075,691**	**11,477,770,668**	**2,997,306**	**239,598**

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	-	-	-
Against neither past due nor impaired	1,144,259,104	11,040,391,465	737,683	47,790
Total	**1,516,323,140**	**11,871,649,937**	**751,991**	**92,882**

Parent
Dec-2018

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	**Collateral**	**Gross Loans**	**Collateral**
Against Stage 1 Loans and Advances	938,510,580	11,015,566,685	34,237	194,506
Against Stage 2 Loans and Advances	136,903,707	157,986,559	3	-
Against Stage 3 Loans and Advances	83,566,516	124,827,739	14,498	45,092
Total	**1,158,980,803**	**11,298,380,983**	**48,738**	**239,598**

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**

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

Group

In thousands of Nigerian Naira	Loans and advances to customers	Loans and advances to banks
	Dec-2018	**Dec-2018**
Against Stage 1 Loans and Advances:		
Property	4,046,025,992	194,500
Equities	301,819,653	-
Treasury bills	13,908,077	-
Cash	37,471,873	-
Guarantees	103,925,369	-
Negative pledge	23,800,000	-
ATC*, stock hypothecation and ISPO*	2,322,150	-
Others#	6,593,835,157	6
Total	**11,123,108,271**	**194,506**
Against Stage 2 Loans and Advances:		
Property	92,625,821	-
Equities	19,612,198	-
Cash	3,234,223	-
Guarantees	3,452,379	-
Negative pledge	51,137,234	-
ATC*, stock hypothecation and ISPO*	866,667	-
Others#	35,874,136	-
Total	**206,802,658**	**-**
Against Stage 3 Loans and Advances:		
Property	117,634,645	42,000
Equities	1,123,210	-
Treasury bills	92,735	-
Cash	92,753	-
Guarantees	476,712	-
ATC*, stock hypothecation and ISPO*	1,762,084	-
Others#	26,677,600	3,092
Total	**147,859,739**	**45,092**
Grand total	**11,477,770,668**	**239,598**

*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-2018	**Dec-2018**
Against Stage 1 Loans and Advances:		
Property	3,949,906,339	194,500
Equities	301,819,653	-
Treasury bills	13,908,077	-
Cash	35,182,944	-
Guarantees	96,058,784	-
Negative pledge	23,800,000	-
ATC*, stock hypothecation and ISPO*	338,331	-
Others#	6,594,552,557	6
Total	**11,015,566,685**	**194,506**
Against Stage 2 Loans and Advances:		
Property	46,906,797	-
Equities	19,612,198	-
Cash	3,234,223	-
Guarantees	1,252,279	-
Negative pledge	50,240,259	-
ATC*, stock hypothecation and ISPO*	866,667	-
Others#	35,874,136	-
Total	**157,986,559**	**-**
Against Stage 3 Loans and Advances:		
Property	97,003,984	42,000
Equities	1,123,210	-
Treasury bills	92,735	-
Cash	92,753	-
Guarantees	476,712	-
ATC*, stock hypothecation and ISPO*	1,762,084	-
Others#	24,276,261	3,092
Total	**124,827,739**	**45,092**
Grand total	**11,298,380,983**	**239,598**

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

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

Group

In thousands of Nigerian Naira	Loans and advances to customers	Loans and advances to banks
	Dec-2017	**Dec-2017**
Against individually impaired:		
Property	70,160,044	-
Equities	195,476,802	-
Cash	23,834	-
ATC*, stock hypothecation and ISPO*	528,287	-
Others#	10,383,829	-
Total	**276,572,796**	**-**
Against collectively impaired:		
Property	373,140,034	42,000
Equities	632,257	-
Treasury bills	4,109,375	-
Cash	21,021,894	-
Guarantees	12,653,253	-
Negative pledge	40,252,497	-
ATC*, stock hypothecation and ISPO*	1,463,533	-
Others#	101,412,833	3,092
Total	**554,685,676**	**45,092**
Against past due but not impaired:		
Property	49,407,838	-
Equities	1,208,198	-
Total	**50,616,036**	**-**
Against neither past due nor impaired:		
Property	3,887,520,460	46,500
Equities	31,412,909	-
Treasury bills	9,421,575	-
Cash	13,705,244	-
Guarantees	87,061,449	-
Negative pledge	38,072,099	-
ATC*, stock hypothecation and ISPO*	1,239,734	-
Others#	6,971,957,995	1,290
Total	**11,040,391,465**	**47,790**
Grand total	**11,922,265,973**	**92,882**

*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-2017
Against individually impaired:		
Property	31,019,176	-
Equities	195,476,802	-
ATC*, stock hypothecation and ISPO*	528,287	-
Others#	10,090,199	-
Total	**237,114,464**	**-**
Against collectively impaired:		
Property	227,736,352	42,000
Equities	632,257	-
Treasury bills	4,109,375	-
Cash	19,769,016	-
Guarantees	12,634,159	-
Negative pledge	40,252,497	-
ATC*, stock hypothecation and ISPO*	1,416,753	-
Others#	101,412,833	3,092
Total	**407,963,242**	**45,092**
Against past due but not impaired:		
Property	49,407,838	-
Total	**49,407,838**	**-**
Against neither past due nor impaired:		
Property	3,711,490,734	46,500
Equities	31,412,909	-
Treasury bills	9,139,437	-
Cash	12,132,100	-
Guarantees	72,671,245	-
Negative pledge	36,937,763	-
ATC*, stock hypothecation and ISPO*	1,239,734	-
Others#	6,971,957,995	1,290
Total	**10,846,981,917**	**47,790**
Grand total	**11,541,467,461**	**92,882**

*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-2018	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against Stage 1 Loans and Advances:								
Property	3,531,739,279	488,826,723	25,459,990	4,046,025,992	148,000	46,500	-	194,500
Equities	298,706,930	3,112,723	-	301,819,653	-	-	-	-
Cash	11,241,023	2,275,464	23,955,386	37,471,873	-	-	-	-
Guarantees	71,155,763	27,424,006	5,345,600	103,925,369	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,207,122	115,028	-	2,322,150	-	-	-	-
Others#	5,143,013,311	1,343,848,616	106,973,230	6,593,835,157	-	6	-	6
Total	**9,058,063,428**	**1,865,602,560**	**161,734,206**	**11,085,400,194**	**148,000**	**46,506**	**-**	**194,506**
Against Stage 2 Loans and Advances:								
Property	61,098,471	31,527,350	-	92,625,821	-	-	-	-
Equities	19,609,161	3,037	-	19,612,198	-	-	-	-
Cash	207,218	3,027,000	5	3,234,223	-	-	-	-
Guarantees	2,200,100	1,252,279	-	3,452,379	-	-	-	-
Negative pledge	28,725,296	22,411,938	-	51,137,234	-	-	-	-
ATC*, stock hypothecation and ISPO*	250,070	616,597	-	866,667	-	-	-	-
Others#	23,384,699	12,489,437	-	35,874,136	-	-	-	-
Total	**135,475,015**	**71,327,638**	**5**	**206,802,658**	**-**	**-**	**-**	**-**
Against Stage 3 Loans and Advances:								
Property	60,602,486	56,697,935	334,224	117,634,645	-	42,000	-	42,000
Equities	1,027,132	96,078	-	1,123,210	-	-	-	-
Treasury bills	87,607	5,128	-	92,735	-	-	-	-
Cash	68,081	24,672	-	92,753	-	-	-	-
Guarantees	437,534	39,178	-	476,712	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,012,454	749,630	-	1,762,084	-	-	-	-
Others#	14,406,918	12,048,468	222,214	26,677,600	1,926	1,166	-	3,092
Total	**77,642,212**	**69,661,089**	**556,438**	**147,859,739**	**1,926**	**43,166**	**-**	**45,092**
Grand total	**9,271,180,655**	**2,006,591,287**	**162,290,649**	**11,440,062,591**	**149,926**	**89,672**	**-**	**239,598**

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

Parent Dec-2018	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against Stage 1 Loans and Advances:								
Property	3,457,990,010	466,456,339	25,459,990	3,949,906,339	148,000	46,500	-	194,500
Equities	298,706,930	3,112,723	-	301,819,653	-	-	-	-
Cash	9,442,043	1,785,515	23,955,386	35,182,944	-	-	-	-
Guarantees	63,289,178	27,424,006	5,345,600	96,058,784	-	-	-	-
Negative pledge	4,450,957	5,002,984	14,346,059	23,800,000	-	-	-	-
Treasury bills	2,910,651	10,997,426	-	13,908,077	-	-	-	-
ATC*, stock hypothecation and ISPO*	223,303	115,028	-	338,331	-	-	-	-
Others #	5,143,730,711	1,343,848,616	106,973,230	6,594,552,557	-	6	-	6
Total	**8,980,743,783**	**1,858,742,637**	**176,080,265**	**11,015,566,685**	**148,000**	**46,506**	**-**	**194,506**
Against Stage 2 Loans and Advances:								
Property	23,779,123	23,127,674	-	46,906,797	-	-	-	-
Equities	19,609,161	3,037	-	19,612,198	-	-	-	-
Cash	207,218	3,027,000	5	3,234,223	-	-	-	-
Guarantees	-	1,252,279	-	1,252,279	-	-	-	-
Negative pledge	27,828,321	22,411,938	-	50,240,259	-	-	-	-
ATC*, stock hypothecation and ISPO*	250,070	616,597	-	866,667	-	-	-	-
Others #	23,384,699	12,489,437	-	35,874,136	-	-	-	-
Total	**95,058,592**	**62,927,962**	**5**	**157,986,559**	**-**	**-**	**-**	**-**
Against Stage 3 Loans and Advances:								
Property	43,673,236	52,996,524	334,224	97,003,984	-	42,000	-	42,000
Equities	1,027,132	96,078	-	1,123,210	-	-	-	-
Treasury bills	87,607	5,128	-	92,735	-	-	-	-
Cash	68,081	24,672	-	92,753	-	-	-	-
Guarantees	437,534	39,178	-	476,712	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,012,454	749,630	-	1,762,084	-	-	-	-
Others #	12,005,579	12,048,468	222,214	24,276,261	1,926	1,166	-	3,092
Total	**58,311,623**	**65,959,678**	**556,438**	**124,827,739**	**1,926**	**43,166**	**-**	**45,092**
Grand total	**9,134,113,998**	**1,987,630,277**	**176,636,708**	**11,298,380,983**	**149,926**	**89,672**	**-**	**239,598**

*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			
In thousands of Nigerian Naira	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
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	373,140,034	-	-	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	101,412,833	-	1,841	1,251	3,092
Total	**294,408,507**	**134,234,385**	**126,042,784**	**554,685,676**	**-**	**1,841**	**43,251**	**45,092**
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	3,887,520,460	-	-	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	-	6,971,957,995	-	-	1,290	1,290
Total	**10,354,255,953**	**673,519,869**	**12,615,643**	**11,040,391,465**	**-**	**-**	**47,790**	**47,790**
Grand total	**10,919,262,352**	**861,692,612**	**141,311,009**	**11,922,265,973**	**-**	**1,841**	**91,041**	**92,882**

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

Parent Dec-2017	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	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	227,736,352	-	-	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	101,412,833	-	1,841	1,251	3,092
Total	**226,034,866**	**65,455,946**	**116,472,430**	**407,963,242**	**-**	**1,841**	**43,251**	**45,092**
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	-	3,711,490,734	-	-	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	-	6,971,957,995	-	-	1,290	1,290
Total	**10,264,125,802**	**582,856,115**	**-**	**10,846,981,917**	**-**	**-**	**47,790**	**47,790**
Grand total	**10,741,807,686**	**683,187,345**	**116,472,430**	**11,541,467,461**	**-**	**1,841**	**91,041**	**92,882**

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

(b) Credit risk (continued)

Debt securities

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

Group
Dec-2018

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	-	68,335,026	-	68,335,026
State government bonds	-	2,003,272	-	2,003,272
Corporate bonds	-	7,764,296	-	7,764,296
Treasury bills	11,314,814	555,511,274	56,777,170	623,603,258
	11,314,814	**633,613,868**	**56,777,170**	**701,705,852**

The Group's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2017: 98%). Investment in Corporate and State Government bonds accounts for the outstanding 1% (December 2017: 2%).

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**

Parent
Dec-2018

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	-	11,082,523	-	11,082,523
State government bonds	-	2,003,273	-	2,003,273
Corporate bonds	-	7,380,390	-	7,380,390
Treasury bills	8,920,153	440,085,129	56,291,739	505,297,021
	8,920,153	**460,551,315**	**56,291,739**	**525,763,207**

The Bank's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2017: 98%). Investment in corporate and State Government bonds accounts for the outstanding 2% (December 2017: 2%).

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**

(g) Liquidity Risk

Liquidity risk is the risk that the group, though having a solvent balance sheet, might not be able to generate sufficient cash resources to meet its obligations as they fall due, or is only able to do so at an excessive cost. The risk typically arises from mismatches in the timing of cash inflows and cash outflows.

The objective of the Group's liquidity risk management system is to ensure that all foreseeable funding commitments can be met when due, and that access to wholesale markets is controlled and cost effective. To this end the Group maintains a diversified funding base comprising of retail, small business, commercial and institutional customer deposits. 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 Group'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 manage liquidity risk.

4. Periodic cash flow projections considering its impact on internal and regulatory limits.

5. Control of non-earning assets proportion to manage its impact on the Group's overall financial position.

6. Conduct regular liquidity stress tests including testing of contingency plans.

7. Monitor diversification of funding sources in order to control concentration risk and ensure a satisfactory funding mix.

8. Monitoring the level of undrawn commitments.

9. Maintain an updated liquidity and contingency funding plan. These plans will identify stress indicators and prescribe actions to be taken in event of firm specific or market based crises.

10. 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, from both risk and return perspectives, for liquidity, interest rate and balance sheet valuation management.

2. Manage the intra-day liquidity position to ensure that payment and settlement obligations are met on a timely basis.

3. Strategic financial position planning from both risk and return perspective.

4. Strategically coordinate the management of the Bank's financial position in consideration of changing economic conditions.

(i) Funding approach

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

1. Consistently grow customer deposits from diverse sources particularly along geographical and sectorial categories. The objective is to eliminate depositor concentration or undue reliance on individual depositors.

2. Generate funding at the most appropriate pricing in light of market realities.

3. Maintain an appropriate funding structure that enables the Group to operate under a variety of adverse circumstance, including potential firm-specific and/or market liquidity events.

4. Maintain appropriate capital to support the Group's risk level and strategic intent.

The Group was able to meet all its financial commitments and obligations without any liquidity risk exposureduring 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 include but is not limited to cash and its 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-2018	Dec-2017
At end of period	41.44%	47.56%
Average for the period	48.07%	47.22%
Maximum for the period	55.88%	50.79%
Minimum for the period	38.58%	41.86%
Regulatory requirement	30.00%	30.00%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of local currency liquid assets expressed as a percentage of its local currency customer deposits.

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-2018

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 bank balances	23	676,989,012	684,888,871	622,619,752	31,388,309	30,880,810	-	-
Financial assets held for trading	24	11,314,814	12,035,769	3,655,872	1,402,123	6,369,485	608,289	-
Derivative financial assets	25	3,854,921	3,927,773	3,390,609	537,164	-	-	-
Investment securities:								
– Fair Value through other comprehensive Income[2]	26	534,994,359	604,675,127	170,378,560	68,058,875	319,526,168	11,000,773	35,710,751
– Held at amortised cost	26	98,619,509	100,267,957	11,434,343	24,261,354	11,393,879	18,488,305	34,690,076
Assets pledged as collateral	27	56,777,170	64,279,431	459,922	-	63,794,000	25,509	-
Loans and advances to banks	28	2,994,642	2,996,825	2,979,554	6,032	11,239	-	-
Loans and advances to customers	29	1,259,010,359	1,783,373,076	372,593,725	152,093,129	186,554,096	830,545,801	241,586,325
Restricted deposits and other assets[3]	34	484,262,706	484,262,706	467,132,272	4,909,855	1,207,892	11,012,687	-
		3,128,817,492	**3,740,707,535**	**1,654,644,609**	**282,656,841**	**619,737,569**	**871,681,364**	**311,987,152**
Financial liabilities								
Deposits from banks	35	82,803,047	82,802,591	56,333,265	16,197,869	10,271,457	-	-
Deposits from customers	36	2,273,903,143	2,275,622,752	2,098,060,216	121,242,352	48,223,520	8,096,664	-
Financial liabilities held for trading	37	1,865,419	2,331,546	674,820	120,497	1,135,352	-	400,877
Derivative financial liabilities	25	3,752,666	3,294,678	3,294,678	-	-	-	-
Other liabilities[4]	39	133,114,496	133,502,300	50,012,831	66,497,041	2,967,346	14,025,082	-
Other borrowed funds	41	178,566,800	188,301,828	12,445,615	20,395,806	23,175,846	107,934,106	24,350,455
		2,674,005,571	**2,685,855,695**	**2,220,821,425**	**224,453,565**	**85,773,521**	**130,055,852**	**24,751,332**
Gap (asset - liabilities)				(566,176,816)	58,203,276	533,964,048	741,625,512	287,235,820
Cumulative liquidity gap				(566,176,816)	(507,973,540)	25,990,508	767,616,020	1,054,851,840

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under Gross Nominal consideration.
[3] Excludes Prepayments
[4] Excludes Deferred Income, Impairment on Contingents 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-2017

In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	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	424,127,322	424,127,320	396,804,541	10,170,903	3,879,110	13,263,080	9,686
		3,212,084,446	**3,886,062,601**	**1,569,272,609**	**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	223,799,483	223,801,801	39,117,107	163,227,914	6,791,814	14,664,966	-
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
		2,689,155,522	**2,711,338,241**	**2,066,463,810**	**258,918,138**	**181,017,268**	**173,478,383**	**31,460,642**
Gap (asset - liabilities)				(497,191,201)	242,513,883	293,529,436	872,761,341	263,110,901
Cumulative liquidity gap				(497,191,201)	(254,677,318)	38,852,118	911,613,459	1,174,724,360

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under Gross Nominal consideration.
[3] Excludes Prepayments
[4] Excludes Deferred Income, Impairment on Contingents 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-2018

In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	23	457,497,929	458,243,656	407,970,683	21,459,130	28,813,843	-	-
Financial assets held for trading	24	8,920,153	9,641,107	2,967,513	1,233,599	5,439,995	-	-
Derivative financial assets	25	3,854,921	3,927,773	3,390,609	537,164	-	-	-
Investment securities:								
– Fair Value through other comprehensive Income[2]	26	458,548,043	528,228,968	121,450,000	60,631,625	304,524,882	8,918,722	32,703,739
– Held at amortised cost	26	2,003,272	3,651,808	-	-	-	3,651,808	-
Assets pledged as collateral	27	56,291,739	63,794,000	-	-	63,794,000	-	-
Loans and advances to banks	28	46,074	48,257	30,986	6,032	11,239	-	-
Loans and advances to customers	29	1,064,999,019	1,592,361,661	339,251,788	110,579,074	141,730,533	777,687,752	223,112,514
Restricted deposits and other assets[3]	34	485,822,956	482,822,956	465,692,522	4,909,855	1,207,892	11,012,687	-
		2,537,984,106	**3,142,720,186**	**1,340,754,101**	**199,356,479**	**545,522,384**	**801,270,969**	**255,816,253**
Financial liabilities								
Deposits from banks	35	735,929	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,867,536,286	1,858,412,811	5,348,322	3,713,239	61,914	-
Financial liabilities held for trading	37	1,865,419	2,331,546	674,820	120,497	1,135,352	-	400,877
Derivative financial liabilities	25	3,752,666	3,825,090	3,294,678	530,412	-	-	-
Other liabilities[4]	39	112,975,988	112,975,987	42,323,832	66,497,041	-	4,155,114	-
Other borrowed funds	41	177,361,218	187,096,262	12,445,615	19,945,532	23,175,846	107,178,814	24,350,455
		2,162,507,392	**2,174,501,100**	**1,917,887,685**	**92,441,804**	**28,024,437**	**111,395,842**	**24,751,332**
Gap (asset - liabilities)				(577,133,584)	106,914,675	517,497,947	689,875,127	231,064,921
Cumulative liquidity gap				(577,133,584)	(470,218,909)	47,279,038	737,154,165	968,219,086

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under Gross Nominal consideration.
[3] Excludes Prepayments
[4] Excludes Deferred Income, Impairment on Contingents 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/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	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	422,741,980	422,741,978	395,419,199	10,170,903	3,879,110	13,263,080	9,686
		2,674,591,730	**3,338,238,104**	**1,268,167,251**	**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	202,803,357	202,805,658	30,736,955	162,877,238	3,997,572	5,193,893	-
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
		2,208,464,026	**2,230,589,369**	**1,741,888,377**	**185,066,242**	**125,604,196**	**146,569,912**	**31,460,642**
Gap (asset - liabilities)				(473,721,126)	260,338,610	263,501,446	825,827,485	231,702,320
Cumulative liquidity gap				(473,721,126)	(213,382,516)	50,118,930	875,946,415	1,107,648,735

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under Gross Nominal consideration.
[3] Excludes Prepayments
[4] Excludes Deferred Income, Impairment on Contingents 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 period end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Group
Dec-2018

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 bank balances	23	676,989,012	614,963,180	31,308,402	30,717,430	-	-
Financial assets held for trading	24	11,314,814	3,611,911	1,344,081	5,750,533	608,289	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income[2]	26	534,994,359	169,976,207	64,762,322	278,222,487	9,462,441	12,570,902
– Held at amortised cost	26	98,619,509	11,434,431	24,261,354	11,393,879	16,839,769	34,690,076
Assets pledged as collateral	27	56,777,170	459,922	-	56,291,739	25,509	-
Loans and advances to banks	28	2,994,642	2,994,642	-	-	-	-
Loans and advances to customers	29	1,259,010,359	457,889,986	129,287,425	135,203,410	451,570,342	85,059,196
Restricted deposits and other assets[3]	34	484,262,706	467,132,272	4,909,855	1,207,892	11,012,687	-
		3,128,817,492	**1,731,800,038**	**256,390,873**	**518,787,370**	**489,519,037**	**132,320,174**
Financial liabilities							
Deposits from banks	35	82,803,047	56,333,721	16,197,869	10,271,457	-	-
Deposits from customers	36	2,273,903,143	2,096,999,602	120,821,548	47,991,456	8,090,537	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[4]	39	133,114,496	49,625,026	66,497,041	2,967,347	14,025,082	-
Other borrowed funds	41	178,566,800	11,856,935	18,327,198	21,113,566	102,918,646	24,350,455
		2,674,005,571	**2,218,716,114**	**222,468,262**	**83,328,915**	**125,034,265**	**24,458,015**
Gap (asset - liabilities)			(486,916,076)	33,922,611	435,458,455	364,484,772	107,862,159
Cumulative liquidity gap			(486,916,076)	(452,993,465)	(17,535,010)	346,949,762	454,811,921

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under liquidity consideration.
[3] Excludes prepayments
[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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-2018

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	386,386,612	48,620,259	23,114,253	28,082,700	54,732,839	231,836,561
Clean line facilities and letters of credit	44	46,922,591	31,697,405	10,807,456	4,064,220	68,922	284,588
Other commitments	44	7,742,322	4,062,313	449,821	2,850,665	269,878	109,645
		441,051,525	**84,379,977**	**34,371,530**	**34,997,585**	**55,071,639**	**232,230,794**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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 bank balances	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	424,127,322	396,804,542	10,170,903	3,879,110	13,263,080	9,687
		3,212,084,446	**1,508,523,461**	**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	223,799,483	39,114,789	163,227,914	6,791,814	14,664,966	-
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
		2,689,155,522	**2,042,359,771**	**253,670,282**	**174,976,813**	**187,127,727**	**31,020,929**
Gap (asset - liabilities)			(533,836,310)	209,793,280	221,348,487	567,062,262	58,561,205
Cumulative liquidity gap			(533,836,310)	(324,043,030)	(102,694,543)	464,367,719	522,928,924

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under liquidity consideration.
[3] Excludes prepayments
[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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**

[1]Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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

Parent
Dec-2018

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 bank balances	23	457,497,929	407,468,244	21,379,223	28,650,462	-	-
Financial assets held for trading	24	8,920,153	2,923,553	1,175,557	4,821,043	-	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income[2]	26	458,548,043	119,617,951	57,335,072	264,650,740	7,380,390	9,563,890
– Held at amortised cost	26	2,003,272	-	-	-	2,003,272	-
Assets pledged as collateral	27	56,291,739	-	-	56,291,739	-	-
Loans and advances to banks	28	46,074	46,074	-	-	-	-
Loans and advances to customers	29	1,067,999,019	424,050,878	87,605,030	89,142,085	400,615,641	66,585,385
Restricted deposits and other assets[3]	34	482,822,956	465,692,522	4,909,855	1,207,892	11,012,687	-
		2,537,984,106	**1,423,136,709**	**172,922,171**	**444,763,961**	**421,011,990**	**76,149,275**
Financial liabilities							
Deposits from banks	35	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,857,042,119	5,229,962	3,488,304	55,787	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[4]	39	112,975,988	42,323,833	66,497,041	-	4,155,114	-
Other borrowed funds	41	177,361,218	11,856,919	17,876,924	21,113,566	102,163,354	24,350,455
		2,162,507,392	**1,915,859,630**	**90,228,533**	**25,586,959**	**106,374,255**	**24,458,015**
Gap (asset - liabilities)			(492,722,921)	82,693,638	419,177,002	314,637,735	51,691,260
Cumulative liquidity gap			(492,722,921)	(410,029,283)	9,147,719	323,785,454	375,476,714

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under liquidity consideration.
[3] Excludes prepayments
[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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-2018

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	362,816,565	39,398,558	18,160,470	23,902,603	50,682,502	230,672,432
Clean line facilities and letters of credit	44	22,059,650	13,532,750	4,661,639	3,865,261	-	-
		384,876,215	**52,931,308**	**22,822,109**	**27,767,864**	**50,682,502**	**230,672,432**

[1]Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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 bank balances	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	422,741,980	395,419,200	10,170,903	3,879,110	13,263,080	9,687
		2,674,591,730	**1,227,643,907**	**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	202,803,357	30,734,654	162,877,238	3,997,572	5,193,893	-
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
		2,208,464,026	**1,739,504,907**	**181,065,700**	**120,088,065**	**136,784,425**	**31,020,929**
Gap (asset - liabilities)			(511,861,000)	216,350,973	189,129,826	544,268,527	28,239,378
Cumulative liquidity gap			(511,861,000)	(295,510,027)	(106,380,201)	437,888,326	466,127,704

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under liquidity consideration.
[3] Excludes prepayments
[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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**

[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-2018

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 bank balances	23	676,989,012	614,963,180	31,308,402	30,717,430	-	-
Financial assets held for trading	24	11,314,814	3,611,911	1,344,081	5,750,533	608,289	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	534,994,359	169,976,207	64,762,322	278,222,487	9,462,441	12,570,902
– Held at amortised cost	26	98,619,509	11,434,431	24,261,354	11,393,879	16,839,769	34,690,076
Assets pledged as collateral	27	56,777,170	459,922	-	56,291,739	25,509	-
Loans and advances to banks	28	2,994,642	2,994,642	-	-	-	-
Loans and advances to customers	29	1,259,010,359	1,003,193,790	52,508,658	63,163,798	101,759,793	38,384,320
Restricted deposits and other assets[1]	34	484,262,706	467,132,272	4,909,855	1,207,892	11,012,687	-
		3,128,817,492	**2,277,103,842**	**179,612,106**	**446,747,758**	**139,708,488**	**85,645,298**
Financial liabilities							
Deposits from banks	35	82,803,047	56,333,721	16,197,869	10,271,457	-	-
Deposits from customers	36	2,273,903,143	2,091,490,259	117,301,188	57,021,159	8,090,537	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[2]	39	133,114,496	49,625,026	70,652,155	2,967,347	9,869,968	-
Other borrowed funds	41	178,566,800	11,856,935	18,327,198	21,113,566	102,918,646	24,350,455
		2,674,005,571	**2,213,206,771**	**223,103,016**	**92,358,618**	**120,879,151**	**24,458,015**
		454,811,921	**63,897,071**	**(43,490,910)**	**354,389,140**	**18,829,337**	**61,187,283**

[1]Excludes Prepayments
[2]Excludes Deferred Income, Provision for Litigations and Impairment on Contingents

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	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and bank balances	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	424,127,322	396,804,540	10,170,905	3,879,110	13,263,080	9,687
		3,215,105,142	**2,235,406,363**	**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	223,799,483	40,836,750	163,227,914	5,069,853	14,664,966	-
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
		2,689,155,522	**2,041,660,837**	**254,818,911**	**174,527,118**	**187,127,727**	**31,020,929**
		525,949,620	**193,745,526**	**210,845,563**	**105,235,788**	**(34,734,936)**	**50,857,679**

[1]Included in More than 5 years maturity bucket of Available for Sale are equity securities.
[2]Excludes Prepayments
[3]Excludes 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-2018

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and bank balances	23	457,497,929	407,468,244	21,379,223	28,650,462	-	-
Financial assets held for trading	24	8,920,153	2,923,553	1,175,557	4,821,043	-	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	458,548,043	119,617,951	57,335,072	264,650,740	7,380,390	9,563,890
– Held at amortised cost	26	2,003,272	-	-	-	2,003,272	-
Assets pledged as collateral	27	56,291,739	-	-	56,291,739	-	-
Loans and advances to banks	28	46,074	46,074	-	-	-	-
Loans and advances to customers	29	1,067,999,019	969,354,681	12,112,631	12,090,967	54,530,231	19,910,509
Restricted deposits and other assets[1]	34	482,822,956	465,692,522	4,909,855	1,207,892	11,012,687	-
		2,537,984,106	**1,968,440,512**	**97,429,772**	**367,712,843**	**74,926,580**	**29,474,399**
Financial liabilities							
Deposits from banks	35	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,857,042,119	5,229,962	3,488,304	55,787	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[2]	39	112,975,988	42,323,833	70,652,155	-	-	-
Other borrowed funds	41	177,361,218	11,856,919	17,876,924	21,113,566	102,163,354	24,350,455
		2,162,507,392	**1,915,859,630**	**94,383,647**	**25,586,959**	**102,219,141**	**24,458,015**
		375,476,714	**52,580,882**	**3,046,125**	**342,125,884**	**(27,292,561)**	**5,016,384**

[1] Excludes Prepayments
[2] Excludes Deferred Income, Provision for Litigations & Impairment on Contingents

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 bank balances	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 assets2	34	422,741,980	395,419,198	10,170,905	3,879,110	13,263,080	9,687
		2,677,603,378	**1,954,526,812**	**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	202,803,357	30,734,654	162,877,238	3,997,572	5,193,893	-
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
		2,208,464,026	**1,740,466,136**	**180,312,886**	**119,879,650**	**136,784,425**	**31,020,929**
		469,139,352	**214,060,676**	**217,402,667**	**68,352,204**	**(51,202,999)**	**20,526,804**

[1] Included in More than 5 years maturity bucket of Available for Sale are equity securities.
[2] Excludes Prepayments
[3] Excludes 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 counter party 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 financial instruments FVOCI reported directly in other comprehensive income.

At 31 Dec 2018, 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 held at amortized cost; assets accounted at fair value through profit or loss as well as other comprehensive income (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 199 - 200.
- 100 basis points changes in floating interest rate for Borrowed funds, Financial liabilities held for trading, Term deposit; 30 basis points changes for Savings deposits; and 15 basis points changes for Current deposits.

  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 16.17% and 17.53% over the period, a change of about 100 basis points is therefore probable.
- The discount rate on various maturities of treasury bills ranged between 10.00% and 15.39% 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-18 Pre-tax	Dec-18 Post-tax	Dec-17 Pre-tax	Dec-17 Post-tax
Decrease	**(15,369,609)**	**(13,167,144)**	**(12,798,206)**	**(10,676,010)**
Asset	(25,265,607)	(21,645,045)	(23,731,986)	(19,796,752)
Liabilities	9,895,998	8,477,902	10,933,780	9,120,742
Increase	**15,369,609**	**13,167,144**	**12,798,206**	**10,676,010**
Asset	25,265,607	21,645,045	23,731,986	19,796,752
Liabilities	(9,895,998)	(8,477,902)	(10,933,780)	(9,120,742)

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec-18 Post-tax	Dec-17 Pre-tax	Dec-17 Post-tax
Decrease	**(12,653,856)**	**(11,108,820)**	**(11,287,573)**	**(9,594,441)**
Asset	(21,156,565)	(18,573,348)	(19,920,939)	(16,932,804)
Liabilities	8,502,709	7,464,528	8,633,365	7,338,363
Increase	**12,653,856**	**11,108,820**	**11,287,573**	**9,594,441**
Asset	21,156,565	18,573,348	19,920,939	16,932,804
Liabilities	(8,502,709)	(7,464,528)	(8,633,365)	(7,338,363)

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-18 Pre-tax	Dec-18 Post-tax	Dec-17 Pre-tax	Dec-17 Post-tax
Decrease				
Assets				
Cash and bank balances	(3,896,821)	(3,338,407)	(1,833,944)	(1,529,840)
Loans and advances to banks	(29,600)	(25,359)	(7,506)	(6,262)
Loans and advances to customers	(14,119,824)	(12,096,453)	(15,006,384)	(12,518,028)
Financial assets held for trading	(182,013)	(155,931)	(175,902)	(146,734)
Investment securities	(6,408,815)	(5,490,432)	(6,154,219)	(5,133,728)
Assets pledged as collateral	(628,532)	(538,464)	(554,029)	(462,160)
	(25,265,607)	**(21,645,045)**	**(23,731,986)**	**(19,796,752)**
Liabilities				
Deposits from banks	41,796	35,807	857,341	715,177
Deposits from customers	6,892,746	5,905,016	6,574,425	5,484,255
Financial liabilities held for trading	148,804	127,481	136,021	113,466
Debt securities issued	808,235	692,415	1,188,711	991,599
Other borrowed funds	2,004,417	1,717,184	2,177,282	1,816,245
	9,895,998	**8,477,902**	**10,933,780**	**9,120,742**
Total	**(15,369,609)**	**(13,167,144)**	**(12,798,206)**	**(10,676,010)**
Increase				
Assets				
Cash and bank balances	3,896,821	3,338,407	1,833,944	1,529,840
Loans and advances to banks	29,600	25,359	7,506	6,262
Loans and advances to customers	14,119,824	12,096,453	15,006,384	12,518,028
Financial assets held for trading	182,013	155,931	175,902	146,734
Investment securities	6,408,815	5,490,432	6,154,219	5,133,728
Assets pledged as collateral	628,532	538,464	554,029	462,160
	25,265,607	**21,645,045**	**23,731,986**	**19,796,752**
Liabilities				
Deposits from banks	(41,796)	(35,807)	(857,341)	(715,177)
Deposits from customers	(6,892,746)	(5,905,016)	(6,574,425)	(5,484,255)
Financial liabilities held for trading	(148,804)	(127,481)	(136,021)	(113,466)
Debt securities issued	(808,235)	(692,415)	(1,188,711)	(991,599)
Other borrowed funds	(2,004,417)	(1,717,184)	(2,177,282)	(1,816,245)
	(9,895,998)	**(8,477,902)**	**(10,933,780)**	**(9,120,742)**
Total	**15,369,609**	**13,167,144**	**12,798,206**	**10,676,010**

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec-18 Post-tax	Dec-17 Pre-tax	Dec-17 Post-tax
Decrease				
Assets				
Cash and bank balances	(3,490,274)	(3,064,111)	(1,621,828)	(1,378,554)
Loans and advances to Banks	(115)	(101)	(437)	(372)
Loans and advances to Customers	(12,209,711)	(10,718,905)	(13,176,136)	(11,199,719)
Financial assets held for trading	(158,067)	(138,767)	(102,969)	(87,524)
Investment securities	(4,674,721)	(4,103,938)	(4,465,684)	(3,795,833)
Assets pledged as collateral	(623,678)	(547,527)	(553,885)	(470,802)
	(21,156,565)	**(18,573,348)**	**(19,920,939)**	**(16,932,804)**
Liabilities				
Deposits from banks	15,257	13,395	3,459	2,940
Deposits from customers	5,538,052	4,861,856	5,226,144	4,442,224
Financial liabilities held for trading	148,804	130,635	136,021	115,618
Debt securities issued	808,235	709,549.27	1,188,711	1,010,405
Other borrowed funds	1,992,361	1,749,093	2,079,030	1,767,176
	8,502,709	**7,464,528**	**8,633,365**	**7,338,363**
Total	**(12,653,856)**	**(11,108,820)**	**(11,287,573)**	**(9,594,441)**
Increase				
Assets				
Cash and bank balances	3,490,274	3,064,111	1,621,828	1,378,554
Loans and advances to Banks	115	101	437	372
Loans and advances to Customers	12,209,711	10,718,905	13,176,136	11,199,719
Financial assets held for trading	158,067	138,767	102,969	87,524
Investment securities	4,674,721	4,103,938	4,465,684	3,795,833
Assets pledged as collateral	623,678	547,527	553,885	470,802
	21,156,565	**18,573,348**	**19,920,939**	**16,932,804**
Liabilities				
Deposits from banks	(15,257)	(13,395)	(3,459)	(2,940)
Deposits from customers	(5,538,052)	(4,861,856)	(5,226,144)	(4,442,224)
Financial liabilities held for trading	(148,804)	(130,635)	(136,021)	(115,618)
Debt securities issued	(808,235)	(709,549)	(1,188,711)	(1,010,405)
Other borrowed funds	(1,992,361)	(1,749,093)	(2,079,030)	(1,767,176)
	(8,502,709)	**(7,464,528)**	**(8,633,365)**	**(7,338,363)**
Total	**12,653,856**	**11,108,820**	**11,287,573**	**9,594,441**

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 2018, if interest rates on borrowed funds at amortised cost increased or reduced by 100 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-18 Pre-tax	Dec-18 Post-tax	Dec-17 Pre-tax	Dec-17 Post-tax
Decrease	2,014,417	1,725,751	2,159,662	1,801,548
Increase	(2,014,417)	(1,725,751)	(2,159,662)	(1,801,548)

Parent

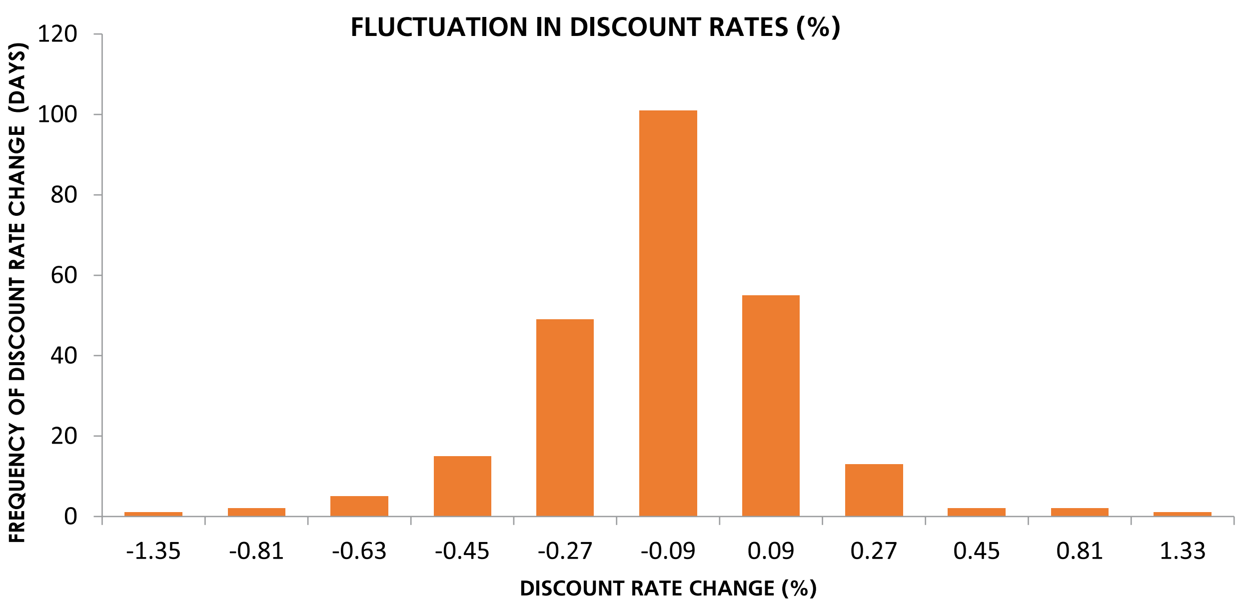
In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec-18 Post-tax	Dec-17 Pre-tax	Dec-17 Post-tax
Decrease	2,002,361	1,757,872	2,061,411	1,752,200
Increase	(2,002,361)	(1,757,872)	(2,061,411)	(1,752,200)

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

1. Held for Trade - Treasury bills discount rate / price sensitivity

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

- Daily market discount rates were obtained, converted to prices and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls within the range of 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Trading bills



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 December 2018, 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	61,856	52,992	79,305	66,155
Increase	(61,856)	(52,992)	(79,305)	(66,155)

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	49,883	43,792	56,921	48,383
Increase	(49,883)	(43,792)	(56,921)	(48,383)

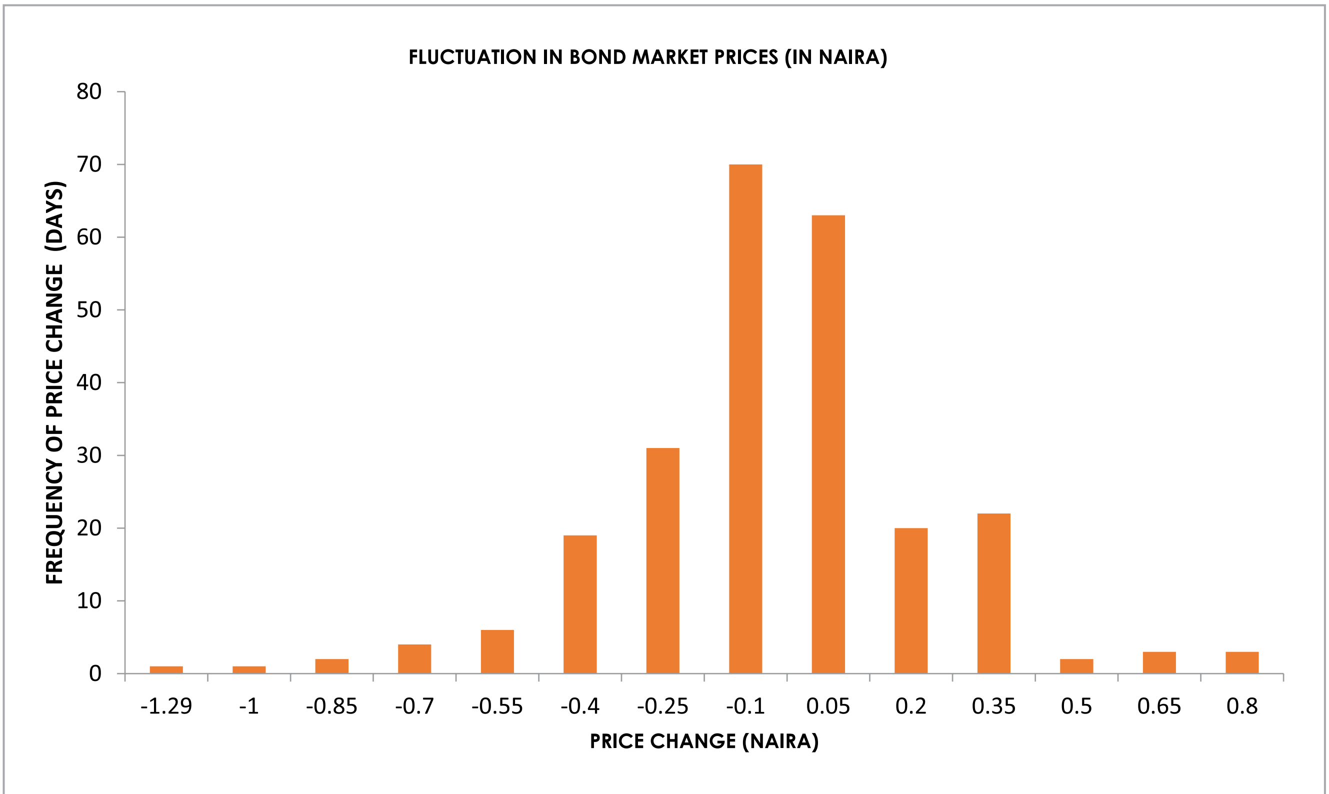
(vi) Sensitivity Analysis of Fair Value Through Other Comprehensive Income Portfolio to Price

1. Financial Instrument Fair Value through Other Comprehensive Income

The Group recognized fair value changes for FVOCI Bonds, Bills and Equities as at 31 December 2018 and the comparative year in 2017. The Group carried out the following in determining sensitivity of its other comprehensive income to fluctuations in market prices of the financial assets:

Bonds to be Fair Valued through Other Comprehensive Income

- 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 market prices. The results were that fluctuations were in the range of ± 1 naira.
- The chosen reasonable change in market prices was then applied to the bank's holding of bonds designated as FVOCI as at end of the year.



The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2018, when price of bonds designated as FVOCI 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(151,589)	(129,866)	(136,241)	(113,650)
Increase	151,589	129,866	136,241	113,650

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(126,143)	(110,741)	(111,143)	(94,472)
Increase	126,143	110,741	111,143	94,472

Treasury Bills to be Fair Valued through 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. A 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 FVOCI treasury bills as at end of the year.

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 December 2018, if discount rates of treasury bills designated as FVOCI, 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	3,433,021	2,941,069	2,312,958	1,929,424
Increase	(3,433,021)	(2,941,069)	(2,312,958)	(1,929,424)

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	3,076,235	2,700,627	2,016,086	1,713,673
Increase	(3,076,235)	(2,700,627)	(2,016,086)	(1,713,673)

(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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	311,001	266,448	252,054	214,120
Increase	(311,001)	(266,448)	(252,054)	(214,120)

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	310,907	272,945	252,054	218,407
Increase	(310,907)	(272,945)	(252,054)	(218,407)

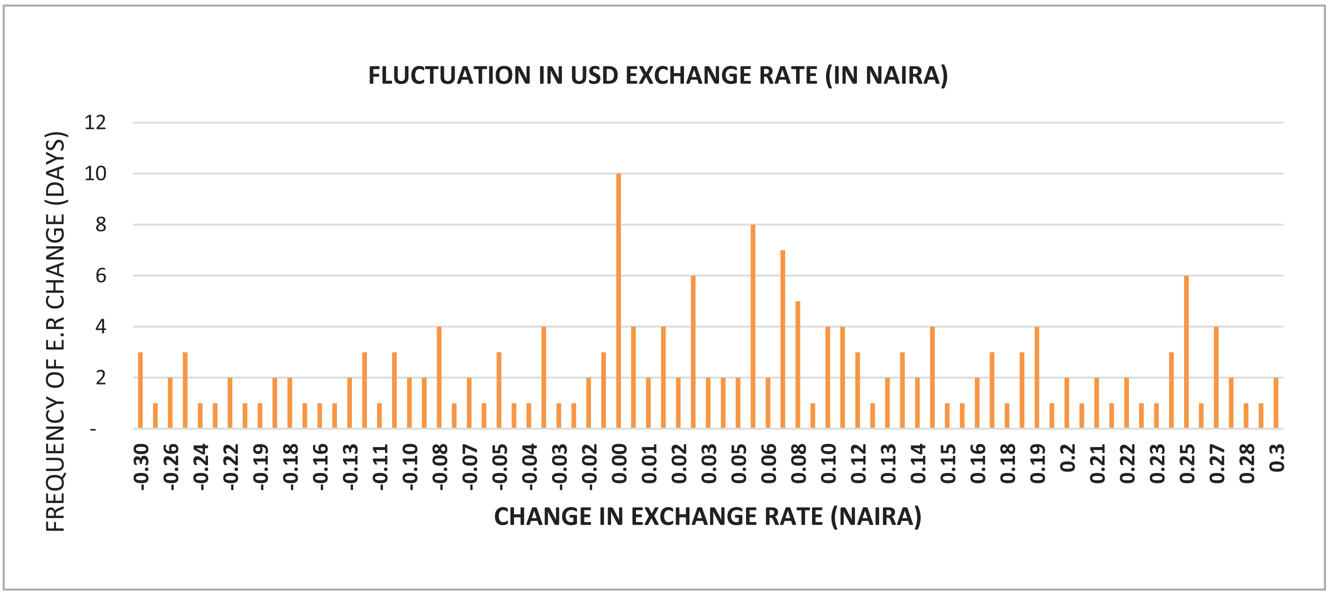
(viii) Exposure to foreign currency risk

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 for one year and trended
- A reasonably possible change of ± 0.3 (Dec 2017: ± 0.25) 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 ± 0.3 (Dec 2017: ± 0.25)
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the year.



At 31 December 2018, if the Naira had strengthened/weakened by ± 0.3 Naira against the Dollar with all other variables held constant, the pre-tax and post-tax profit for the year 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(313,697)	(268,744)	(312,542)	(260,717)
Increase	313,697	268,744	312,542	260,717

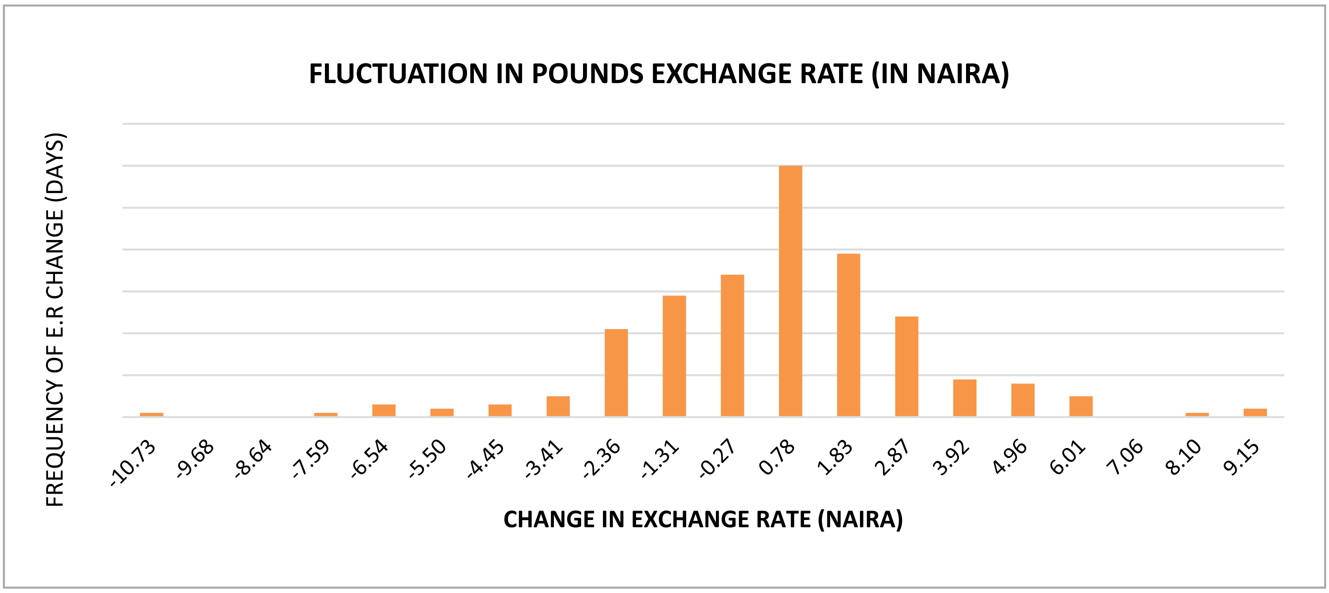
Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(311,084)	(273,100)	(308,507)	(262,231)
Increase	311,084	273,100	308,507	262,231

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 (10.73)/9.15 (Dec 2017: (0.25)/0.93) 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 (10.73)/9.15 (Dec 2017: ±: (0.25)/0.93)
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the year.



At 31 December 2018, if the Naira had weakened/strengthened by (10.73)/9.15 Naira against the Pounds with all other variables held constant, the pre-tax and post-tax profit for the year 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(103,695)	(88,636)	(10,414)	(8,687)
Increase	121,601	104,176	10,414	8,687

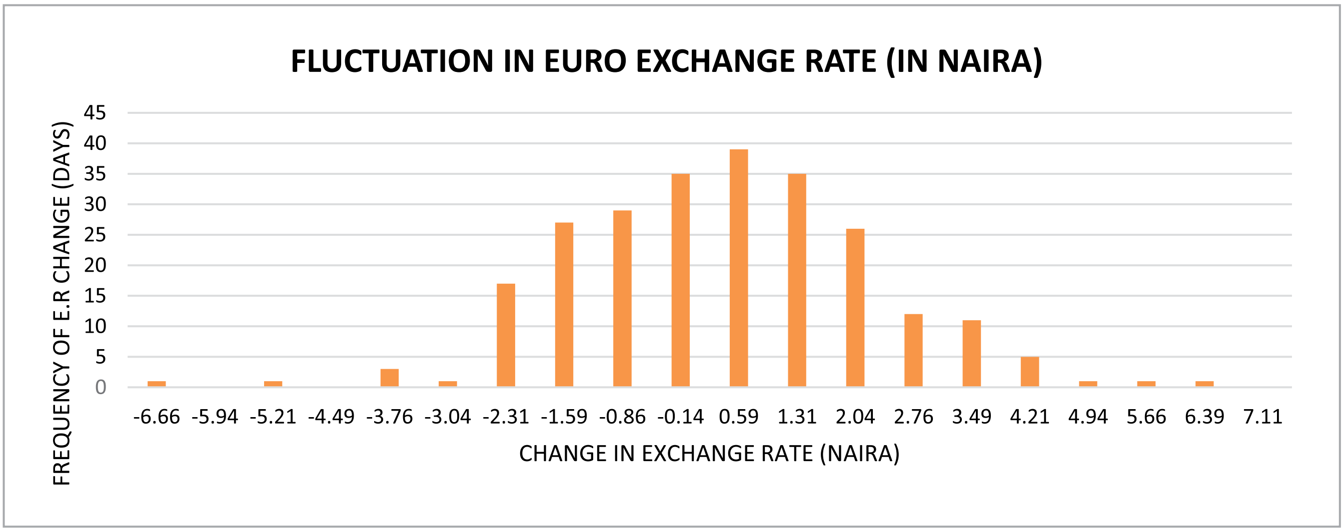
Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(109,345)	(95,994)	(10,854)	(9,226)
Increase	128,227	112,570	2,918	2,480

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 (6.66)/7.11 (Dec 2017: (1.94)/0.06) 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 (6.66)/7.11 (Dec 2017: (1.94)/0.06).
- The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the year.



At 31 December 2018, if the Naira had weakened/strengthened by (6.66)/7.11 Naira (Dec 2017: (1.94)/0.06) against the Euro with all other variables held constant, the pre-tax and post-tax profit for the year 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	11,601	9,938	(194)	(161)
Increase	(10,866)	(9,309)	6,257	5,219

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(17,997)	(15,799)	(195)	(165)
Increase	16,858	14,799	6,294	5,350

Foreign Exchange Profit or Loss (Other Currencies)

At 31 December 2018, if Naira had weakened/strengthened by (5.52)/5.90 (Dec 2017: (0.81)/0.41) against the other currencies with all other variables held constant, the pre-tax and post-tax profit for the year, 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-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(10,907)	(9,344)	(849)	(708)
Increase	11,651	9,981	1,670	1,393

Parent

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(9,993)	(8,772)	(795)	(676)
Increase	10,674	9,371	1,564	1,330

Foreign Currency Translation Gain / (Loss) (Other Comprehensive Income)

At 31 December 2018, if the Naira had strengthened/weakened by ± N0.30 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:

Group

In thousands of Nigerian Naira	Dec-18 Pre-tax	Dec -18 Post-tax	Dec-17 Pre-tax	Dec - 17 Post-tax
Decrease	(313,697)	(219,588)	(312,542)	(218,780)
Increase	313,697	219,588	312,542	218,780

(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 from the Nigeria Interbank Foreign Exchange (NIFEX) and trended with all other variables kept constant. A proportional foreign exchange rate movement of ±₦0.5 (Dec 2017: ±₦0.25) depreciation of the Nigerian Naira and ±₦0.5 (Dec 2017: ±₦0.25) appreciation of the Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of one year daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 31 December, 2018 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 ± ₦0.5(Dec 2017: ±₦0.25) 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 ± ₦0.5 will be Nil as the total FX purchased equal FX sold.

Group
Dec-18
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset/ (Liabilities)	Favourable Changes Pre-Tax Income Statement	Unfavourable Changes Pre-Tax Income Statement	Favourable Changes Post-Tax Income Statement	Unfavourable Changes Post-Tax Income Statement
Derivative Assets	56,100,332	3,854,921	Asset	76,873	76,491	65,857	65,530
Derivative Liabilities	56,100,332	(3,752,666)	Liability	(76,491)	(76,873)	(65,530)	(65,857)

Dec-17
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset/ (Liabilities)	Favourable Changes Pre-Tax Income Statement	Unfavourable Changes Pre-Tax Income Statement	Favourable Changes Post-Tax Income Statement	Unfavourable Changes Post-Tax Income Statement
Derivative Assets	30,688,033	638,261	Asset	414,693	413,749	345,929	345,141
Derivative Liabilities	30,688,033	(592,320)	Liability	(413,749)	(414,693)	(345,141)	(345,929)

Please refer to Note 25 for components of the Derivative assets/liabilities.

Parent
Dec-18
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset/ (Liabilities)	Favourable Changes Pre-Tax Income Statement	Unfavourable Changes Pre-Tax Income Statement	Favourable Changes Post-Tax Income Statement	Unfavourable Changes Post-Tax Income Statement
Derivative Assets	56,100,332	3,854,921	Asset	76,873	76,491	67,487	67,152
Derivative Liabilities	56,100,332	(3,752,666)	Liability	(76,491)	(76,873)	(67,152)	(67,487)

Dec-17
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset/ (Liabilities)	Favourable Changes Pre-Tax Income Statement	Unfavourable Changes Pre-Tax Income Statement	Favourable Changes Post-Tax Income Statement	Unfavourable Changes Post-Tax Income Statement
Derivative Assets	30,688,033	638,261	Asset	414,693	413,749	352,489	351,687
Derivative Liabilities	30,688,033	(592,320)	Liability	(413,749)	(414,693)	(351,687)	(352,489)

Please refer to Note 25 for components of the Derivative assets/liabilities.

(x) Sensitivity analysis on ECL Model

The following are the most significant assumption affecting the ECL allowance:

Corporate Portfolios

I. Crude Oil Prices, given the significant impact on the performance of companies in the oil and gas sector.
II. Exchange rate, given the significant impact on companies' ability to meet contractual payments denominated in foreign currency.
III. Inflation, given its significant impact on collateral valuations
IV. GDP, given its impact on companies' performance and collateral valuations

Retail Portfolios

I. Unemployment, given the impact it has on individual borrowers' ability to meet contractual payment.

In sensitising the variables above to determine their impact on Expected Credit Losses (ECL), the Group adjusted its Forward Looking Information forecast as follows

- 1% Increase / Decrease in GDP growth rate over forecasted GDP growth rate
- 2% Decrease / Increase in inflation rate over Inflation rate forecast
- Decrease / Increase in USD/NGN exchange rate by N5 over forecasted exchange rate
- Increase / Decrease in Crude Oil Price over forecasted Crude Oil Price

Set out below are the changes to the ECL as at 31 December 2018 that would result from the possible changes in these parameters from the actual assumptions used in the Group's economic variable assumption.

Group
Dec-18

		Improvement		Worsening
In thousands of naira	**Pre-tax**	**Post tax**	**Pre-tax**	**Post tax**
COMMERCIAL	(82,060)	(57,442)	95,995	67,197
CORPORATE	(3,267,880)	(2,287,516)	3,957,816	2,770,471
PUBLIC SECTOR	(81,064)	(56,745)	99,138	69,397
RETAIL	(121,376)	(84,963)	46,119	32,284
SME	(49,144)	(34,401)	31,873	22,311
	(3,601,524)	**(2,521,067)**	**4,230,941**	**2,961,660**

Parent
Dec 2018

		Improvement		Worsening
In thousands of naira	**Pre-tax**	**Post tax**	**Pre-tax**	**Post tax**
COMMERCIAL	(80,294)	(56,206)	93,929	65,750
CORPORATE	(3,106,350)	(2,174,445)	3,762,182	2,633,528
PUBLIC SECTOR	(80,501)	(56,350)	98,449	68,914
RETAIL	(111,375)	(77,962)	14,676	10,273
SME	(46,503)	(32,552)	32,249	22,575
	(3,425,023)	**(2,397,515)**	**4,001,485**	**2,801,040**

For prior year ended December 2017, loan loss impairment as stated on the statement of financial position was subjected to interplay of three key variables: probability of default, loss given default, and emergence period.

Sensitivity of Loan Loss Impairment - Probability of Default (PD)

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:

In thousands of Nigerian Naira	Group Dec-17 Pre-tax	Group Dec-17 Post-tax	Parent Dec-17 Pre-tax	Parent Dec-17 Post-tax
Decrease	335,422	279,803	299,001	254,151
Increase	(299,001)	(249,421)	(299,001)	(254,151)

Sensitivity of Loan Loss Impairment – Emergence Period (EP)
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		Parent	
In thousands of Nigerian Naira	Dec-17	Dec-17	Dec-17	Dec-17
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	2,189,242	1,826,222	1,951,530	1,658,801
Increase	(1,751,982)	(1,461,468)	(1,561,748)	(1,327,486)

Sensitivity of Loan Loss Impairment – Loss Given Default (LGD)

As at 31 December 2017, if the loss given default increased or decreased by 1%, 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		Parent	
In thousands of Nigerian Naira	Dec-17	Dec-17	Dec-17	Dec-17
	Pre-tax	Post-tax	Pre-tax	Post-tax
Decrease	1,171,982	977,506	1,044,578	887,892
Increase	(2,104,816)	(1,755,506)	(1,876,391)	(1,594,933)

The table below summaries the Group's financial and non-financial instruments at carrying amount, categorised by currency:

Group
Dec-2018
Financial instruments by currencies

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	23	676,989,012	51,716,658	494,843,985	44,928,007	30,337,650	55,162,712
Financial assets held for trading	24	11,314,814	8,920,153	-	-	-	2,394,661
Derivative financial assets	25	3,854,921	2,900	3,852,021	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	534,994,359	451,167,653	33,450,053	8,205,169	-	42,171,484
– Held at amortised cost	26	98,619,509	2,003,274	5,737,932	-	-	90,878,303
Assets pledged as collateral	27	56,777,170	56,291,739	-	-	-	485,431
Loans and advances to banks	28	2,994,642	46,068	1,604,829	-	-	1,343,745
Loans and advances to customers	29	1,259,010,359	442,965,853	672,749,790	35,341,450	326,375	107,626,891
Restricted deposits and other assets[1]	34	484,262,706	444,928,987	33,823,609	1,601,689	2,062,746	1,845,675
		3,128,817,492	**1,458,043,285**	**1,246,062,219**	**90,076,315**	**32,726,771**	**301,908,902**
Deposits from banks	35	82,803,047	735,929	66,365,949	8,782,657	6,819,103	99,409
Deposits from customers	36	2,273,903,143	1,360,358,539	608,590,333	57,584,910	17,444,527	229,924,834
Financial liabilities held for trading	37	1,865,419	1,865,419	-	-	-	-
Derivative financial liabilities	25	3,752,666	-	-	-	-	3,752,666
Other liabilities[2]	39	133,114,496	107,378,316	15,211,384	1,480,039	2,140,312	6,904,445
Other borrowed funds	41	178,566,800	105,867,988	72,698,812	-	-	-
		2,674,005,571	**1,576,206,191**	**762,866,478**	**67,847,606**	**26,403,942**	**240,681,354**
Financial Instrument Gap		**454,811,921**	**(118,162,906)**	**483,195,741**	**22,228,709**	**6,322,829**	**61,227,548**

[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.

Group
Dec-2017
Financial instruments by currencies

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	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	514,472,037	443,441,946	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	424,127,322	398,335,739	20,780,647	326,844	4,126,625	557,467
		3,212,084,446	**1,578,937,636**	**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	223,799,483	186,947,483	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	-	-	-
		2,689,155,522	**1,560,378,792**	**823,256,775**	**61,787,534**	**23,457,866**	**220,274,555**
Financial Instrument Gap		**522,928,924**	**18,558,844**	**409,719,828**	**20,371,964**	**4,590,118**	**69,688,170**

[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-2018
Financial instruments by currencies

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	23	457,497,929	51,520,797	366,176,874	24,206,618	15,116,241	477,399
Financial assets held for trading	24	8,920,153	8,920,153	-	-	-	-
Derivative financial assets	25	3,854,921	2,900	3,852,021	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	458,548,043	451,167,653	7,380,390	-	-	-
– Held at amortised cost	26	2,003,272	2,003,272	-	-	-	-
Assets pledged as collateral	27	56,291,739	56,291,739	-	-	-	-
Loans and advances to banks	28	46,074	46,068	6	-	-	-
Loans and advances to customers	29	1,067,999,019	442,965,853	624,978,111	4	55,051	-
Restricted deposits and other assets[1]	34	482,822,956	444,928,987	33,823,609	1,601,689	2,062,746	405,925
		2,537,984,106	**1,457,847,422**	**1,036,211,011**	**25,808,311**	**17,234,038**	**883,324**
Deposits from banks	35	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,360,358,539	475,322,797	18,686,025	11,448,811	-
Financial liabilities held for trading	24	1,865,419	1,865,419	-	-	-	-
Derivative financial liabilities	25	3,752,666	-	-	-	-	3,752,666
Other liabilities[2]	39	112,975,988	97,566,457	12,770,704	121,238	2,108,514	409,075
Other borrowed funds	41	177,361,218	105,867,988	71,493,230	-	-	-
		2,162,507,392	**1,566,394,332**	**559,586,731**	**18,807,263**	**13,557,325**	**4,161,741**
Financial Instrument Gap		**375,476,714**	**(108,546,910)**	**476,624,280**	**7,001,048**	**3,676,713**	**(3,278,417)**

[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-2017
Financial instruments by currencies

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	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	450,077,977	443,450,994	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	422,741,980	398,335,739	19,965,949	254,714	4,000,314	185,264
		2,674,591,730	**1,578,799,342**	**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	36	2,647,469	2,647,469	-	-	-	-
Derivative financial liabilities	25	2,606,586	564,528	2,042,058	-	-	-
Other liabilities[2]	39	202,803,357	178,401,566	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	-	-	-
		2,208,464,026	**1,551,832,876**	**626,603,454**	**16,354,254**	**13,483,364**	**190,078**
Financial Instrument Gap		**466,127,704**	**26,966,466**	**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.

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 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 Bank. As at 31 December, 2018, the Bank's capital adequacy ratio was 21.55% (December 31, 2017- 25.50%). Group capital stood at 23.39% (December 2017 – 25.68%).

The following table shows the composition of regulatory capital and risk weighted assets for the Bank:

Capital adequacy ratio

Bank

	Group			Bank		
	Transitional Arrangement Impact	**Full Impact**	**IAS 39**	**Transitional Arrangement Impact**	**Full Impact**	**IAS 39**
In thousands of Nigerian Naira	**Dec-2018**	**Dec-2018**	**Dec-2017**	**Dec-2018**	**Dec-2018**	**Dec-2017**
Tier 1 capital						
Share capital	14,715,590	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	123,471,114
Retained profits	106,539,050	106,539,050	128,386,206	79,668,689	79,668,689	115,361,824
Statutory Reserve	283,918,329	283,918,329	254,870,455	272,609,043	272,609,043	247,571,078
SMEEIS and AGSMEIS Reserves	18,638,665	18,638,665	10,574,431	18,638,552	18,638,552	10,574,318
IFRS 9 Transitional Adjustment	51,832,899	-	-	50,039,944	-	-
RRR applied for IFRS 9 Impact	-	(65,490,719)	-	-	(65,490,719)	-
Non-Controlling Interest	12,433,461	12,433,461	11,482,603	-	-	-
Tier 1 Sub-Total	**611,549,108**	**494,225,490**	**543,500,399**	**559,142,932**	**443,612,269**	**511,693,924**
Less Regulatory deductions :						
Other intangible assets	(7,719,684)	(7,719,684)	(6,159,026)	(5,635,606)	(5,635,606)	(4,501,296)
Goodwill	(8,682,937)	(8,682,937)	(8,675,928)	-	-	-
Deferred Tax	(2,169,819)	(2,169,819)	(1,666,990)	-	-	-
Treasury Shares	(5,583,635)	(5,583,635)	(5,291,245)	-	-	-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies	-	-	-	(55,814,032)	(55,814,032)	(46,207,004)
Net Total Tier 1 Capital (A)	**587,393,033**	**470,069,415**	**521,707,210**	**497,693,294**	**382,162,631**	**460,985,624**
Tier 2 capital						
Foreign Exchange Adjustments	18,267,911	18,267,911	10,506,272	-	-	-
Fair Value Reserves	(1,262,254)	(1,262,254)	5,234,178	(1,622,642)	(1,622,642)	4,887,758
Net Total Tier 2 Capital (B)	**17,005,657**	**17,005,657**	**15,740,450**	**(1,622,642)**	**(1,622,642)**	**4,887,758**
Total Qualifying Capital (C= A+B)	**604,398,690**	**487,075,072**	**537,447,660**	**496,070,652**	**380,539,989**	**465,873,382**
Composition Of Risk-Weighted Assets						
Credit Risk	1,625,280,021	1,559,789,302	1,626,093,494	1,393,082,592	1,327,591,873	1,453,391,802
Operational Risk	487,938,118	487,938,118	458,408,375	423,792,503	423,792,503	371,126,769
Market Risk	34,326,532	34,326,532	8,581,633	14,559,721	14,559,721	2,765,436
Aggregate	**2,147,544,672**	**2,082,053,953**	**2,093,083,502**	**1,831,434,816**	**1,765,944,097**	**1,827,284,007**
Total Risk-Weighted Capital Ratio	**28.14%**	**23.39%**	**25.68%**	**27.09%**	**21.55%**	**25.50%**
Tier 1 Risk-Based Capital Ratio	**27.35%**	**22.58%**	**24.93%**	**27.18%**	**21.64%**	**25.23%**

TRANSITIONAL ARRANGEMENTS TREATMENT OF IFRS 9 EXPECTED CREDIT LOSS FOR REGULATORY PURPOSES BY BANKS IN NIGERIA

During the year, the Central Bank of Nigeria (CBN) issued a circular to provide guidance on the treatment of ECL provisions for regulatory purpose and introduce a four-year transitional arrangement to cushion the effect on tier 1 regulatory capital. The summary of the guidance is as follows:

1) **Utilisation of Regulatory Risk Reserve (RRR) to cushion the impact of IFRS 9 ECL Provisions on Transition Date**

   In order to cushion the impact of IFRS 9 on regulatory capital banks are required, in the first instance, to apply the balance in their RRR to reduce the additional ECL provisions to be recognized in the opening retained earnings on January 1, 2018. The amount to be deducted from RRR shall be limited to the excess of ECL provisions over the IAS 39 provisions on the transition date. Accordingly, banks are required to effect appropriate accounting entries to reflect the transfer from RRR to the retained earnings.

2) **Transitional Arrangement of the ECL Accounting Provisions for Regulatory Capital Purpose**

   Where the additional IFRS 9 ECL provision as stated in (1) above is higher than the balance in RRR, Banks are required to amortise the excess in line with the transitional arrangements provided by CBN. For the purpose of the transitional arrangement, the excess of the ECL provisions over IAS 39 provisions adjusted for the RRR is termed "Adjusted Day One Impact", using the Static Approach. This approach requires banks to hold static the Adjusted Day One Impact and amortise on a straight-line basis over the four-year transition period by writing back to the Tier 1 capital as indicated in the table below:

Period	Provisions to be written back
Year 0 (January 1, 2018)	4/5 of Adjusted Day One Impact
Year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact
Year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact
Year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact
Year 4 (December 31, 2021)	Nil

Where the RRR fully absorbs the additional ECL provision, this transitional arrangement shall not apply.

The outcome of the application of the CBN guidance on the treatment of IFRS 9 ECL provisions is as presented in the capital adequacy computation on page 218.

(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

Measurement of the expected credit losses

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, in the application of forward-looking information, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is as described in accounting policy 3b (j)(v).

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 as measured at amortised cost, the Group has determined that it meets the description of financial assets set out in accounting policy 3b(j)(ii)(a).
2. In designating financial assets as measured at FVOCI, the Group has determined that it has met the criteria for this designation set out in accounting policy 3b (j)(ii)(b).
3. In classifying financial assets as measured at FVTPL, the Group has determined that it meets the description of financial assets set out in accounting policy 3b(j)(ii)(c).
4. In accounting for financial liabilities as FVTPL, the Group has determined that it meets the description of financial liabilities set out in accounting policy 3b(j)(ii)(e).
5. In carrying financial liabilities at amortised cost, the Group has determined that it meets the description of financial liabilities set out in accounting policy 3b(j)(ii)(f).

Details of the Group's classification of financial assets and liabilities are given in note 8 and sensitivity analysis are as stated on page 200.

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 referenced to Nigeria Interbank Foreign Exchange (NIFEX) rate quoted on FMDQ.

Defined benefits plan

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of 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 equity 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 hierarchy of methods.

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.

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-2018
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	24	11,314,814	-	-	11,314,814
Derivative financial assets	25	-	3,854,921	-	3,854,921
Investment securities at FVOCI:					
-Debt securities at FVOCI	26	527,613,969	7,380,390	-	534,994,359
-Equity securities at FVOCI	26	-	-	1,090,596	1,090,596
-Equity securities FVTPL	26	-	-	2,620,200	2,620,200
Assets pledged as collateral	27	56,317,248	459,922	-	56,777,170
Total assets		**595,246,031**	**11,695,233**	**3,710,796**	**610,652,060**
Liabilities					
Financial liabilities held for trading	37	1,865,419	-	-	1,865,419
Derivative financial liabilities	25	-	3,752,666	-	3,752,666
Total liabilities		**1,865,419**	**3,752,666**	**-**	**5,618,085**

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**

Parent
Dec-2018
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	24	8,920,153	-	-	8,920,153
Derivative financial assets	25	-	3,854,921	-	3,854,921
Investment securities at FVOCI:					
-Debt securities at FVOCI	26	451,167,653	7,380,390	-	458,548,043
-Equity securities at FVOCI	26	-	-	1,081,216	1,081,216
-Equity securities FVTPL	26	-	-	2,620,200	2,620,200
Assets pledged as collateral	27	56,291,739	-	-	56,291,739
Total assets		**516,379,545**	**11,235,311**	**3,701,416**	**531,316,272**
Liabilities					
Financial liabilities held for trading	37	1,865,419	-	-	1,865,419
Derivative financial liabilities	25	-	3,752,666	-	3,752,666
Total liabilities		**1,865,419**	**3,752,666**	**-**	**5,618,085**

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**

Reconciliation of Level 3 Items

-Investment Securities (unquoted equity securities)

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Opening balance[1]	3,011,648	3,771,445	3,011,648	3,771,445
Derecognition via sales option	(2,001,773)	-	(2,001,773)	-
Recognition via purchase option	2,620,200	-	2,620,200	-
Total unrealised gains or (losses) in OCI	71,341	22,330	71,341	22,330
Reclassification from unquoted equity at cost	9,380	-	-	-
Transfers out of Level 3	-	(782,127)	-	(782,127)
	3,710,796	**3,011,648**	**3,701,416**	**3,011,648**

[1]Equity securities as at 31 December 2017 under IAS 39 were already at fair value, therefore these balances remain the same as at January 1, 2018 under IFRS 9.

Sensitivity of financial instruments to changes in market variables are disclosed in note (4i) under market risk on page 198

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-2018

In thousands of Nigerian Naira	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)	27,932,973	(4,915,700)	23,017,273	-	-	23,017,273
Other Assets (b)	14,541,153	-	14,541,153	-	14,541,153	-
	42,474,126	**(4,915,700)**	**37,558,426**	**-**	**14,541,153**	**23,017,273**
Financial liabilities						
Other Liabilities (b)	14,541,153	-	14,541,153	14,541,153	-	-
	14,541,153	**-**	**14,541,153**	**14,541,153**	**-**	**-**

Group
Dec-2017

In thousands of Nigerian Naira	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-2018

In thousands of Nigerian Naira	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)	27,932,973	(4,915,700)	23,017,273	-	-	23,017,273
Other Assets (b)	14,541,153	-	14,541,153	-	14,541,153	-
	42,474,126	**(4,915,700)**	**37,558,426**	**-**	**14,541,153**	**23,017,273**
Financial liabilities						
Other Liabilities (b)	14,541,153	-	14,541,153	14,541,153	-	-
	14,541,153	**-**	**14,541,153**	**14,541,153**	**-**	**-**

Parent
Dec-2017

In thousands of Nigerian Naira	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**	**-**	**-**

(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.

Fair Value Through Other Comprehensive Income Bonds:

As at 31 December 2018, the Group disclosed the gross value of its investment in Corporate bond FVOCI as N7,608,088,000 (December 2017: N6,626,983,000) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach. The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

The fair value of the other unquoted equity securities were derived using the Discounted Cash Flow technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: A five-year forecast of the Free Cash Flow to the Firm (FCFF) for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below).

Step 4: The terminal value was discounted to present value using the company's WACC.

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value).

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – Changes in FCInv – Changes in WCInv

Where:
NI = Net Income
NCC = Non- Cash Charges
Int = Interest
T= tax rate
FCI = Fixed Capital Investment
WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):
This is the average cost of both equity and debt capital used in financing a business.

WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }

Where:
D = Value of Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T = Tax rate

c. Capitalization Rate= WACC – g
Terminal value = (FCFF5 *(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-18	Dec-17
Historical cost	(151,831)	(787,879)
Cumulative Unrealized Fair Value Gain recognized in Equity (OCI)	929,384	2,223,768
Fair value	**1,081,215**	**3,011,648**

The movement in equity securities at fair value during the year is as follows:

In thousands of Nigerian Naira	Group Dec-18	Group Dec-17	Parent Dec-18	Parent Dec-17
Balance, beginning of the year	3,011,648	4,279,462	3,011,648	4,279,462
Reclassification to unquoted equity investments at cost	-	(1,290,144)	-	(1,290,144)
Derecognition via sales option	(2,001,773)	-	(2,001,773)	-
Fair value movement recognised in OCI	71,340	22,330	71,340	22,330
Balance, end of the year	**1,081,215**	**3,011,648**	**1,081,215**	**3,011,648**

During the year, the Bank disposed of its investment in Africa Finance Corporation (AFC) via a wash sale transaction. The original sale met the derecognition criteria. The investment was previously designated at fair value through other comprehensive income. At the point of derecognition, the investment had a fair value of N2.0bn. The cumulative fair value gain of N1.3bn, was transferred to retained earnings.

Subsequently, the Bank repurchased investments in Africa Finance Corporation (AFC) and classified the investment at fair value through profit or loss.

The movement in equity securities fair value through profit and loss during the year is as follows:

In thousands of Nigerian Naira	Group Dec-18	Group Dec-17	Parent Dec-18	Parent Dec-17
Balance, beginning of the year	-	-	-	-
Recognition via purchase option	2,620,200	-	2,620,200	-
Balance, end of the year	**2,620,200**	**-**	**2,620,200**	**-**

Subsequent to the derecognition of equity investment in AFC during the year, the Bank through purchase option recognized fresh investment in AFC to the tune of N2.6bn. The investment is classified as FVTPL.

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 2018 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.
- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.
- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.
- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Operating segments (Continued)
Information about operating segments

Group
Dec-2018

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	286,731,865	74,314,790	45,733,144	25,456,707	2,287,515	434,524,021
Derived from other business segments	(47,881,555)	33,966,377	4,640,233	828,264	8,446,681	-
Total revenue	**238,850,310**	**108,281,167**	**50,373,377**	**26,284,971**	**10,734,196**	**434,524,021**
Interest expenses	(67,790,659)	(7,474,885)	(5,185,488)	(2,118,499)	(1,960,150)	(84,529,681)
Fee and commission expenses	(748,664)	(724,735)	(265,064)	(133,484)	(25,585)	(1,897,532)
Net operating income	**170,310,987**	**100,081,547**	**44,922,825**	**24,032,988**	**8,748,461**	**348,096,808**
Expense:						
Operating expenses	(20,749,188)	(46,039,923)	(22,700,495)	(15,412,467)	(4,597,137)	(109,499,210)
Net impairment loss on financial assets	(2,746,829)	(306,455)	(2,286,078)	(162,847)	(54,291)	(5,556,500)
Depreciation and amortization	(3,067,160)	(7,576,313)	(3,301,438)	(3,131,818)	(552,547)	(17,629,276)
Total cost	**(26,563,177)**	**(53,922,691)**	**(28,288,011)**	**(18,707,132)**	**(5,203,975)**	**(132,684,986)**
Profit before income tax from reportable segments	**143,747,810**	**46,158,856**	**16,634,814**	**5,325,856**	**3,544,486**	**215,411,822**
Tax	(20,651,554)	(6,631,420)	(2,389,843)	(765,140)	(509,219)	(30,947,176)
Profit after income tax from reportable segments	**123,096,256**	**39,527,436**	**14,244,971**	**4,560,716**	**3,035,267**	**184,464,646**
Assets and liabilities:						
Total assets	1,824,362,930	818,868,481	353,932,291	194,762,188	96,134,088	3,288,059,978
Total liabilities	(843,834,952)	(1,172,483,100)	(392,732,705)	(276,287,146)	(16,567,423)	(2,701,905,326)
Net assets/ (liabilities)	**980,527,978**	**(353,614,619)**	**(38,800,414)**	**(81,524,958)**	**79,566,665**	**586,154,652**
Additions to Non-Current Assets	**5,582,082**	**13,788,522**	**6,008,457**	**5,699,757**	**1,005,609**	**32,084,427**
Assets:						
Loans and advances to banks	2,994,642	-	-	-	-	2,994,642
Loans and advances to customers	904,497,845	131,957,366	133,795,205	24,509,561	64,250,382	1,259,010,359
Others	916,870,443	686,911,115	220,137,086	170,252,627	31,883,706	2,026,054,977
	1,824,362,930	**818,868,481**	**353,932,291**	**194,762,188**	**96,134,088**	**3,288,059,978**
Liabilities:						
Deposits from banks	82,803,047	-	-	-	-	82,803,047
Deposits from customers	557,912,256	1,132,866,762	319,859,063	250,387,212	12,877,850	2,273,903,143
Others	203,119,649	39,616,338	72,873,642	25,899,934	3,689,573	345,199,136
	843,834,952	**1,172,483,100**	**392,732,705**	**276,287,146**	**16,567,423**	**2,701,905,326**

Operating segments (Continued)
Information about operating segments

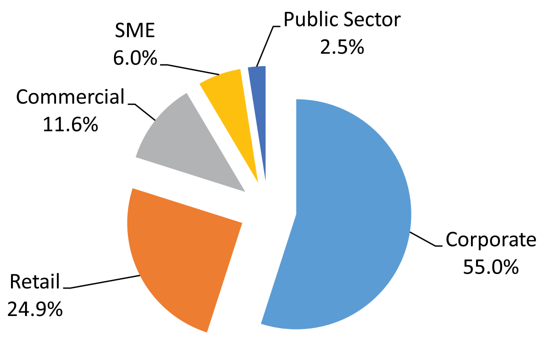
Group
Dec-2017

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	(41,464,994)	(35,259,671)	(18,616,023)	(10,075,391)	(5,015,638)	(110,431,717)
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	**(51,202,883)**	**(44,049,315)**	**(24,060,682)**	**(13,554,560)**	**(5,813,774)**	**(138,681,214)**
Profit before income tax from reportable segments	**142,585,406**	**35,997,927**	**12,734,095**	**3,705,162**	**2,095,281**	**197,117,871**
Tax	(21,641,359)	(5,367,447)	(1,898,709)	(552,456)	(312,416)	(29,772,387)
Profit after income tax from reportable segments	**120,944,047**	**30,630,480**	**10,835,386**	**3,152,706**	**1,782,865**	**167,345,484**
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	(1,028,406,576)	(1,044,170,116)	(375,641,600)	(249,188,312)	(25,752,080)	(2,723,158,684)
Net assets/ (liabilities)	**1,013,547,533**	**(348,879,362)**	**2,389,118**	**(97,248,155)**	**59,557,346**	**629,366,480**
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	405,927,196	86,148,271	50,030,338	28,212,716	5,362,016	575,680,537
	1,028,406,576	**1,044,170,116**	**375,641,600**	**249,188,312**	**25,752,080**	**2,723,158,684**

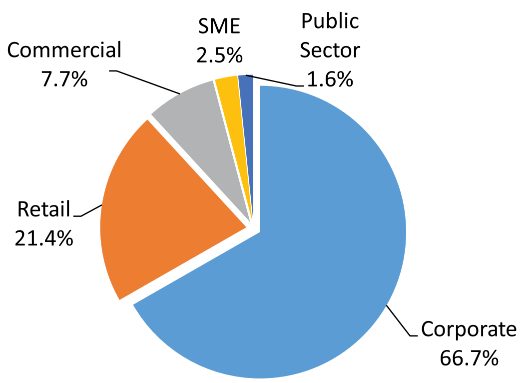
Operating segments (Continued)
Information about operating segments

Group Dec - 2018

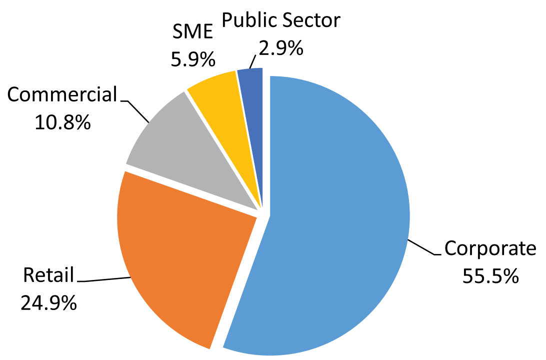
Revenue



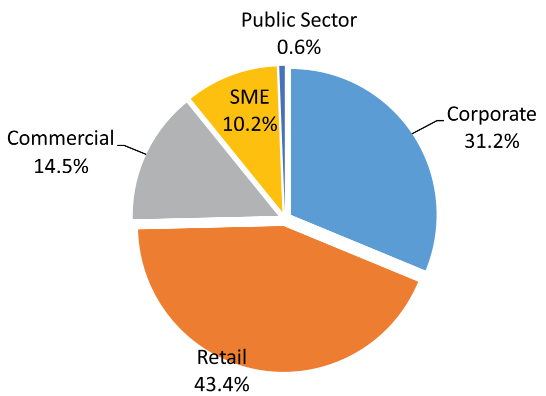
Profit before tax



Assets

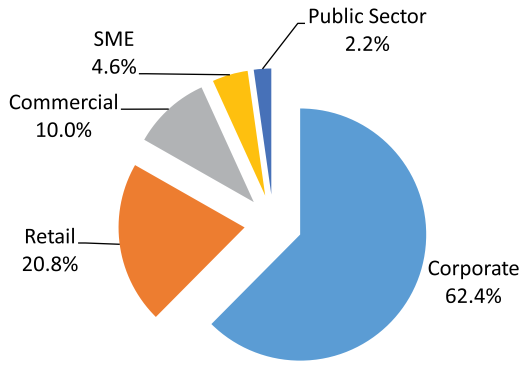


Liabilities

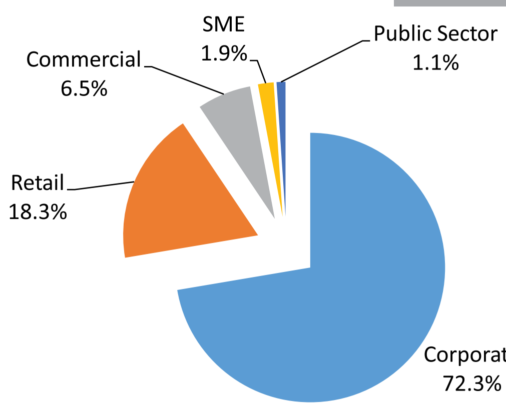


Group Dec - 2017

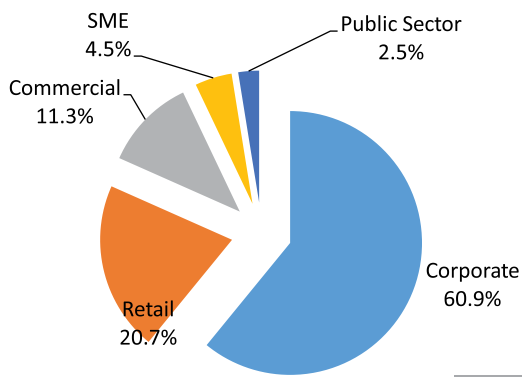
Revenue



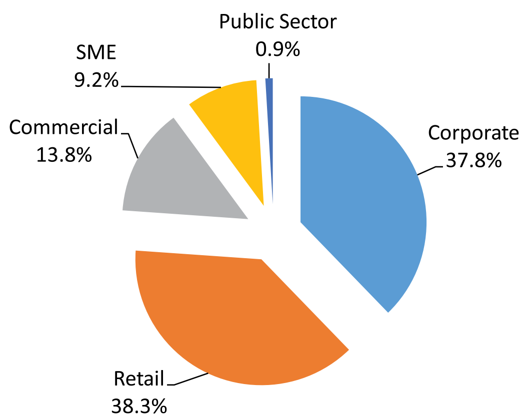
Profit before tax



Assets



Liabilities



Operating segments (Continued)
Information about operating segments

Parent
Dec-2018

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	224,775,344	68,983,752	38,633,953	19,497,257	4,313,493	356,203,799	-	356,203,799
Derived from other business segments	(23,940,780)	16,983,190	2,320,117	414,132	4,223,341	-	-	-
Total revenue	**200,834,564**	**85,966,942**	**40,954,070**	**19,911,389**	**8,536,834**	**356,203,799**	**-**	**356,203,799**
Interest expenses	(55,792,636)	(6,151,932)	(4,267,727)	(1,743,554)	(1,613,230)	(69,569,079)	-	(69,569,079)
Fee and commission expenses	(377,860)	(365,783)	(133,781)	(67,371)	(12,913)	(957,708)	-	(957,708)
Net operating income	**144,664,068**	**79,449,227**	**36,552,562**	**18,100,464**	**6,910,691**	**285,677,012**	**-**	**285,677,012**
Expense:								
Operating expenses	(14,977,979)	(34,095,604)	(16,526,070)	(11,178,982)	(3,378,318)	(80,156,953)	-	(80,156,953)
Net impairment loss on financial assets	(684,175)	(76,331)	(569,413)	(40,562)	(13,523)	(1,384,004)	-	(1,384,004)
Depreciation and amortization	(2,480,158)	(6,126,336)	(2,669,599)	(2,532,442)	(446,799)	(14,255,334)	-	(14,255,334)
Total cost	**(18,142,312)**	**(40,298,271)**	**(19,765,082)**	**(13,751,986)**	**(3,838,640)**	**(95,796,291)**	**-**	**(95,796,291)**
Profit before income tax from reportable segments	**126,521,756**	**39,150,956**	**16,787,480**	**4,348,478**	**3,072,051**	**189,880,721**	**-**	**189,880,721**
Tax	(15,518,327)	(4,801,999)	(2,059,042)	(533,356)	(376,797)	(23,289,521)	-	(23,289,521)
Profit after income tax from reportable segments	**111,003,429**	**34,348,957**	**14,728,438**	**3,815,122**	**2,695,254**	**166,591,200**	**-**	**166,591,200**
Assets and liabilities:								
Total assets	1,504,507,434	675,300,785	291,879,294	160,615,607	79,279,429	2,711,582,549	938,945	2,712,521,494
Total liabilities	(687,004,256)	(954,571,600)	(319,741,484)	(224,937,880)	(13,488,290)	(2,199,743,510)	(935,725)	(2,200,679,235)
Net assets/ (liabilities)	**817,503,178**	**(279,270,815)**	**(27,862,190)**	**(64,322,273)**	**65,791,139**	**511,839,039**	**3,220**	**511,842,259**
Additions to Non-Current Assets	**4,649,205**	**11,484,185**	**5,004,324**	**4,747,214**	**837,552**	**26,722,480**	**-**	**26,722,480**
Assets:								
Loans and advances to banks	46,074	-	-	-	-	46,074	-	46,074
Loans and advances to customers	767,271,536	111,937,393	113,496,404	20,791,082	54,502,604	1,067,999,019	-	1,067,999,019
Others	737,189,824	563,363,392	178,382,890	139,824,525	24,776,825	1,643,537,456	938,945	1,644,476,401
	1,504,507,434	**675,300,785**	**291,879,294**	**160,615,607**	**79,279,429**	**2,711,582,549**	**938,945**	**2,712,521,494**
Liabilities:								
Deposits from banks	735,929	-	-	-	-	735,929	-	735,929
Deposits from customers	485,773,543	892,240,035	271,784,505	205,451,367	10,566,722	1,865,816,172	-	1,865,816,172
Others	200,494,784	62,331,565	47,956,979	19,486,513	2,921,568	333,191,409	935,725	334,127,134
	687,004,256	**954,571,600**	**319,741,484**	**224,937,880**	**13,488,290**	**2,199,743,510**	**935,725**	**2,200,679,235**

Operating segments (Continued)
Information about operating segments

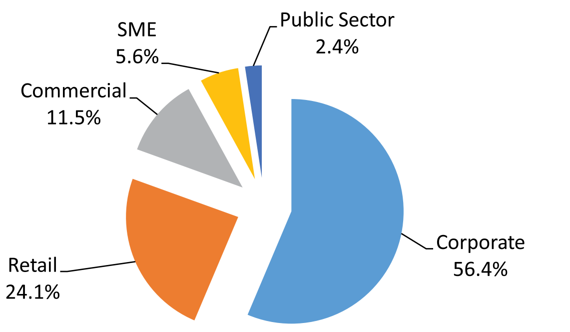
Parent
Dec-2017

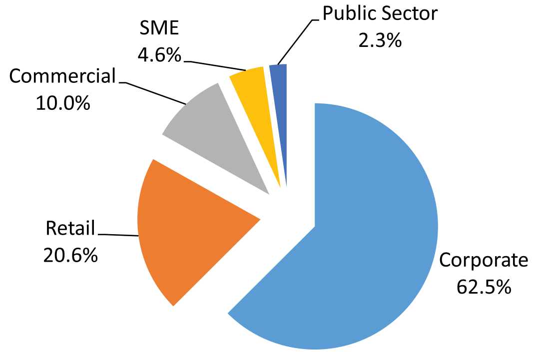
In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	266,619,758	41,707,854	32,806,848	7,805,680	7,681,030	356,621,170	-	356,621,170
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	(29,607,431)	(27,342,341)	(13,955,408)	(8,645,227)	(4,110,861)	(83,661,268)	-	(83,661,268)
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	**(38,205,905)**	**(34,893,328)**	**(18,688,603)**	**(11,642,132)**	**(4,805,017)**	**(108,234,985)**	**-**	**(108,234,985)**
Profit before income tax from reportable segments	**128,898,578**	**32,918,595**	**12,901,692**	**3,212,162**	**2,100,464**	**180,031,491**	**-**	**180,031,491**
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	**110,957,343**	**28,425,820**	**11,140,852**	**2,773,762**	**1,813,790**	**155,111,567**	**-**	**155,111,567**
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	(848,650,456)	(860,629,326)	(309,612,554)	(205,386,809)	(21,225,464)	(2,245,504,609)	(847,600)	(2,246,352,209)
Net assets/ (liabilities)	**871,437,458**	**(274,934,860)**	**8,830,483**	**(77,396,456)**	**50,636,931**	**578,573,556**	**3,220**	**578,576,776**
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	406,487,766	71,947,026	41,556,203	23,470,768	4,439,539	547,901,302	847,600	548,748,902
	848,650,456	**860,629,326**	**309,612,554**	**205,386,809**	**21,225,464**	**2,245,504,609**	**847,600**	**2,246,352,209**

Operating segments (Continued)
Information about operating segments

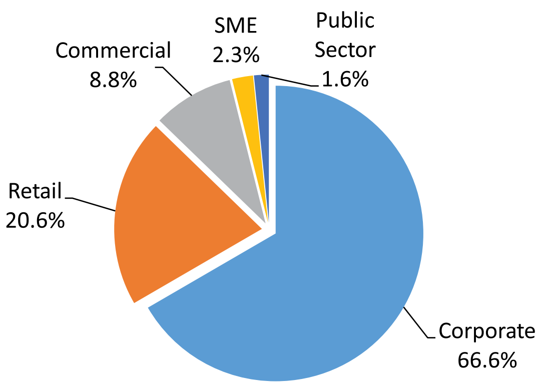
Parent Dec - 2018	Parent Dec - 2017

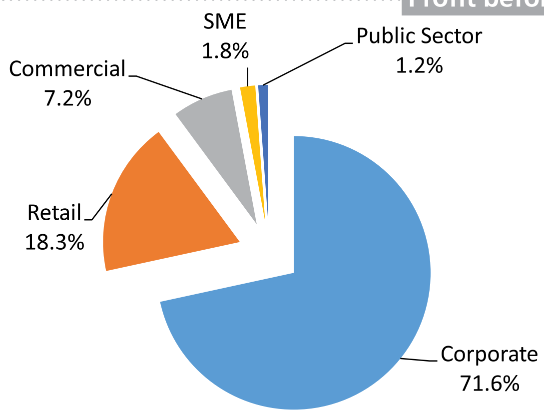
Revenue



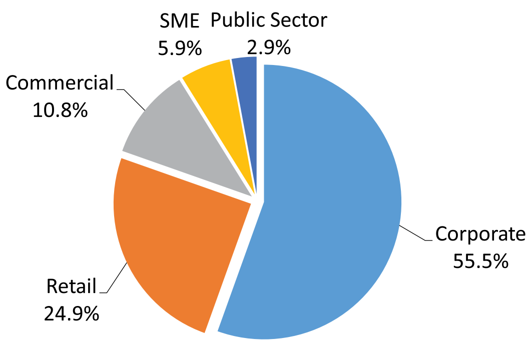


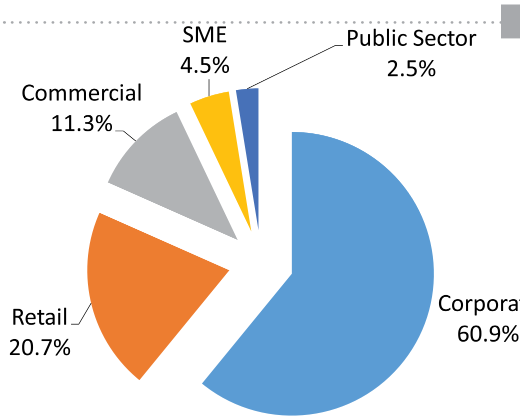
Profit before tax



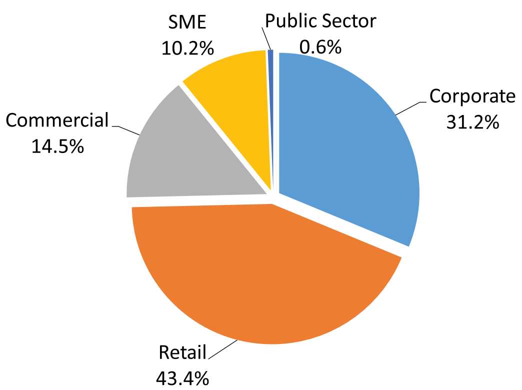


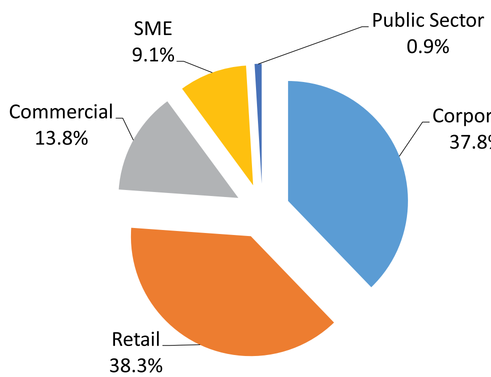
Assets





Liabilities





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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Bonds	3,464,108	3,445,810	2,841,200	2,960,953
Placements	13,200,319	16,765,891	10,826,667	14,406,777
Treasury Bills	105,125,421	116,685,055	86,222,001	100,266,403
Loans	256,549,144	248,356,233	210,417,046	213,410,251
Contingents	56,359,977	33,973,282	46,225,450	29,192,924
	434,698,969	**419,226,271**	**356,532,364**	**360,237,308**

Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities

Reconciliation of revenues

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Continuing Operations:				
Total revenue from reportable segments	434,524,021	418,659,097	356,203,799	356,621,170
Consolidation and adjustments:				
- Other operating income	(280,112)	267,565	-	-
Revenue from continuing operations	**434,243,909**	**418,926,662**	**356,203,799**	**356,621,170**

Revenue from continuing operations as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Interest income	306,963,482	327,333,512	258,010,986	284,442,547
Fee and commission income	52,367,605	42,921,857	36,110,550	30,048,147
Net gains on financial instruments classified as held for trading	24,583,974	11,338,819	16,652,294	6,542,636
Other operating income	50,783,908	37,632,083	45,758,534	39,203,978
Revenue and gains from continuing operations	434,698,969	419,226,271	356,532,364	360,237,308
Less gains:				
- Gain on disposal of fixed assets	(230,429)	(101,587)	(103,934)	(38,594)
- Net portfolio gain on SMEEIS investments	-	(18,712)	-	(18,712)
- Dividends income	(224,631)	(179,310)	(224,631)	(3,558,832)
Revenue from continuing operations	**434,243,909**	**418,926,662**	**356,203,799**	**356,621,170**

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Continuing Operations:				
Total operating expense from reportable segments	109,499,210	110,431,717	80,156,953	83,661,268
Operating expense from continuing operations	**109,499,210**	**110,431,717**	**80,156,953**	**83,661,268**

Operating expense from continuing operations as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Personnel expenses (See Note17)	36,856,121	32,832,341	23,681,401	22,354,351
Operating lease expenses	2,085,035	1,596,413	663,998	654,665
Other operating expenses (See Note 20)	70,558,054	76,002,963	55,811,554	60,652,252
	109,499,210	**110,431,717**	**80,156,953**	**83,661,268**

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Continuing Operations:				
Total profit or loss for reportable segments	215,411,822	197,117,871	189,880,721	180,031,491
Consolidation and adjustments:				
- Other operating income	(280,112)	267,565	-	-
Gains:				
- Gain on disposal of fixed assets	230,429	101,587	103,934	38,594
- Dividends income	224,631	179,310	224,631	3,558,832
- Net portfolio gain on SMEEIS investments	-	18,712	-	18,712
Profit before income tax from continuing operations	**215,586,770**	**197,685,045**	**190,209,286**	**183,647,629**

Reconciliation of assets

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Continuing Operations:				
Total assets for reportable segments	3,288,059,978	3,352,525,164	2,711,582,549	2,824,078,165
Consolidation and adjustments	(717,337)	(1,428,505)	-	-
Total assets	**3,287,342,641**	**3,351,096,659**	**2,711,582,549**	**2,824,078,165**

Discontinued Operations:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Total assets for reportable segments (See note 34(b))	-	-	938,945	850,820
Total assets	**-**	**-**	**938,945**	**850,820**

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Continuing Operations:				
Total liabilities for reportable segments	2,701,905,326	2,723,158,684	2,199,743,510	2,245,504,609
Consolidation and adjustments	9,869,968	8,537,765	-	-
Total liabilities	**2,711,775,294**	**2,731,696,449**	**2,199,743,510**	**2,245,504,609**

Discontinued Operations:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Total liabilities for reportable segments (See note 34(b))	-	-	935,725	847,600
Total liabilities	**-**	**-**	**935,725**	**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-2018

In thousands of Nigerian Naira	Nigeria	Rest of West Africa	East Africa	Europe	Total
Derived from external customers	356,196,228	52,746,829	17,595,261	8,160,651	434,698,969
Derived from other segments	-	-	-	-	-
Total Revenue	**356,196,228**	**52,746,829**	**17,595,261**	**8,160,651**	**434,698,969**
Interest expense	(69,569,081)	(9,506,332)	(4,254,654)	(1,199,614)	(84,529,681)
Fee and commission expenses	(957,704)	(340,543)	(599,285)	-	(1,897,532)
Net interest margin	**285,669,443**	**42,899,954**	**12,741,322**	**6,961,037**	**348,271,756**
Profit before income tax	**189,873,158**	**23,509,277**	**438,017**	**1,766,318**	**215,586,770**
Assets and liabilities:					
Total assets	2,620,014,083	319,382,607	146,457,763	201,488,188	3,287,342,641
Total liabilities	(2,209,557,529)	(230,977,433)	(107,636,585)	(163,603,747)	(2,711,775,294)
Net assets/(liabilities)	**410,456,554**	**88,405,174**	**38,821,178**	**37,884,441**	**575,567,347**

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	**179,785,083**	**15,785,422**	**705,452**	**1,409,088**	**197,685,045**
Assets and liabilities:					
Total assets	2,736,918,894	273,168,725	140,670,482	200,338,558	3,351,096,659
Total liabilities	(2,253,990,466)	(218,203,350)	(102,418,365)	(157,084,268)	(2,731,696,449)
Net assets/(liabilities)	**482,928,428**	**54,965,375**	**38,252,117**	**43,254,290**	**619,400,210**

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-2018

		Carrying amount					Fair Value			
In thousands of Nigerian Naira	Note	Fair value through profit or loss	Held at ammortized cost	Fair value through other comprehensive income	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	-	2,994,642	-	-	2,994,642	-	2,994,642	-	2,994,642
Loans and advances to customers	29	-	1,259,010,359	-	-	1,259,010,359	-	1,152,684,104	150,636,239	1,303,320,343
Financial assets held for trading	24	11,314,814	-	-	-	11,314,814	11,314,814	-	-	11,314,814
Derivative financial assets	25	3,854,921	-	-	-	3,854,921	-	3,854,921	-	3,854,921
Assets pledged as collateral	27	-	459,921	56,317,249	-	56,777,170	56,317,248	459,922	-	56,777,170
Investment securities:										
– Fair Value through other comprehensive Income	26	-	-	538,705,155	-	538,705,155	527,613,969	7,380,390	3,710,796	538,705,155
– Held at amortised cost	26	-	98,619,509	-	-	98,619,509	96,616,237	2,003,272	-	98,619,509
Restricted deposits and other assets[1]	34	-	484,262,706	-	-	484,262,706	-	484,262,706	-	484,262,706
		15,169,735	**1,845,347,137**	**595,022,404**	**-**	**2,455,539,276**	**691,862,268**	**1,653,639,957**	**154,347,035**	**2,499,849,260**
Deposits from banks	35	-	-	-	82,803,047	82,803,047	-	12,954,440	-	12,954,440
Deposits from customers	36	-	-	-	2,273,903,143	2,273,903,143	-	2,252,554,182	-	2,252,554,182
Financial liabilities held for trading	37	1,865,419	-	-	-	1,865,419	1,865,419	-	-	1,865,419
Derivative financial liabilities	25	3,752,666	-	-	-	3,752,666	-	3,752,666	-	3,752,666
Debt securities issued	38	-	-	-	-	-	-	-	-	-
Other borrowed funds	41	-	-	-	178,566,800	178,566,800	-	3,223,285	-	3,223,285
Other liabilities[2]	39	-	-	-	133,114,496	133,114,496	-	133,114,496	-	133,114,496
		5,618,085	**-**	**-**	**2,668,387,486**	**2,674,005,571**	**1,865,419**	**2,405,599,069**	**-**	**2,407,464,488**

[1]Excludes prepayments [2] Excludes Deferred Income and Provision for Litigations

Group
Dec-2017

				Carrying amount						Fair Value		
In thousands of Nigerian Naira	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	-	-	750,361	-	-	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	26	-	-	-	-	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	-	-	-	424,127,322	-	-	424,127,322	-	424,127,322	-	424,127,322
		23,945,661	**2,839,078**	**96,466,598**	**1,873,411,113**	**576,468,908**	**-**	**2,573,131,358**	**685,226,235**	**1,746,206,415**	**162,235,397**	**2,593,668,047**
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	**-**	**-**	**-**	**-**	**-**	**223,799,483**	**223,799,483**	**-**	**223,799,483**	**-**	**223,799,483**
		2,647,469	**2,606,586**	**-**	**-**	**-**	**2,683,901,467**	**2,689,155,522**	**2,647,469**	**2,680,817,120**	**-**	**2,683,464,589**

[1]Excludes prepayments
[2] Excludes Deferred Income and Provision for Litigations

Parent
Dec-2018

		Carrying amount					Fair Value			
In thousands of Nigerian Naira	Note	Fair value through profit or loss	Held at ammortized cost	Fair value through other comprehensive income	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	-	46,074	-	-	46,074	-	46,074	-	46,074
Loans and advances to customers	29	-	1,067,999,019	-	-	1,067,999,019	-	1,019,340,229	98,467,280	1,117,807,509
Financial assets held for trading	24	8,920,153	-	-	-	8,920,153	8,920,153	-	-	8,920,153
Derivative financial assets	25	3,854,921	-	-	-	3,854,921	-	3,854,921	-	3,854,921
Assets pledged as collateral	27	-	-	56,291,739	-	56,291,739	56,291,739	-	-	56,291,739
Investment securities:										
– Fair Value through other comprehensive Income	26	-	-	462,249,459	-	462,249,459	451,167,653	7,380,390	3,701,416	462,249,459
– Held at amortised cost	26	-	2,003,272	-	-	2,003,272	-	2,003,272	-	2,003,272
Restricted deposits and other assets[1]	34	-	482,822,956	-	-	482,822,956	-	482,822,956	-	482,822,956
		12,775,074	**1,552,871,321**	**518,541,198**	**-**	**2,084,187,593**	**516,379,545**	**1,515,447,842**	**102,168,696**	**2,133,996,083**
Deposits from banks	35	-	-	-	735,929	735,929	-	735,929	-	735,929
Deposits from customers	36	-	-	-	1,865,816,172	1,865,816,172	-	1,863,760,743	-	1,863,760,743
Financial liabilities held for trading	37	1,865,419	-	-	-	1,865,419	1,865,419	-	-	1,865,419
Derivative financial liabilities	25	3,752,666	-	-	-	3,752,666	-	3,752,666	-	3,752,666
Debt securities issued	38	-	-	-	-	-	-	-	-	-
Other borrowed funds	41	-	-	-	177,361,218	177,361,218	-	-	-	-
Other liabilities[2]	39	-	-	-	112,975,988	112,975,988	-	112,975,988	-	112,975,988
		5,618,085	**-**	**-**	**2,156,889,307**	**2,162,507,392**	**1,865,419**	**1,981,225,326**	**-**	**1,983,090,745**

[1]Excludes prepayments [2] Excludes Deferred Income and Provision for Litigations

Parent
Dec-2017

				Carrying amount						Fair Value		
In thousands of Nigerian Naira	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	-	-	43,480	-	-	43,480	-	43,480	-	43,480
Loans and advances to customers	29	-	-	-	1,265,971,688	-	-	1,265,971,688	-	1,186,553,424	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	-	-	-	422,741,980	-	-	422,741,980	-	422,741,980	-	422,741,980
		16,652,356	**2,839,078**	**2,007,253**	**1,688,757,148**	**512,051,347**	**-**	**2,222,307,182**	**519,065,072**	**1,620,812,198**	**101,478,928**	**2,241,356,198**
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	-	-	-	-	-	202,803,357	202,803,357	-	202,803,357	-	202,803,357
		2,647,469	**2,606,586**	**-**	**-**	**-**	**2,203,209,971**	**2,208,464,026**	**2,647,469**	**2,202,051,103**	**-**	**2,204,698,572**

[1]Excludes prepayments [2] Excludes 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 FVTPL and FVOCI) 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Loans and advances to banks	2,901,174	1,628,715	10,702	5,768
Loans and advances to customers	187,902,581	201,601,525	163,651,269	178,213,368
	190,803,755	203,230,240	163,661,971	178,219,136
Cash and cash equivalents	11,625,376	10,286,671	9,258,140	6,400,143
Investment securities FVPL	3,527,746	-	2,123,082	-
Financial assets held for trading	-	2,535,671	-	1,827,629
Investment securities:				
– Investment Securities FVOCI	74,999,713	-	72,973,921	-
– Available for sale	-	87,811,265	-	86,105,553
– Investment securities at amortised cost	16,343,020	-	330,000	-
– Held to maturity	-	12,329,568	-	749,989
Assets pledged as collateral	9,663,872	11,140,097	9,663,872	11,140,097
Total interest income	**306,963,482**	**327,333,512**	**258,010,986**	**284,442,547**
Geographical location				
Interest income earned in Nigeria	250,801,711	282,700,544	250,801,711	282,700,545
Interest income earned outside Nigeria	56,161,771	44,632,968	7,209,275	1,742,002
	306,963,482	**327,333,512**	**258,010,986**	**284,442,547**

10. Interest expense

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Deposit from banks	73,173	1,050,674	202,156	23,219
Deposit from customers	67,981,503	59,557,389	54,381,016	48,515,349
	68,054,676	60,608,063	54,583,172	48,538,568
Financial liabilities held for trading	1,927,591	2,119,104	1,927,591	2,119,104
Other borrowed funds	9,577,658	10,773,781	8,088,560	8,965,853
Debt securities	4,969,756	7,169,403	4,969,756	7,169,403
Total interest expense	**84,529,681**	**80,670,351**	**69,569,079**	**66,792,928**
Geographical location				
Interest expense paid in Nigeria	58,507,370	52,668,184	58,843,507	52,884,240
Interest expense paid outside Nigeria	26,022,311	28,002,167	10,725,572	13,908,688
	84,529,681	**80,670,351**	**69,569,079**	**66,792,928**

11. Loan impairment charges

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Loans and advances to banks (Note 28)	**(2,506)**	**509**	**(8,673)**	**509**
12-month ECL	(7,289)	-	(7,289)	-
Lifetime ECL credit impaired	4,783	-	(1,384)	-
Increase/(reversal) in collective impairment	-	509	-	509
Loans and advances to customers (Note 29)	**4,908,991**	**12,168,611**	**1,512,976**	**10,834,103**
12-month ECL	1,789,037	-	308,944	-
Increase/(reversal) in collective impairment	-	(18,819,383)	-	(18,197,044)
Lifetime ECL credit impaired	3,119,954	-	1,204,032	-
Increase in specific impairment	-	31,835,730	-	29,328,006
Recovery of loan amounts previously written off	-	(847,736)	-	(296,859)
	4,906,485	**12,169,120**	**1,504,303**	**10,834,612**

12. Fee and commission income

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Credit related fees and commissions	7,081,877	7,880,415	4,103,787	5,161,610
Account Maintenance Charges	10,582,781	9,413,300	9,153,965	8,146,989
Corporate finance fees	4,992,395	3,755,735	4,992,374	3,755,735
E-business Income	9,587,204	7,476,160	8,019,564	6,302,245
Commission on foreign exchange deals	5,024,135	2,767,592	5,024,135	2,767,592
Commission on Touch Points	1,166,603	781,112	1,166,603	781,112
Income from financial guarantee contracts issued	2,893,929	3,400,290	2,066,531	1,958,114
Account services, maintenance and anciliary banking charges	7,499,162	5,410,210	1,583,591	1,174,750
Transfers related charges	3,539,519	2,037,043	-	-
	52,367,605	**42,921,857**	**36,110,550**	**30,048,147**

13. Fee and commission expense

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Bank charges	1,272,384	1,066,008	840,364	772,045
Loan recovery expenses	625,148	1,123,653	117,344	789,721
	1,897,532	**2,189,661**	**957,708**	**1,561,766**

14. Net gains on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Bonds FVPL	1,776,381	-	225,950	-
Bonds trading	-	130,576	-	130,576
Treasury bills FVPL	3,520,979	-	2,992,434	-
Treasury bills trading	-	4,036,759	-	3,227,226
Foreign exchange trading gain	19,286,614	7,171,484	13,433,910	3,184,834
Net trading income	**24,583,974**	**11,338,819**	**16,652,294**	**6,542,636**

15. Other income

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Mark to market gains on trading investments	617,646	7,692	617,646	7,692
Foreign exchange revaluation gain	31,082,991	25,540,198	30,031,174	23,926,663
Gain on disposal of fixed assets	230,429	101,587	103,934	38,594
Discounts And Recoverables (FX)	6,973,494	6,745,778	6,973,494	6,745,778
Mark - Up Exchange Income	1,273,703	1,430,838	1,273,703	1,430,838
Net portfolio gain on disposal of SMEEIS and long term investments	-	18,712	-	18,712
Recoveries and Others	10,381,014	-	6,533,952	-
Dividends income	224,631	179,310	224,631	3,558,832
Valuation income on repossessed collateral	-	3,607,968	-	3,476,869
	50,783,908	**37,632,083**	**45,758,534**	**39,203,978**

16. Net impairment on other financial assets

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Impairment charges on investment securities	362,085	-	11,969	-
Impairment charges on other assets	86,990	-	86,990	-
Impairment reversal on placements	(145,233)	-	(190,428)	-
Impairment reversal on contingents	346,173	-	(28,830)	-
Impairment charges on equity investments	-	696,680	-	696,680
	650,015	**696,680**	**(120,299)**	**696,680**

17. Personnel expenses
(a)

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Wages and salaries	32,714,422	30,337,132	23,070,114	22,202,806
Contributions to defined contribution plans	1,431,668	1,234,808	833,784	846,702
Defined benefit costs	(1,300,304)	(1,083,110)	(1,403,286)	(1,176,734)
Cash-settled share-based payments (see 17(b) below)	809,857	234,622	809,857	234,622
Staff welfare expenses	3,200,478	2,108,889	370,932	246,955
	36,856,121	**32,832,341**	**23,681,401**	**22,354,351**

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 2018	363,918
SARs granted to senior management employees at 31 December 2017	378,859

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Dec-2018	Group Dec-2017
Total carrying amount of liabilities for cash-settled arrangements	39	9,869,968	8,537,765

The carrying amount of liabilities for cash-settled share based payments includes:

In thousands of Nigerian Naira	Note	Group Dec-2018	Group Dec-2017
Balance, beginning of year		8,537,765	7,920,089
Effect of changes in fair value of SAR at year end		809,857	234,622
Share rights granted during the year		522,346	383,054
Balance, end of year	39	**9,869,968**	**8,537,765**

(i) The average number of persons employed during the period was as follows:

	Group Dec-2018 Number	Group Dec-2017 Number	Parent Dec-2018 Number	Parent Dec-2017 Number
Executive directors	5	6	5	6
Management	206	191	55	54
Non-management	5,150	5,040	3,334	3,224
	5,361	**5,237**	**3,394**	**3,284**

(ii) The average number of persons in employment during the period is shown below:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
	Number	Number	Number	Number
Administration	90	115	43	48
Commercial Banking Abuja	34	35	34	35
Commercial Banking Lagos	178	169	178	169
Commercial Banking North East	48	44	48	44
Commercial Banking North West	52	51	52	51
Commercial Banking South East	48	44	48	44
Commercial Banking South South	44	48	44	48
Communication and External Affairs	181	184	27	31
Compliance Group	37	28	37	28
Digital Banking Division	137	141	104	106
Emerging Technologies Division	19	-	19	-
Enterprise Risk Management	152	155	69	76
Chief Executive Officer	1	1	1	1
Financial Control, Group Reporting & Strategy	26	29	26	29
Human Resources	27	27	27	27
Institutional Banking	305	363	98	152
International Banking	25	72	25	26
Operations	166	179	166	179
Procurement & Expense Control	15	-	15	15
Public Sector Abuja	27	30	27	30
Public Sector Lagos	20	20	20	20
Retail Lagos	173	161	173	161
Retail Abuja	60	53	60	53
Retail South East	17	15	17	15
South West Division	102	93	102	93
Retail South-South	42	41	42	41
SME Abuja	43	41	43	41
SME Division - Lagos	114	100	114	100
SME Division - South East	36	37	36	37
Systems and Control	141	140	84	85
Technology	226	221	151	145
Transaction Services	1,807	1,701	1,288	1,231
Wholesale Banking	40	49	29	28
Commercial Banking Subsidiaries	110	108	-	-
Retail Subsidiaries	152	129	-	-
Public Sector Subsidiaries	11	11	-	-
Other Support Services Subsidiaries	508	507	-	-
Customer Experience Management Division	62	59	62	59
Data Analytics Division	5	4	5	4
Fintech and Innovation Division	5	7	5	7
Legal Group	25	25	25	25
Oil & Gas Divison	50	-	50	-
	5,361	**5,237**	**3,394**	**3,284**

(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-2018 Number	Group Dec-2017 Number	Parent Dec-2018 Number	Parent Dec-2017 Number
N720,001 - N1,400,000	1,577	1,635	-	-
N1,400,001 - N2,050,000	168	123	5	7
N2,190,001 - N2,330,000	733	51	682	-
N2,330,001 - N2,840,000	20	674	-	654
N2,840,001 - N3,000,000	20	20	-	-
N3,001,001 - N3,830,000	970	793	957	780
N3,830,001 - N4,530,000	30	5	-	-
N4,530,001 - N5,930,000	643	699	634	685
N6,000,001 - N6,800,000	355	362	348	362
N6,800,001 - N7,300,000	10	10	-	-
N7,300,001 - N7,800,000	8	8	-	-
N7,800,001 - N8,600,000	317	308	309	300
N8,600,001 - N11,800,000	323	345	307	329
Above N11,800,000	182	198	147	161
	5,356	**5,231**	**3,389**	**3,278**

18 Operating lease expense

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Operating lease expense	2,085,035	1,596,413	663,998	654,665
	2,085,035	**1,596,413**	**663,998**	**654,665**

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Amortisation of intangible assets (see note 32)	2,302,179	1,963,074	1,800,577	1,602,909
Depreciation of property, plant and equipment (see note 31)	15,327,097	13,420,623	12,454,757	11,439,516
	17,629,276	**15,383,697**	**14,255,334**	**13,042,425**

20 Other operating expenses

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Finance costs	14,360	78,517	2,310	72,811
Deposit insurance premium	7,892,830	7,935,028	7,725,900	7,784,041
Other insurance premium	657,359	1,751,863	518,342	1,673,326
Auditors' remuneration[1]	791,353	712,254	500,000	475,000
Professional fees and other consulting costs	1,635,891	1,091,991	719,036	883,654
AMCON expenses[3]	16,307,643	15,623,675	16,307,643	15,623,675
Stationery and postage	1,295,027	1,512,264	904,226	1,089,842
Business travel expenses	726,784	734,489	417,645	421,028
Advert, promotion and corporate gifts	6,421,254	7,016,750	5,195,047	5,704,650
Repairs and maintenance	4,810,767	6,485,929	3,503,237	5,029,620
Occupancy costs[2]	8,320,232	9,539,798	6,421,101	7,408,200
Directors' emoluments	585,970	879,294	233,900	269,580
Outsourcing services	8,253,930	8,589,309	6,847,310	7,115,198
Administrative expense	4,924,462	4,736,061	2,365,160	2,447,079
Communications and sponsorship related expense	3,844,752	5,883,081	1,648,965	2,523,178
Human capital related expenses	1,803,009	1,767,149	1,580,128	1,626,634
Customer service related expenses	2,272,431	1,665,511	921,604	504,736
	70,558,054	**76,002,963**	**55,811,554**	**60,652,252**

[1] Auditor’s remuneration represents fees for the interim and final audits of the Group and Bank for the year ended 31 December 2018. The Bank also paid the auditors professional fees in the sum of N31,300,000 for non-audit services (N25,000,000 for IFRS 9 model certification and N6,300,000 for certification of financial covenant with the Bank’s foreign lenders) rendered during the year. These services, in the Bank’s opinion, did not impair the independence and objectivity of the external auditor.

[2] This relates to diesel, fuel, and electricity cost as well as ground rates and water cost.

[3] The AMCON expense for 2017 has been restated due to retrospective application of the new requirement that contingent assets should be included in the basis for calculation of AMCON charges.

21 Income tax expense

(a) Recognised in the Income Statement

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Current tax expense:				
Company income tax	16,186,047	13,239,655	9,043,531	9,027,858
Education Tax	1,326,086	957,276	1,326,086	957,276
NITDA Levy	1,902,093	1,862,046	1,902,093	1,862,046
	19,414,226	16,058,977	12,271,710	11,847,180
Prior period’s under provision	2,605,972	228,595	2,605,972	228,595
Dividend tax	10,239,526	14,811,398	10,239,526	14,811,398
Deferred tax expense:				
Origination of temporary differences	(1,312,548)	(1,326,583)	(1,827,687)	(1,967,249)
	30,947,176	**29,772,387**	**23,289,521**	**24,919,924**

Reconciliation of effective tax rate
Group

In thousands of Nigerian Naira	Dec-2018	Dec-2018	Dec-2017	Dec-2017
Profit before income tax	215,586,770		197,685,045	
Income tax using the domestic corporation tax rate	64,676,031	30.0%	60,072,606	30.4%
Effect of tax rates in foreign jurisdictions	44,409	0.0%	641,240	0.3%
Tax reliefs/WHT Credits	(4,556,198)	-2.1%	-	0.0%
Non-deductible expenses	4,969,893	2.3%	4,606,833	2.3%
Education tax levy	1,326,086	0.6%	957,276	0.5%
NITDEF tax levy	1,902,093	0.9%	1,862,046	0.9%
Tax exempt income	(49,690,009)	-23.0%	(52,848,993)	-26.7%
Deductible expenses	(570,628)	-0.3%	(558,614)	-0.3%
Dividend tax	10,239,526	4.7%	14,811,398	7.5%
Prior year's under provision	2,605,972	1.2%	228,595	0.1%
Total income tax expense	**30,947,175**	**14.4%**	**29,772,387**	**15.1%**

Reconciliation of effective tax rate
Parent

In thousands of Nigerian Naira	Dec-2018	Dec-2018	Dec-2017	Dec-2017
Profit before income tax	190,209,286		183,647,629	
Income tax using the domestic corporation tax rate	57,062,786	30.0%	55,861,383	30.4%
Tax reliefs/WHT Credits	(4,556,198)	-2.4%	-	0.0%
Non-deductible expenses[1]	4,969,893	2.6%	4,606,833	2.5%
Education tax levy	1,326,086	0.7%	957,276	0.5%
NITDEF tax levy	1,902,093	1.0%	1,862,046	1.0%
Tax exempt income[2]	(49,690,009)	-26.1%	(52,848,993)	-28.8%
Deductible expenses	(570,628)	-0.3%	(558,614)	-0.3%
Dividend tax	10,239,526	5.4%	14,811,398	8.1%
Prior year's under provision	2,605,972	1.4%	228,595	0.1%
Total income tax expense	**23,289,521**	**12.2%**	**24,919,924**	**13.6%**

[1]Non-deductible expense include depreciation, stage 1 impairment, non-allowable donations ,etc

[2]Tax exempt income include 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Income tax relating to remeasurements of post-employment benefit obligations	(71,679)	251,703	(71,679)	251,703
Income tax relating to Foreign currency translation differences for foreign operations	3,509,522	881,108	-	-
Income tax relating to Net change in FVOCI financial assets	(2,103,633)	-	(2,230,097)	-
Income tax relating to Net change in fair value of AFS financial assets	-	2,963,957	-	2,583,614
	1,334,210	**4,096,768**	**(2,301,776)**	**2,835,317**

(b) Current income tax payable

The movement on the current income tax payable account during the year was as follows:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	24,147,356	17,928,279	24,009,770	17,819,039
Exchange difference on translation	(47,067)	121,717	-	-
Charge for the year	19,414,226	16,058,977	12,271,710	11,847,180
Payments during the year	(33,709,152)	(25,001,610)	(26,615,745)	(20,696,442)
Prior year's under provision	2,605,972	228,595	2,605,972	228,595
Dividend Tax	10,239,526	14,811,398	10,239,526	14,811,398
Balance, end of the year	**22,650,861**	**24,147,356**	**22,511,233**	**24,009,770**

22. Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting year was based on the profit atttributable to ordinary shareholders of N183,851,283,000 and a weighted average number of ordinary shares outstanding of 28,110,827,000 (after adjusting for Treasury shares) for the Group and 29,431,179,000 for the Parent:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Net profit attributable to equity holders of the Company	183,851,283	167,045,340	166,919,765	158,727,705
Net profit used to determine diluted earnings per share	**183,851,283**	**167,045,340**	**166,919,765**	**158,727,705**

Number of ordinary shares

In thousands of shares	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Weighted average number of ordinary shares in issue	28,110,827	28,112,933	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	6.54	5.94	5.67	5.39

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 bank balances

(a)

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash in hand	64,318,503	67,303,684	43,652,540	42,123,376
Balances held with other banks	208,289,218	224,804,904	75,142,158	113,342,767
Unrestricted balances with central banks	72,552,069	83,203,161	47,484,035	54,379,661
Money market placements	331,989,039	266,662,035	291,334,276	245,450,392
	677,148,829	**641,973,784**	**457,613,009**	**455,296,196**
Impairment on Placements	(159,817)	-	(115,080)	-
	676,989,012	**641,973,784**	**457,497,929**	**455,296,196**
Current	676,989,012	635,011,957	457,497,929	448,334,369
Non-current	-	6,961,827	-	6,961,827

(b) Cash and cash equivalents in statement of cash flows includes:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash and bank balances	676,989,012	641,973,785	457,497,929	455,296,196
Cash and bank balances above three months	(62,025,832)	(32,798,888)	(50,029,687)	(28,870,700)
	614,963,180	**609,174,897**	**407,468,242**	**426,425,496**

24 Financial assets held for trading
(a)

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Financial assets Fair Value through Profit or Loss:				
Treasury Bills - (see note 24(c) below)	11,314,814	-	8,920,153	-
	11,314,814	**-**	**8,920,153**	**-**
Financial assets held for trading:				
Trading bonds (see note 24(b) below)	-	6,940,582	-	4,124,124
Trading treasury bills (see note 24(c) below)	-	17,005,079	-	12,528,232
	-	**23,945,661**	**-**	**16,652,356**
Total trading assets	**11,314,814**	**23,945,661**	**8,920,153**	**16,652,356**
Current	10,706,525	15,272,602	8,920,153	12,528,232
Non-current	608,289	8,673,059	-	4,124,124

(b) Bonds FVPL are analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
13th FGN Bond Series 2 (12.40%)	-	291,320	-	291,320
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 1 (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**	**-**	**4,124,124**

Please note that the corresponding year figures in the table above relate to Trading Bonds.

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Nigerian treasury bills' maturities:				
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
27-September-2018	-	-	-	-
04-October-2018	-	16,868	-	16,868
11-October-2018	-	-	-	-
18-October-2018	-	886,724	-	886,724
25-October-2018	-	-	-	-
01-November-2018	-	224,159	-	224,159
15-November-2018	-	245,656	-	245,656
03-January-2019	441,730	-	441,730	-
10-January-2019	73,256	-	73,256	-
17-January-2019	58,895	-	58,895	-
24-January-2019	7,106	-	7,106	-

31-January-2019	260,210	-	260,210	-
07-February-2019	935,010	-	935,010	-
14-February-2019	749,326	-	749,326	-
21-February-2019	61,372	-	61,372	-
28-February-2019	65,526	-	65,526	-
14-March-2019	65,693	-	65,693	-
21-March-2019	12,458	-	12,458	-
28-March-2019	192,970	-	192,970	-
04-April-2019	97,785	-	97,785	-
18-April-2019	24,027	-	24,027	-
02-May-2019	86,745	-	86,745	-
09-May-2019	825,681	-	825,681	-
16-May-2019	28,543	-	28,543	-
23-May-2019	612	-	612	-
30-May-2019	22,851	-	22,851	-
20-June-2019	64,753	-	64,753	-
27-June-2019	24,560	-	24,560	-
04-July-2019	34,200	-	34,200	-
11-July-2019	43,151	-	43,151	-
18-July-2019	77,538	-	77,538	-
01-August-2019	46,510	-	46,510	-
15-August-2019	210,568	-	210,568	-
29-August-2019	298,350	-	298,350	-
19-September-2019	480,354	-	480,354	-
26-September-2019	86,705	-	86,705	-
03-October-2019	387,287	-	387,287	-
10-October-2019	146,515	-	146,515	-
17-October-2019	905,639	-	905,639	-
24-October-2019	832,229	-	832,229	-
31-October-2019	120,219	-	120,219	-
07-November-2019	460,319	-	460,319	-
21-November-2019	136,277	-	136,277	-
28-November-2019	240,788	-	240,788	-
05-December-2019	166,024	-	166,024	-
12-December-2019	148,371	-	148,371	-
Non-Nigerian treasury bills	2,394,661	4,476,847	-	-
	11,314,814	**17,005,079**	**8,920,153**	**12,528,232**

Please note that the corresponding year figures in the table above relate to Trading Treasury Bills

25 Derivative financial instruments

(a) Group
Dec-2018

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	56,100,332	3,854,921	(3,752,666)
Derivative assets/(liabilities)	**56,100,332**	**3,854,921**	**(3,752,666)**

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)**

Parent
Dec-2018

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	56,100,332	3,854,921	(3,752,666)
Derivative assets/(liabilities)	**56,100,332**	**3,854,921**	**(3,752,666)**

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)**

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives and Options

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. The Forwards transactions of the Bank are purely FX purchases from counterparties on behalf of customers for trade finances. The Bank has delivered Naira but yet to receive FX. Therefore they are not typical Forward transactions with the Sovereign. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. Additionally the Group offers 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 option 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Investment securities at fair value through Profit or Loss				
Investment securities - Equity (See note 26(a)(ii) below	2,620,200	-	2,620,200	-
Total	**2,620,200**	**-**	**2,620,200**	**-**
Investment securities at fair value through OCI				
Debt securities - Treasury bills FVOCI	511,504,593	-	440,140,302	-
Debt securities - Bonds FVOCI	16,172,674	-	11,083,123	-
Debt securities - Corporate bond FVOCI	7,608,088	-	7,608,088	-
Investment securities - Equity (See note 26(a)(ii) below	1,090,596	-	1,081,216	-
	536,375,951	-	459,912,729	-
12 month ECL on Bonds	(1,085)	-	(599)	-
12 month ECL on Treasury Bills	(62,213)	-	(55,173)	-
12 month ECL on corporate bond	(227,698)	-	(227,698)	-
Total investment securities FVOCI	**536,084,955**	**-**	**459,629,259**	**-**
Available for sale investment securities:				
Treasury bills	-	492,469,374	-	433,094,854
Bonds	-	15,375,680	-	10,356,140
Corporate bond	-	6,626,983	-	6,626,983
Equity securities at fair value (See note 26(a)(ii) below	-	3,011,648	-	3,011,648
Unquoted equity securities at cost (see note 26(b) below)	-	4,160,706	-	4,151,658
	-	521,644,391	-	457,241,283
Specific impairment for equities (see note 26(c) below)	-	(4,151,658)	-	(4,151,658)
Total available for sale investment securities	**-**	**517,492,733**	**-**	**453,089,625**

Investment securities at amortised cost:				
- Bonds	54,366,750	-	2,008,137	-
- Treasury bills	44,202,639	-	-	-
- Corporate bond	394,350	-	-	-
	98,963,739	-	2,008,137	-
12 month ECL on Bonds - Amortised Cost	(200,041)	-	(4,865)	-
12 month ECL on Treasury Bills - Amortised Cost	(133,745)	-	-	-
12 month ECL on Corp Bond - Amortised Cost	(10,444)	-	-	-
Total Investment securities at amortised cost	**98,619,509**	**-**	**2,003,272**	**-**
Held to maturity investment securities:				
Bonds	-	38,179,228	-	2,007,253
Treasury bills	-	57,931,373	-	-
Corporate bond	-	355,997	-	-
Total held to maturity investment securities	**-**	**96,466,598**	**-**	**2,007,253**
Total investment securities	**637,324,664**	**613,959,331**	**464,252,731**	**455,096,878**
Current	560,050,680	565,340,377	441,603,763	433,094,854
Non-current	77,273,984	48,618,954	22,648,968	22,002,024

a. (ii) Equity investment securities is analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
FVOCI equity instrument				
- GIM UEMOA	9,380	-	-	-
- Unified Payment Services Limited[1]	243,188	212,342	243,188	212,342
- Nigeria Automated Clearing Systems	753,185	700,406	753,185	700,406
- Africa Finance Corporation	-	2,014,226	-	2,014,226
- Afrexim	84,843	84,674	84,843	84,674
	1,090,596	**3,011,648**	**1,081,216**	**3,011,648**
FVTPL equity instrument				
- Africa Finance Corporation[1]	2,620,200	-	2,620,200	-
	2,620,200	**-**	**2,620,200**	**-**
	3,710,796	**3,011,648**	**3,701,416**	**3,011,648**

[1] Unified Payment Services Limited was formerly known as Valucard Nigeria Plc

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
SMEEIS investment:				
- Forrilon Translantic Ltd	-	1,080,851	-	1,080,851
- Iscare Nigeria Ltd	-	40,000	-	40,000
- Ruqayya Integrated Farms	-	40,500	-	40,500
- National E-Government Strategy	-	25,000	-	25,000
- Central Securities Clearing System	-	10,500	-	10,500
- Bookcraft Ltd	-	20,000	-	20,000
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
- Shonga F.H. Nigeria Ltd	-	200,000	-	200,000
- Safe Nigeria Ltd	-	350,000	-	350,000
- CRC Credit Bureau	-	61,111	-	61,111
- Cards Technology Limited	-	265,000	-	265,000
- Thisday Events Center	-	500,000	-	500,000
- HITV Limited	-	500,000	-	500,000
- SCC Algon Ltd	-	42,664	-	42,664
Cost of SMIEES investment	**-**	**4,151,658**	**-**	**4,151,658**
Less specific impairment for equities	-	(4,151,658)	-	(4,151,658)
Carrying value of SMIEES investment	**-**	**-**	**-**	**-**
Other unquoted equity investment:				
- GIM UEMOA	-	9,048	-	-
Cost of other unquoted equity investment	**-**	**9,048**	**-**	**-**
Carrying value of other unquoted equity investment	**-**	**9,048**	**-**	**-**
Total cost of unquoted equity investment	**-**	**4,160,706**	**-**	**4,151,658**
Total impairment of unquoted equity investment	-	(4,151,658)	-	(4,151,658)
Total carrying value of unquoted equity investment	**-**	**9,048**	**-**	**-**

Except for African Finance Corporation (AFC) that is held for trading, the Bank has made an irrevocable election to classify all other equity investments as FVOCI
The Bank received dividend income of N224,631,000 (Dec 2017: N3,217,976,000) from the equity investments designated at FVOCI during the year.
Kindly refer to Note 6e for the movement in the value of equity securities at fair value during the year.

(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance at 1 January	-	3,454,978	-	3,454,978
- Charge for the year	-	696,680	-	696,680
Balance, end of the year	**-**	**4,151,658**	**-**	**4,151,658**

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Specific impairment on equity securities at cost	-	4,151,658	-	4,151,658
	-	**4,151,658**	**-**	**4,151,658**

27 Assets pledged as collateral
(a)

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Financial assets held for trading				
- Treasury bills	485,431	14,453	-	-
Investment Securities - FVOCI (See note (c) below):				
- Treasury bills	56,298,638	-	56,298,638	-
	56,298,638	**-**	**56,298,638**	**-**
12 months ECL on Pledged Assets	(6,899)	-	(6,899)	-
Total Investment Securities - FVOCI	**56,291,739**	**-**	**56,291,739**	**-**
Investment Securities - AFS (See note (c) below):				
- Treasury bills	-	58,961,722	-	58,961,722
Total Investment Securities - AFS	**-**	**58,961,722**	**-**	**58,961,722**
Total Assets Pledged as Collateral	**56,777,170**	**58,976,175**	**56,291,739**	**58,961,722**
Current	56,751,661	58,976,175	56,291,739	58,961,722
Non-current	25,509	-	-	-

(b) Assets pledged as collateral for both years 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. The Bank is required to pledge the funds in order to have continuous access to the collection and settlement platforms, as well as the underlying transactions. There are no readily determinable associated liabilities to these pledged assets.

(c) Gross Treasury Bills pledged as collateral of N56,298,638,000 (December 2017: N58,961,722,000) have been reclassified from treasury bills FVOCI.

(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-2018**	**Group Dec-2017**	**Parent Dec-2018**	**Parent Dec-2017**
Loans and advances to banks	2,997,306	751,991	48,738	45,110
Less Impairment:				
Stage 1 Loans	(39)	-	(39)	-
Stage 2 Loans	-	-	-	-
Stage 3 Loans	(2,625)	-	(2,625)	-
Less collective allowances for impairment	-	(1,630)	-	(1,630)
	2,994,642	**750,361**	**46,074**	**43,480**
Current	2,994,642	750,361	46,074	43,480
Non-current	-	-	-	-

Reconciliation of allowance accounts for losses on loans and advances to banks

Dec - 2018
Group

In thousands of Nigerian Naira	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,630	1,630	-	-	-	-
IFRS 9 Reclassifications	(1,630)	(1,630)	1,630	-	-	1,630
IFRS 9 Adjustments	-	-	5,698	912	3,097	9,707
Balance at 1 January 2018 per IFRS 9	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	(7,289)	(912)	5,695	(2,506)
Write offs	-	-	-	-	(6,167)	(6,167)
	-	-	39	-	2,625	2,664

Dec - 2018
Parent

In thousands of Nigerian Naira	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,630	1,630	-	-	-	-
IFRS 9 Reclassifications	(1,630)	(1,630)	1,630	-	-	1,630
IFRS 9 Adjustments	-	-	5,698	912	3,097	9,707
Balance at 1 January 2018 per IFRS 9	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	(7,289)	(912)	(472)	(8,673)
	-	-	39	-	2,625	2,664

Dec - 2017

	Group Dec-2017		Parent Dec-2017	
In thousands of Nigerian Naira	Collective allowance for impairment	Total allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,121	1,121	1,121	1,121
Increase in impairment allowances	509	509	509	509
	1,630	1,630	1,630	1,630

Reconciliation of allowance accounts for losses on loans and advances to banks
Group
2018

	Loans				Overdrafts				Others				Total			
In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	-	-	-	-	7,328	912	3,097	11,337	-	-	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	1,637	1,637	(7,289)	(912)	4,058	(4,143)	-	-	-	-	(7,289)	(912)	5,695	(2,506)
Write offs	-	-	-	-	-	-	(6,167)	(6,167)	-	-	-	-	-	-	(6,167)	(6,167)
Balance, end of year	**-**	**-**	**1,637**	**1,637**	**39**	**-**	**988**	**1,027**	**-**	**-**	**-**	**-**	**39**	**-**	**2,625**	**2,664**

Group
Dec-2017

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121
Increase/ (reversal) in impairment allowances	-	1	1	-	508	508	-	-	-	-	509	509
Balance, end of year	**-**	**1,109**	**1,109**	**-**	**521**	**521**	**-**	**-**	**-**	**-**	**1,630**	**1,630**

Parent
Dec-2018

	Loans				Overdrafts				Others				Total			
In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	-	-	-	-	7,328	912	3,097	11,337	-	-	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	1,637	1,637	(7,289)	(912)	(2,109)	(10,310)	-	-	-	-	(7,289)	(912)	(472)	(8,673)
Balance, end of year	**-**	**-**	**1,637**	**1,637**	**39**	**-**	**988**	**1,027**	**-**	**-**	**-**	**-**	**39**	**-**	**2,625**	**2,664**

Parent
Dec-2017

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121
Increase/ (reversal) in impairment allowances	-	1	1	-	508	508	-	-	-	-	509	509
Balance, end of year	**-**	**1,109**	**1,109**	**-**	**521**	**521**	**-**	**-**	**-**	**-**	**1,630**	**1,630**

29 Loans and advances to customers

In thousands of Nigerian Naira	Group Dec-2018	Parent Dec-2018
Loans to individuals:		
Loans	142,630,600	92,103,624
Overdrafts	12,301,713	10,711,696
Others[1]	51,966	-
Gross loans	**154,984,279**	**102,815,320**
Loans	(1,916,492)	(16,169)
Overdrafts	(23,055)	(21,370)
Impairment on Stage 1 - 12 Months ECL	**(1,939,547)**	**(37,539)**
Loans	(35,515)	(332)
Overdrafts	(20,123)	(20,116)
Impairment on Stage 2 - Life Time ECL Not Credit Impaired	**(55,638)**	**(20,448)**
Loans	(3,199,913)	(2,817,927)
Overdrafts	(2,185,578)	(2,183,327)
Impairment on Stage 3 - Non Performing Loans	**(5,385,491)**	**(5,001,254)**
Loans	(5,151,920)	(2,834,428)
Overdrafts	(2,228,756)	(2,224,813)
Total impairment	**(7,380,676)**	**(5,059,241)**
Loans	137,478,680	89,269,196
Overdrafts	10,072,957	8,486,883
Others[1]	51,966	-
Carrying amount	**147,603,603**	**97,756,079**
Loans to Non-individuals:		
Loans	997,775,648	878,193,363
Overdrafts	157,566,940	129,223,296
Others[1]	48,748,824	48,748,824
Gross loans	**1,204,091,412**	**1,056,165,483**
Loans	(4,904,087)	(4,431,267)
Overdrafts	(560,642)	(492,606)
Others[1]	(217,869)	(217,869)
Impairment on Stage 1 - 12 Months ECL	**(5,682,598)**	**(5,141,742)**
Loans	(8,143,678)	(8,058,286)
Overdrafts	(3,080,889)	(3,055,774)
Impairment on Stage 2 - Life Time ECL Not Credit Impaired	**(11,224,567)**	**(11,114,060)**
Loans	(31,601,089)	(26,001,613)
Overdrafts	(44,040,086)	(43,528,812)
Others[1]	(136,316)	(136,316)
Impairment on Stage 3 - Non Performing Loans	**(75,777,491)**	**(69,666,741)**
Loans	(44,648,854)	(38,491,166)
Overdrafts	(47,681,617)	(47,077,192)
Others[1]	(354,185)	(354,185)
Total impairment	**(92,684,656)**	**(85,922,543)**
Loans	953,126,794	839,702,197
Overdrafts	109,885,323	82,146,104
Others[1]	48,394,639	48,394,639
Carrying amount	**1,111,406,756**	**970,242,940**
Total carrying amount (individual and non individual)	**1,259,010,359**	**1,067,999,019**
[1]Others include Usances and Usances Settlement		
Current	722,380,821	600,797,993
Non-current	536,629,538	467,201,026

Loans and advances to customers (Cont'd)

In thousands of Nigerian Naira	Group Dec-2017	Parent Dec-2017
Loans to individuals:		
Loans	153,951,256	99,137,780
Overdrafts	12,115,194	6,181,249
Gross loans	**166,066,450**	**105,319,029**
Loans	**(1,219,772)**	(392,090)
Overdrafts	(89,602)	-
Specific impairment	**(1,309,374)**	**(392,090)**
Loans	(1,427,724)	(1,364,333)
Overdrafts	(871,039)	(864,176)
Collective impairment	**(2,298,763)**	**(2,228,509)**
Loans	(2,647,496)	(1,756,423)
Overdrafts	(960,641)	(864,176)
Total impairment	**(3,608,137)**	**(2,620,599)**
Loans	151,303,760	97,381,357
Overdrafts	11,154,553	5,317,073
Carrying amount	**162,458,313**	**102,698,430**
Loans to Non-individuals:		
Loans	1,083,739,003	1,050,931,690
Overdrafts	218,451,039	134,473,702
Others[1]	48,066,648	35,525,974
Gross loans	**1,350,256,690**	**1,220,931,366**
Loans	(39,243,656)	(37,827,497)
Overdrafts	(7,820,027)	(4,195,066)
Others[1]	(541,330)	-
Specific impairment	**(47,605,013)**	**(42,022,563)**
Loans	(9,612,470)	(9,373,753)
Overdrafts	(6,543,740)	(5,932,692)
Others[1]	(420,350)	(329,100)
Collective impairment	**(16,576,560)**	**(15,635,545)**
Loans	(48,856,126)	(47,201,250)
Overdrafts	(14,363,767)	(10,127,758)
Others[1]	(961,680)	(329,100)
Total impairment	**(64,181,573)**	**(57,658,108)**
Loans	1,034,882,877	1,003,730,440
Overdrafts	204,087,272	124,345,944
Others[1]	47,104,968	35,196,874
Carrying amount	**1,286,075,117**	**1,163,273,258**
Total carrying amount (individual and non individual)	**1,448,533,430**	**1,265,971,688**

[1]Others include Usances and Usances Settlement

Current	679,267,218	569,007,523
Non-current	769,266,212	696,964,165

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS
Dec-2018
Group

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,309,374	2,298,763	3,608,137	-	-	-	-
IFRS 9 Reclassifications	(1,309,374)	(2,298,763)	(3,608,137)	2,298,763	-	1,309,374	3,608,137
IFRS 9 Adjustments	-	-	-	(537,740)	1,038,782	5,221,928	5,722,970
Balance at 1 January 2018 per IFRS 9	-	-	-	1,761,023	1,038,782	6,531,302	9,331,107
Foreign currency translation and other adjustments	-	-	-	40,256	(329,259)	(208,777)	(497,780)
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	1,779,127	144	(380,487)	1,398,784
Transfer between stages	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Write offs	-	-	-	-	-	(2,851,435)	(2,851,435)
Balance, end of year	**-**	**-**	**-**	**1,939,547**	**55,638**	**5,385,491**	**7,380,676**

Dec-2018
Parent

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	392,090	2,228,509	2,620,599	-	-	-	-
IFRS 9 Reclassifications	(392,090)	(2,228,509)	(2,620,599)	2,228,509	-	392,090	2,620,599
IFRS 9 Adjustments	-	-	-	(558,582)	674,333	4,950,973	5,066,724
Balance at 1 January 2018 per IFRS 9	-	-	-	1,669,927	674,333	5,343,063	7,687,323
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	8,471	144	212,070	220,685
Transfer between stages	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Write offs	-	-	-	-	-	(2,848,767)	(2,848,767)
Balance, end of year	**-**	**-**	**-**	**37,539**	**20,448**	**5,001,254**	**5,059,241**

Dec-2017

	Group 2017			Parent 2017		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,085,240	2,135,259	3,220,499	2,500	2,078,390	2,080,890
Foreign currency translation and other adjustments	36,782	130,505	167,287	-	-	-
Increase in impairment allowances	937,850	32,999	970,849	954,760	150,119	1,104,879
Write offs	(750,498)	-	(750,498)	(565,170)	-	(565,170)
Balance, end of year	**1,309,374**	**2,298,763**	**3,608,137**	**392,090**	**2,228,509**	**2,620,599**

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS
Dec-2018
Group

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	47,605,013	16,576,560	64,181,573	-	-	-	-
IFRS 9 Reclassifications	(47,605,013)	(16,576,560)	(64,181,573)	16,576,560	-	47,605,013	64,181,573
IFRS 9 Adjustments	-	-	-	2,235,486	57,953,409	78,794,279	138,983,174
Balance at 1 January 2018 per IFRS 9	-	-	-	18,812,046	57,953,409	126,399,292	203,164,747
Foreign currency translation and other adjustments	-	-	-	(297,179)	(596,953)	(935,097)	(1,829,229)
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	9,910	483,120	3,017,177	3,510,207
Transfer between stages	-	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Write offs	-	-	-	-	-	(112,161,071)	(112,161,071)
Balance, end of year	**-**	**-**	**-**	**5,682,596**	**11,224,567**	**75,777,491**	**92,684,654**

Dec-2018
Parent

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	42,022,563	15,635,545	57,658,108	-	-	-	-
IFRS 9 Reclassifications	(42,022,563)	(15,635,545)	(57,658,108)	15,635,545	-	42,022,563	57,658,108
IFRS 9 Adjustments	-	-	-	2,047,903	57,245,949	77,098,966	136,392,818
Balance at 1 January 2018 per IFRS 9	-	-	-	17,683,448	57,245,949	119,121,529	194,050,926
Foreign currency translation and other adjustments	-	-	-	-	-	280,456	280,456
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	300,475	483,120	508,698	1,292,293
Transfer between stages	-	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Write offs	-	-	-	-	-	(109,701,132)	(109,701,132)
Balance, end of year	**-**	**-**	**-**	**5,141,742**	**11,114,060**	**69,666,741**	**85,922,543**

Dec-2017

	Group Dec - 17			Parent Dec - 17		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	19,891,322	57,536,016	77,427,338	15,871,130	55,947,744	71,818,874
Foreign currency translation and other adjustments	305,576	(142,038)	163,538	71	-	71
Increase/ (reversal) in impairment allowances	30,897,880	(18,852,382)	12,045,498	28,373,246	(18,347,163)	10,026,083
Reclassifications	21,965,036	(21,965,036)	-	21,965,036	(21,965,036)	-
Write offs	(25,454,801)	-	(25,454,801)	(24,186,920)	-	(24,186,920)
Balance, end of year	**47,605,013**	**16,576,560**	**64,181,573**	**42,022,563**	**15,635,545**	**57,658,108**

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS
Group
Dec-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	1,694,921	260,207	1,104,053	3,059,181	66,102	778,575	5,427,249	6,271,926	-	-	-	-	1,761,023	1,038,782	6,531,302	9,331,107
Foreign currency translation and other adjustments	39,777	(210,174)	(124,050)	(294,447)	479	(119,085)	(84,727)	(203,333)	-	-	-	-	40,256	(329,259)	(208,777)	(497,780)
Increase/ (decrease) in impairment allowances due to derecognition	1,822,653	639,511	(73,393)	2,388,771	(43,526)	(639,367)	(307,094)	(989,987)	-	-	-	-	1,779,127	144	(380,487)	1,398,784
Transfer between stages	(1,640,859)	(654,029)	2,294,888	-	-	-	-	-	-	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Write offs	-	-	(1,585)	(1,585)	-	-	(2,849,850)	(2,849,850)	-	-	-	-	-	-	(2,851,435)	(2,851,435)
Balance, end of year	**1,916,492**	**35,515**	**3,199,913**	**5,151,920**	**23,055**	**20,123**	**2,185,578**	**2,228,756**	**-**	**-**	**-**	**-**	**1,939,547**	**55,638**	**5,385,491**	**7,380,676**

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**

Parent
Dec-2018

	Loans				Overdrafts				Others				Total			
In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	1,604,908	27,571	398,034	2,030,513	65,019	646,762	4,945,029	5,656,810	-	-	-	-	1,669,927	674,333	5,343,063	7,687,323
Increase/ (decrease) in impairment allowances due to derecognition	52,120	626,790	125,005	803,915	(43,649)	(626,646)	87,065	(583,230)	-	-	-	-	8,471	144	212,070	220,685
Transfer between stages	(1,640,859)	(654,029)	2,294,888	-	-	-	-	-	-	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Write offs	-	-	-	-	-	-	(2,848,767)	(2,848,767)	-	-	-	-	-	-	(2,848,767)	(2,848,767)
Balance, end of year	**16,169**	**332**	**2,817,927**	**2,834,428**	**21,370**	**20,116**	**2,183,327**	**2,224,813**	**-**	**-**	**-**	**-**	**37,539**	**20,448**	**5,001,254**	**5,059,241**

Parent
Dec-2017

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,450	1,219,075	1,220,525	1,050	859,315	860,365	-	-	-	2,500	2,078,390	2,080,890
Increase/ (reversal) 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**

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUAL
Group
Dec-2018

	Loans				Overdrafts				Others				Total			
In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	12,629,270	44,905,258	67,681,222	125,215,750	6,033,702	12,781,333	58,704,482	77,519,517	149,074	266,818	13,588	429,480	18,812,046	57,953,409	126,399,292	203,164,747
Foreign currency translation and other adjustments	(256,465)	(433,103)	(226,459)	(916,027)	(29,320)	(163,850)	(706,451)	(899,621)	(11,394)	-	(2,187)	(13,581)	(297,179)	(596,953)	(935,097)	(1,829,229)
Increase/ (decrease) in impairment allowances due to derecognition	55,779	92,476	4,226,731	4,374,986	(13,991)	545,397	(1,338,895)	(807,489)	(31,876)	(154,753)	129,341	(57,288)	9,912	483,120	3,017,177	3,510,209
Transfer between stages	(7,524,497)	(36,420,953)	(39,054,550)	(83,000,000)	(5,429,749)	(10,081,991)	98,511,740	83,000,000	112,065	(112,065)	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Write offs	-	-	(1,025,855)	(1,025,855)	-	-	(111,130,790)	(111,130,790)	-	-	(4,426)	(4,426)	-	-	(112,161,071)	(112,161,071)
Balance, end of year	**4,904,087**	**8,143,678**	**31,601,089**	**44,648,854**	**560,642**	**3,080,889**	**44,040,086**	**47,681,617**	**217,869**	**-**	**136,316**	**354,185**	**5,682,598**	**11,224,567**	**75,777,491**	**92,684,656**

Group
Dec-2017

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	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**

Parent
Dec-2018

In thousands of Nigerian Naira	Loans: Impairment on Stage 1 - 12 Months ECL	Loans: Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Loans: Impairment on Stage 3 - Non Performing Loans	Loans: Total allowance for impairment	Overdrafts: Impairment on Stage 1 - 12 Months ECL	Overdrafts: Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Overdrafts: Impairment on Stage 3 - Non Performing Loans	Overdrafts: Total allowance for impairment	Others: Impairment on Stage 1 - 12 Months ECL	Others: Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Others: Impairment on Stage 3 - Non Performing Loans	Others: Total allowance for impairment	Total: Impairment on Stage 1 - 12 Months ECL	Total: Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Total: Impairment on Stage 3 - Non Performing Loans	Total: Total allowance for impairment
Balance at 1 January	11,655,289	44,391,980	64,646,215	120,693,484	5,922,355	12,587,151	54,474,818	72,984,324	105,804	266,818	496	373,118	17,683,448	57,245,949	119,121,529	194,050,926
Foreign currency translation and other adjustments	-	-	280,456	280,456	-	-	-	-	-	-	-	-	-	-	280,456	280,456
Increase/ (decrease) in impairment allowances due to derecognition	300,475	87,259	129,492	517,226	-	550,614	243,386	794,000	-	(154,753)	135,820	(18,933)	300,475	483,120	508,698	1,292,293
Transfer between stages	(7,524,497)	(36,420,953)	(39,054,550)	(83,000,000)	(5,429,749)	(10,081,991)	98,511,740	83,000,000	112,065	(112,065)	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Write offs	-	-	-	-	-	-	(109,701,132)	(109,701,132)	-	-	-	-	-	-	(109,701,132)	(109,701,132)
Balance, end of year	**4,431,267**	**8,058,286**	**26,001,613**	**38,491,166**	**492,606**	**3,055,774**	**43,528,812**	**47,077,192**	**217,869**	**-**	**136,316**	**354,185**	**5,141,742**	**11,114,060**	**69,666,741**	**85,922,543**

Parent
Dec-2017

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: 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**

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Dec-2018 % ownership	Parent Dec-2017 % ownership	Parent Dec-2018 N'000	Parent Dec-2017 N'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	83.74	84.24	594,109	594,109
GTB Ghana	98.32	97.97	18,142,127	9,042,739
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	70.00	2,749,390	2,241,750
			55,814,032	**46,207,004**
Current			-	-
Non-current			55,814,032	46,207,004

(a) (i) The movement in investment in subsidiaries during the year is as follows:

In thousands of Nigerian Naira	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the Year	46,207,004	43,968,474
Additions during the Year	9,607,028	2,241,750
Transferred to assets classified as held for sale and discontinued operations	-	(3,220)
Balance, end of the Year	**55,814,032**	**46,207,004**

(a) (ii) Additions during the year relates to:

- Additional investments of N9,099,388,000 in GTB Ghana
- The Parent equally made an additional investment of N507,640,000 in GTB Tanzania respectively. Non-controlling interests in the entity also increased by N217,560,000.

Please refer to Note 46 for more information on the Group structure

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 31 December 2018, are as follows:

Full year profit and loss
Dec-2018

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	2,971,759	-	24,093,031	7,500,629	5,453,321	6,626,197	3,763,755	2,090,208	12,618,143	122,184
Operating expenses	(3,251,871)	-	(8,533,659)	(3,091,315)	(2,768,997)	(5,190,124)	(2,600,834)	(1,617,036)	(8,130,160)	(784,080)
Loan impairment charges	-	-	964,987	(338,955)	(941,427)	(1,297)	(67,551)	(6,167)	(3,009,692)	(3,374)
Profit before tax	**(280,112)**	**-**	**16,524,359**	**4,070,359**	**1,742,897**	**1,434,776**	**1,095,370**	**467,005**	**1,478,291**	**(665,270)**
Taxation	-	-	(4,858,722)	(1,210,251)	(433,150)	(271,106)	(294,967)	-	(589,458)	-
Profit after tax	**(280,112)**	**-**	**11,665,637**	**2,860,108**	**1,309,747**	**1,163,670**	**800,403**	**467,005**	**888,833**	**(665,270)**
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	134,819	-
Total comprehensive income for the year	**(280,112)**	**-**	**11,665,637**	**2,860,108**	**1,309,747**	**1,163,670**	**800,403**	**467,005**	**1,023,652**	**(665,270)**

Condensed financial position
Dec-2018

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 bank balances	195,861	8,611	61,983,571	16,428,420	6,353,309	141,716,358	14,729,744	2,240,276	24,035,996	171,330
Loans and advances to banks	-	-	-	-	-	993,658	-	1,250,684	-	704,226
Loans and advances to customers	-	2,591,823	31,614,790	16,906,300	27,841,700	35,016,568	5,092,777	5,498,482	69,417,339	340,860
Financial assets held for trading	-	-	2,394,661	-	-	-	-	-	-	-
Investment securities:										
– Fair Value through other comprehensive Income	45,700,820	-	-	-	-	34,274,921	21,278,347	9,380	20,893,047	-
– Held at amortised cost	-	-	65,158,703	7,902,263	437,081	-	-	12,073,606	10,065,326	979,256
Assets pledged as collateral	-	-	-	-	-	-	-	25,509	459,922	-
Other assets	-	-	5,033,424	412,812	3,083,712	460,879	456,037	776,583	3,288,144	246,803
Property and equipment	-	-	3,574,734	1,177,818	2,331,227	784,487	2,647,558	1,177,808	2,370,291	1,461,461
Intangible assets	-	-	147,488	-	63,565	-	107,104	59,094	1,453,357	330,421
Deferred tax assets	-	-	90,781	-	-	394,118	-	-	1,684,921	-
Total assets	**45,896,681**	**2,600,434**	**169,998,152**	**42,827,613**	**40,110,594**	**213,640,989**	**44,311,567**	**23,111,422**	**133,668,343**	**4,234,357**
Financed by:										
Deposits from banks	-	-	1	-	1,076,370	125,514,278	-	6,275	3,786,638	-
Deposits from customers	-	-	123,886,741	31,966,306	27,750,526	69,827,785	36,699,364	15,787,505	101,211,088	1,004,994
Current income tax liabilities	-	-	(81,418)	129,181	449,354	-	38,136	-	(395,614)	-
Deferred tax liabilities	-	-	138,228	16,647	-	-	139,951	-	439,132	-
Other liabilities	9,869,968	-	2,395,285	991,109	1,131,555	1,813,807	2,138,766	828,585	1,436,017	88,108
Other borrowed funds	717,337	-	450,290	-	755,292	-	-	-	-	-
Total liabilities	**10,587,305**	**-**	**126,789,127**	**33,103,243**	**31,163,097**	**197,155,870**	**39,016,217**	**16,622,365**	**106,477,261**	**1,093,102**
Equity and reserve	35,309,376	2,600,434	43,209,025	9,724,370	8,947,497	16,485,119	5,295,350	6,489,057	27,191,082	3,141,255
	45,896,681	**2,600,434**	**169,998,152**	**42,827,613**	**40,110,594**	**213,640,989**	**44,311,567**	**23,111,422**	**133,668,343**	**4,234,357**

Condensed cash flow
Dec-2018

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	(47,291,431)	-	33,932,631	2,854,627	(2,050,299)	8,774,803	10,400,338	4,208,201	3,097,881	(136,265)
- from investing activities	48,051,131	-	(3,699,927)	163,546	2,065,883	(4,848,193)	(4,209,603)	(5,041,461)	2,539,712	(881,096)
- from financing activities	(711,168)	-	(1,906,543)	(36,188)	(511,956)	(4,595)	(2,896)	-	(7,243,277)	-
Increase in cash and cash equivalents	**48,532**	**-**	**28,326,161**	**2,981,985**	**(496,372)**	**3,922,015**	**6,187,839**	**(833,260)**	**(1,605,684)**	**(1,017,361)**
Cash balance, beginning of year	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
Effect of exchange difference	-	663	(254,945)	(348,974)	390,143	2,408,710	301,378	66,107	2,046,300	49,753
Cash balance, end of year	**195,861**	**8,611**	**62,028,766**	**16,428,421**	**6,353,311**	**141,716,357**	**14,729,744**	**2,240,275**	**24,411,000**	**171,330**

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2018, are as follows:

Profit and loss
Dec-2018

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Operating income	5,307,605	1,624,849	3,593,314
Operating expenses	(4,121,096)	(1,978,982)	(2,405,085)
Loan impairment charges	(139,093)	(238,552)	(539,672)
Profit before tax	**1,047,416**	**(592,685)**	**648,557**
Taxation	(259,291)	(330,167)	-
Profit after tax	**788,125**	**(922,852)**	**648,557**

Condensed financial position
Dec-2018

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Assets			
Cash and bank balances	5,226,568	8,299,488	10,509,940
Loans and advances to customers	44,697,639	7,036,414	17,683,286
Investment securities:			
– Fair Value through other comprehensive Income	20,893,047	-	-
– Held at amortised cost	3,117,203	2,809,808	4,138,315
Assets pledged as collateral	-	459,922	-
Other assets	770,318	410,953	2,106,873
Investment in subsidiaries	11,910,240	-	-
Property and equipment	875,596	355,462	1,139,233
Intangible assets	637,420	319,601	419,385
Deferred tax assets	1,028,863	656,058	-
Total assets	**89,156,894**	**20,347,706**	**35,997,032**
Financed by:			
Deposits from banks	2,516,889	1,269,749	-
Deposits from customers	56,618,089	14,860,691	29,732,308
Deferred tax liabilities	263,575	-	175,557
Other liabilities	386,300	603,314	446,403
Total liabilities	**59,784,853**	**16,733,754**	**30,354,268**
Equity and reserve	29,372,041	3,613,952	5,642,764
	89,156,894	**20,347,706**	**35,997,032**

Condensed results of the consolidated entities as at 31 December 2017, are as follows:

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)
Total comprehensive income for the year	**267,565**	**-**	**6,451,120**	**2,041,143**	**1,353,993**	**924,409**	**1,140,050**	**144,499**	**850,769**	**(341,518)**

Condensed results of the consolidated entities as at 31 December 2017, are as follows:

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 bank balances	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**

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
Condensed cash flow										
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
Other assets	1,825,502	448,452	2,343,802
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	-
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**

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 2018	55,636,100	13,963,300	76,830,826	10,688,278	12,603,126	14,032,714	183,754,344
Exchange difference	328,105	24,140	709,025	102,199	-	137,714	1,301,183
Additions	4,126,662	217,859	12,626,130	2,744,107	199,726	8,436,185	28,350,669
Disposals/Reclass	(31,907)	-	(1,154,877)	(1,243,549)	-	(389,415)	(2,819,748)
Transfers	2,448,168	121,758	1,151,988	-	-	(3,721,914)	-
Balance at 31 December 2018	**62,507,128**	**14,327,057**	**90,163,092**	**12,291,035**	**12,802,852**	**18,495,284**	**210,586,448**
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	(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**

[1]Of this amount as at December 2018, Leasehold improvement accounts for N14,571,801,000 (23.5%) while Buildings accounts for N47,417,253,000 (76.5%)
[2]Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
Balance at 1 January 2018	12,917,085	1,078,923	57,174,036	7,219,016	6,695,286	-	85,084,346
Exchange difference	96,914	4,088	549,401	73,584	-	-	723,987
Charge for the year	2,151,469	174,024	9,342,223	1,854,001	1,805,380	-	15,327,097
Disposal	(31,907)	-	(1,154,077)	(1,188,915)	-	-	(2,374,899)
Balance at 31 December 2018	**15,133,561**	**1,257,035**	**65,911,583**	**7,957,686**	**8,500,666**	**-**	**98,760,531**
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**
Carrying amounts:							
Balance at 31 December 2018	**47,373,567**	**13,070,022**	**24,251,509**	**4,333,349**	**4,302,186**	**18,495,284**	**111,825,917**
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**

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 2018	47,090,253	13,071,574	63,179,252	8,018,350	12,603,126	11,490,298	155,452,853
Additions[3]	2,900,978	216,300	10,991,043	1,839,680	199,726	7,639,865	23,787,592
Disposals/Reclass	-	-	(1,090,923)	(853,509)	-	-	(1,944,432)
Transfers	1,194,136	121,758	538,329	-	-	(1,854,223)	-
Balance at 31 December 2018	**51,185,367**	**13,409,632**	**73,617,701**	**9,004,521**	**12,802,852**	**17,275,940**	**177,296,013**
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	1,381,103	13,000	7,985,308	1,213,460	650	4,186,780	14,780,301
Disposals	-	-	(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**

[1]Of this amount as at December 2017, Leasehold improvement accounts for N12,032,172,000 (23.5%) while Buildings accounts for N39,153,191,000 (76.5%)
[2]Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.
[3]Included in additions under Capital work in progress is the sum of N605,455,919 (Dec 2017: N1,433,787,000) 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 2018	10,223,589	970,173	47,093,776	5,490,231	6,695,286	-	70,473,055
Charge for the Year	1,452,667	173,754	7,701,465	1,321,491	1,805,380	-	12,454,757
Disposal	-	-	(1,090,920)	(841,417)	-	-	(1,932,337)
Balance at 31 December 2018	**11,676,256**	**1,143,927**	**53,704,321**	**5,970,305**	**8,500,666**	**-**	**80,995,475**
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**
Carrying amounts:							
Balance at 31 December 2018	**39,509,111**	**12,265,705**	**19,913,380**	**3,034,216**	**4,302,186**	**17,275,940**	**96,300,538**
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**

(c) The Bank and Group had capital commitments of N973,990,293 (31 December 2017: N165,155,000) 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 (2017: nil)

32. Intangible Assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2018	8,675,928	15,748,774	24,424,702
Exchange translation differences	7,009	314,381	321,390
Additions	-	3,733,759	3,733,759
Balance at 31 December 2018	**8,682,937**	**19,796,914**	**28,479,851**
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)
Balance at 31 December 2017	**8,675,928**	**15,748,774**	**24,424,702**
Amortization and impairment losses			
Balance at 1 January 2018	-	9,589,748	9,589,748
Exchange translation differences	-	185,303	185,303
Amortization for the year	-	2,302,179	2,302,179
Balance at 31 December 2018	**-**	**12,077,230**	**12,077,230**
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**
Carrying amounts:			
Balance at 31 December 2018	**8,682,937**	**7,719,684**	**16,402,621**
Balance at 31 December 2017	**8,675,928**	**6,159,026**	**14,834,954**

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 2018 (2017: nil).

(b) Parent

In thousands of Nigerian Naira	Purchased Software
Cost	
Balance at 1 January 2018	11,593,688
Additions	2,934,888
Balance at 31 December 2018	**14,528,576**
Balance at 1 January 2017	8,867,445
Additions	2,726,244
Balance at 31 December 2017	**11,593,689**
Amortization and impairment losses	
Balance at 1 January 2018	7,092,393
Amortization for the year	1,800,577
Balance at 31 December 2018	**8,892,970**
Balance at 1 January 2017	5,489,484
Amortization for the year	1,602,909
Balance at 31 December 2017	**7,092,393**
Carrying amounts:	
Balance at 31 December 2018	**5,635,606**
Balance at 31 December 2017	**4,501,296**

(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	Dec-18	Dec -17
Cash Generating Units		
Rest of West Africa:		
- Corporate Banking	35,699	33,422
- Commercial Banking	6,906	6,177
- Retail Banking	15,326	11,323
East Africa:		
- Corporate Banking	5,314,976	5,660,796
- Commercial Banking	1,028,198	1,046,282
- Retail Banking	2,281,831	1,917,928
	8,682,936	**8,675,928**

No impairment loss on goodwill was recognised during the year ended 31 December 2018 (31 December 2017: 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 are based on future cash flows 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; 4.3 per cent and 6.2 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 12.48% derived using CAPM approach. It would require over N326million change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired. 189 basis point increase in the discount rate will make the recoverable amount of the East Africa region Commercial segment equal to its carrying amount.

2018-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	55.6%	56.6%	57.1%	11.1%	11.9%	13.4%
Operating Income Growth Rate (%)	58.6%	59.1%	60.6%	15.7%	16.9%	17.1%
Other Operating Costs (N'Million)	70,351	13,610	30,203	6,805	1,317	2,922
Capital Expenditure(N'Million)	8,170	1,580	3,507	1,227	237	527
Recoverable Amount (N'Million)	127,743	24,712	54,821	20,375	3,942	8,747
Long Term Growth Rate (%)	4% - 5%	4% - 5%	4% - 5%	6% - 7%	6% - 7%	6% - 7%
Discount Rate (%)	22.02%	22.02%	22.02%	12.48%	12.48%	12.48%

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 (N'Million)	19,577	3,618	6,633	6,645	1,228	2,251
Capital Expenditure(N'Million)	2,335	432	791	462	85	156
Recoverable Amount (N'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%

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group
Deferred tax assets

In thousands of Nigerian Naira	Dec-2018			Dec-2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	2,169,819	-	2,169,819	1,666,990	-	1,666,990
Net deferred tax assets/(liabilities)	**2,169,819**	**-**	**2,169,819**	**1,666,990**	**-**	**1,666,990**
					Dec-2018	Dec-2017
Deferred tax assets:						
-Deferred tax assets to be recovered after more than 12 months					2,169,819	1,666,990

Group
Deferred tax liabilities

In thousands of Nigerian Naira	Dec-2018			Dec-2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	14,153,584	14,153,584	-	10,889,409	10,889,409
Fair value reserves	874,103	-	(874,103)	-	1,355,995	1,355,995
Allowances for loan losses	1,553,797	-	(1,553,797)	5,359,705	-	(5,359,705)
Defined benefit obligation/Actuarial Loss	1,069,948	-	(1,069,948)	641,268	-	(641,268)
Revaluation gain and Other assets	2,869,886	-	(2,869,886)	-	7,086,332	7,086,332
Foreign currency translation difference	-	-	-	-	4,745,462	4,745,462
Net deferred tax (assets)/liabilities	**6,367,734**	**14,153,584**	**7,785,850**	**6,000,973**	**24,077,198**	**18,076,225**
					Dec-2018	Dec-2017
Deferred tax assets:						
-Deferred tax assets to be recovered within 12 months					6,367,734	6,000,973
Deferred tax liabilities:						
-Deferred tax liabilities to be recovered within 12 months					1,556,894	13,187,789
-Deferred tax liabilities to be recovered after more than 12 months					12,596,690	10,889,409

Parent
Deferred Tax Liabilities

In thousands of Nigerian Naira	Dec-2018			Dec-2017		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	-	13,419,627	13,419,627	-	10,373,412	10,373,412
Fair value reserves	874,103	-	(874,103)	-	1,355,995	1,355,995
Allowances for loan losses	1,553,797	-	(1,553,797)	5,359,705	-	(5,359,705)
Defined benefit obligation/Actuarial Loss	1,069,948	-	(1,069,948)	641,268	-	(641,268)
Revaluation gain and Other assets	2,033,325	-	(2,033,325)	-	7,086,332	7,086,332
Net deferred tax (assets)/liabilities	**5,531,173**	**13,419,627**	**7,888,454**	**6,000,973**	**18,815,739**	**12,814,766**

	Dec-2018	**Dec-2017**
Deferred tax assets:		
-Deferred tax assets to be recovered within 12 months	5,531,173	6,000,973
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,476,159	8,442,327
-Deferred tax liabilities to be recovered after more than 12 months	11,943,468	10,373,412

Movements in deferred tax assets during the year

Group
Dec-2018

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 1 January 2018	1,666,990	-	-	-	-	-	-	1,666,990
Recognised in Profit or loss	502,829	-	-	-	-	-	-	502,829
Balance at 31 December 2018	**2,169,819**	**-**	**-**	**-**	**-**	**-**	**-**	**2,169,819**

Movements in deferred tax liabilities during the year

Group
Dec-2018

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 1 January 2018	10,889,410	1,355,995	(5,359,705)	-	(641,268)	7,086,332	4,745,461	18,076,225
Exchange Difference	(86,481)	648,860	92,787	-	-	(1,984,517)	(9,485,517)	(10,814,868)
Recognised in Profit or loss	3,350,656	(775,326)	3,713,121	-	(357,002)	(7,971,701)	1,230,534	(809,718)
Other comprehensive Income	-	(2,103,633)	-	-	(71,678)	-	3,509,522	1,334,211
Balance at 31 December 2018	**14,153,585**	**(874,104)**	**(1,553,797)**	**-**	**(1,069,948)**	**(2,869,886)**	**-**	**7,785,850**

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 1 January 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 1 January 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**

Parent
Dec-2018

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 1 January 2018	10,373,412	1,355,995	(5,359,705)	-	(641,268)	7,086,332	-	12,814,766
Exchange Difference	-	-	-	-	-	(796,848)	-	(796,848)
Recognised in Profit or loss	3,046,216	-	3,805,908	-	(357,002)	(8,322,809)	-	(1,827,687)
Other comprehensive Income	-	(2,230,098)	-	-	(71,678)	-	-	(2,301,776)
Balance at 31 December 2018	**13,419,628**	**(874,103)**	**(1,553,797)**	**-**	**(1,069,948)**	**(2,033,325)**	**-**	**7,888,455**

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 1 January 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**

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Repossessed collaterals	8,439,161	7,398,961	8,439,161	7,398,961
Prepayments (See note 34(ii) below)	24,415,996	20,819,575	12,146,851	10,786,689
Accounts Receivable(iv)	20,885,923	6,749,165	20,885,923	6,749,165
Foreign Banks - Cash collateral	13,731,769	19,228,807	13,731,769	19,228,807
Restricted deposits with central banks (See note 34(i) below)	416,107,467	374,877,033	414,667,717	373,491,691
Contribution to AGSMEIS (See note 34(iii) below)	14,406,074	6,341,840	14,406,074	6,341,840
Recognised assets for defined benefit obligations (See note 40)	11,012,687	9,658,362	11,012,687	9,658,362
	508,999,077	**445,073,743**	**495,290,182**	**433,655,515**
Impairment on other assets (See note 34(v) below)	(320,375)	(126,846)	(320,375)	(126,846)
	508,678,702	**444,946,897**	**494,969,807**	**433,528,669**
Current	497,666,015	431,674,130	483,957,120	420,255,902
Non-current	11,012,687	13,272,767	11,012,687	13,272,767

(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 N414,667,717,000 with the Central Bank of Nigeria (CBN) as at 31 December 2018 (December 2017:N373,491,691,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2017: 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 N5,092,389,000 as at 31 December 2018 (December 2017: N4,990,629,000) 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 supporting 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.

(iv) Balances in account receivables largely relates to expected inflow into the Bank's offshore domicilliary account with respect to FCY cash deposited with the Central Bank of Nigeria.

(v) Movement in impairment of other financial assets:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Opening Balance at 1 January 2018	126,846	305,556	126,846	305,556
Additional impairment on initial application of IFRS 9	106,539	-	106,539	-
Charge for the year	86,990	-	86,990	-
Reclassification[1]	-	(178,710)	-	(178,710)
Closing Balance	**320,375**	**126,846**	**320,375**	**126,846**

[1]This relates to provision on pending cases that the bank was involved in. This was reclassified to Other Liabilities (Note 39).

34b. Assets of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Investment in subsidiaries	-	-	3,220	3,220
Other assets[1]	-	-	935,725	847,600
Total assets of disposal group	**-**	**-**	**938,945**	**850,820**
Liabilities of disposal group classified as held for sale				
Other borrowed funds[1]	-	-	935,725	847,600
Total liabilities of disposal group	**-**	**-**	**935,725**	**847,600**

[1]This relates to $2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were eliminated on consolidation.

Net assets of disposal group	**-**	**-**	**3,220**	**3,220**

The investment is available for immediate sale in its present condition and its sale is highly probable. The management is committed to the disposal and there is an active programme to locate a buyer and complete the disposal.

35. Deposits from banks

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Money market deposits	4,640,988	6,419,514	721,071	-
Other deposits from banks	78,162,059	79,011,000	14,858	42,360
	82,803,047	**85,430,514**	**735,929**	**42,360**
Current	82,803,047	85,430,514	735,929	42,360
Non-current	-	-	-	-

36. Deposits from customers

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Retail customers:				
Term deposits	171,715,702	160,211,639	122,363,332	118,973,888
Current deposits	358,612,519	378,641,048	262,896,491	278,205,508
Savings	571,714,465	479,772,792	475,052,168	398,163,682
Corporate customers:				
Term deposits	195,263,989	204,719,751	160,007,356	153,045,770
Current deposits	976,596,468	838,702,403	845,496,825	749,172,099
	2,273,903,143	**2,062,047,633**	**1,865,816,172**	**1,697,560,947**
Current	2,265,812,606	2,028,914,996	1,865,760,385	1,697,556,864
Non-current	8,090,537	33,132,637	55,787	4,083

37. Financial liabilities held for trading

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Bond short positions	107,560	-	107,560	-
Treasury bills short positions	1,757,859	2,647,469	1,757,859	2,647,469
	1,865,419	**2,647,469**	**1,865,419**	**2,647,469**
Current	1,865,419	2,647,469	1,865,419	2,647,469
Non-current	-	-	-	-

38. Debt securities issued

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Debt securities at amortized cost:				
Eurobond debt security	-	92,131,923	-	92,131,923
	-	**92,131,923**	**-**	**92,131,923**
Current	-	92,131,923	-	92,131,923
Non-current	-	-	-	-

Debt securities of N 92,131,923,000 (USD 278,210,000) which represents the outstanding portion of USD400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum payable semi annually matured in November 2018. The Bank was able to fund the repayment without issuing additional notes.

39. Other liabilities

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash settled share based payment liability (Note 39(d))	9,869,968	8,537,765	-	-
Liability for defined contribution obligations (Note 39(a))	4,316	58,629	33	-
Deferred income on financial guarantee contracts	140,403	138,636	31,583	37,337
Litigation Claims Provision (Note 39(e))	91,720	178,710	91,720	178,710
Certified cheques	8,745,128	10,482,214	5,094,684	7,660,447
Lease obligation (Note 39(b))	-	262,599	-	262,599
Customers' deposit for foreign trade (Note 39(c))	14,429,129	19,938,543	13,992,994	19,828,369
Customers' escrow balances	64,119,085	156,588,741	64,119,085	156,588,741
Account Payables	27,861,859	16,950,911	26,358,478	14,943,099
Creditors and agency services	7,027,157	9,295,176	2,352,860	1,835,197
Customers deposit for shares of other Corporates	1,057,854	1,684,905	1,057,854	1,684,905
Impairment on Contingents (Note 39(f))	7,100,889	-	6,713,128	-
	140,447,508	**224,116,829**	**119,812,419**	**203,019,404**
Current	119,089,414	209,134,517	108,820,874	197,609,464
Non-current	21,358,094	14,982,312	10,991,545	5,409,940

(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 N4,302,180,000 (December 2017: N5,907,835,000).
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 year (Dec 2017:Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Not more than one year	-	264,899	-	264,899
Over one year but less than five years	-	-	-	-
	-	264,899	-	264,899
Less future finance charges	-	(2,300)	-	(2,300)
	-	**262,599**	**-**	**262,599**

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Not more than one year	-	262,599	-	262,599
Over one year but less than five years	-	-	-	-
	-	**262,599**	**-**	**262,599**

(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:

In thousands of Nigerian Naira	Dec-2018		Dec-2017	
	Average Exercise Price Per Share	**Share Rights (thousands)**	**Average Exercise PricePer Share**	**Share Rights (thousands)**
At 1 January	22.54	378,859	19.63	403,531
Granted	15.52	33,652	14.84	25,808
Exercised	36.12	(48,593)	26.44	(50,479)
As at end of the Year	**27.12**	**363,918**	**22.54**	**378,859**

The total unit of shares of the scheme stood at 1,318,246,000 as at December 2018, out of which 363,918,000 have been granted. Out of the 363,918,000 Share Appreciation Right (SARs) granted as at Dec 2018 (Dec 2017: 378,346,000 SARs), 271,741,067 SARs (Dec 2017: 292,251,197) have met the vesting criteria. SARs exercised in 2018 resulted in 48,593,385 shares (Dec 2017:50,478,910) being granted at a weighted average price of N36.12 each (Dec 2017: N26.44 each).

The fair value of SAR was determined using a multi-factor model which entails using average share price for vested shares and multiple combination of 5.71% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

As at 31st Dec 2018, the impact of the SAR on the statement of financial position of the Group stood at N9,869,968,000 (2017:N8,537,765,000). Of this amount, the liability on vested but unexercised SARs was N8,629,921,000 (2017: N7,618,703,000). The impact on the income statement for the year ended 31st Dec 2018 stood at N809,857,000 (2017: N234,622,000)

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.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price		Share options (thousands of Naira)	
	Dec-2018	**Dec-2017**	**Dec-2018**	**Dec-2017**
2004-2009	31.59	25.94	4,001,696.00	3,604,809.00
2004-2017	29.26	23.58	125,901	97,723
2005-2010	28.07	24.75	510,071	537,377
2005-2011	-	24.16	-	74,932
2005-2013	29.67	25.62	697,593	551,268
2006-2011	29.89	23.37	153,687	218,514
2006-2014	31.13	25.13	304,425	241,968
2007-2012	29.51	23.31	773,832	694,210
2007-2013	28.86	23.04	87,044	66,036
2007-2014	28.68	23.25	283,829	211,467
2007-2015	30.38	20.48	57,731	38,921
2007-2016	26.33	22.87	285,449	436,550
2008-2013	27.40	22.33	418,860	346,175

2008-2014	28.34	22.32	66,717	49,195
2008-2015	26.79	20.72	79,121	55,064
2008-2017	29.33	25.43	69,455	54,098
2009-2014	26.89	23.37	92,416	83,776
2009-2015	31.76	26.07	15,403	12,643
2009-2016	-	26.07	-	4,073
2010-2015	26.81	16.92	23,458	49,373
2010-2016	27.77	23.21	79,852	61,614
2010-2017	29.16	22.84	55,814	42,112
2010-2018	25.83	21.72	49,945	47,780
2010-2019	29.22	22.85	65,486	51,209
2011-2016	24.59	19.78	446,388	306,455
2011-2017	29.88	21.62	41,478	30,022
2011-2018	29.26	21.05	54,133	38,947
2011-2019	20.85	19.12	61,504	43,498
2011-2020	19.60	15.31	37,235	26,019
2012-2017	23.91	17.38	113,689	67,856
2012-2018	24.63	15.05	19,951	11,193
2012-2021	26.54	22.59	7,961	6,777
2012-2022	-	10.54	-	8,868
2013-2018	22.04	15.34	261,680	151,266
2014-2019	19.92	12.73	155,264	77,252
2014-2022	18.87	12.31	3,708	2,419
2015-2020	16.74	6.88	142,164	46,143
2015-2022	15.03	5.71	34,574	11,989
2015-2023	14.50	5.19	5,228	1,870
2015-2024	7.05	4.71	627	110
2016-2021	8.92	5.28	138,373	61,104
2016-2025	5.34	4.14	5,875	1,655
2017-2022	6.35	4.03	26,573	12,654
2017-2023	5.43	3.91	1,087	781
2018-2026	4.01	-	201	-
2018-2023	4.18	-	14,490	-
			9,869,968	**8,537,765**

(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, 2018. 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Opening Balance	178,710	-	178,710	-
Reversal during the year	(86,990)	-	(86,990)	-
Reclassification[1]	-	178,710	-	178,710
Closing Balance	**91,720**	**178,710**	**91,720**	**178,710**

[1]This relates to provision on pending cases that the bank was involved in which was initially recognised under Other Assets.

(f) Movement in impairment on contingents during the year is as follows:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Additional impairment on initial application of IFRS 9	6,741,958	-	6,741,958	-
Reversal during the year	358,931		(28,830)	
Closing Balance	**7,100,889**	**-**	**6,713,128**	**-**

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Present value of funded obligations	(3,327,565)	(2,976,569)	(3,327,565)	(2,976,569)
Total present value of defined benefit obligations	(3,327,565)	(2,976,569)	(3,327,565)	(2,976,569)
Fair value of plan assets	14,340,252	12,634,931	14,340,252	12,634,931
Present value of net asset/(obligations)	11,012,687	9,658,362	11,012,687	9,658,362
Recognized asset/(liability) for defined benefit obligations	**11,012,687**	**9,658,362**	**11,012,687**	**9,658,362**

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses. The defined benefit scheme is not open to asset ceiling, therefore, there is no need to determine any difference between net defined benefit asset and asset ceiling. Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 34.

b. Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
(Deficit)/surplus on defined benefit obligations, beginning of year	9,658,362	7,506,302	9,658,362	7,506,302
Net (Expense) / Income recognised in Profit and Loss[1]	1,403,286	1,176,734	1,403,286	1,176,734
Re-measurements recognised in Other Comprehensive Income[2]	(238,928)	839,010	(238,928)	839,010
Contributions paid	189,967	136,316	189,967	136,316
(Deficit)/surplus for defined benefit obligations, end of year	**11,012,687**	**9,658,362**	**11,012,687**	**9,658,362**

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Interest income on Net defined benefit obligation[a]	1,472,056	1,232,986	1,472,056	1,232,986
Current service costs	(68,770)	(56,252)	(68,770)	(56,252)
	1,403,286	**1,176,734**	**1,403,286**	**1,176,734**

[a]Interest income on Net defined benefit obligation is analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Interest income on assets	1,920,510	1,611,977	1,920,510	1,611,977
Interest cost on defined benefit obligation	(448,454)	(378,991)	(448,454)	(378,991)
	1,472,056	**1,232,986**	**1,472,056**	**1,232,986**

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Return on plan assets, excluding amounts included in interest expense/income	(583,106)	1,037,941	(583,106)	1,037,941
Effect of Exchange rate fluctuation	367,916	155,884	367,916	155,884
Gain/(loss) from change in demographic assumptions	(23,738)	(354,815)	(23,738)	(354,815)
	(238,928)	**839,010**	**(238,928)**	**839,010**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Equity securities				
- Quoted	3,339,627	4,131,173	3,339,627	4,131,173
Government securities				
- Quoted	1,961,403	1,295,360	1,961,403	1,295,360
Offshore investments				
- Quoted	1,080,000	2,909,629	1,080,000	2,909,629
Cash and bank balances				
- Unquoted	7,959,222	4,298,769	7,959,222	4,298,769
	14,340,252	**12,634,931**	**14,340,252**	**12,634,931**

Group

In thousands of Nigerian Naira	Dec-2018		Dec-2017	
Equity securities	3,339,627	23%	4,131,173	33%
Government securities	1,961,403	14%	1,295,360	10%
Offshore investments	1,080,000	8%	2,909,629	23%
Cash and bank balances	7,959,222	56%	4,298,769	34%
	14,340,252	**100%**	**12,634,931**	**100%**

Parent

In thousands of Nigerian Naira	Dec-2018		Dec-2017	
Equity securities	3,339,627	23%	4,131,173	33%
Government securities	1,961,403	14%	1,295,360	10%
Offshore investments	1,080,000	8%	2,909,629	23%
Cash and bank balances	7,959,222	56%	4,298,769	34%
	14,340,252	**100%**	**12,634,931**	**100%**

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited.

The N3,339,627,000 equity investments of the scheme includes the Group's ordinary shares with a fair value of N3,121,095,000 (Dec 2017: N3,907,048,000). Additionally, out of the cash and bank balances of N7,959,222,000 , an amount with a fair value of N7,642,731,000 (Dec 2017:N3,954,045,000) represents deposit with the Group.

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are N167,502,000 (December 2018: N189,967,000) while gratuity payments are estimated to be N167,502,000 (December 2018: N189,967,000).

(d) Defined benefit cost for year ending December 2019 is expected to be as follows:

In thousands of Nigerian Naira	**Parent Dec-2019**	**Parent Dec-2018**
Current service cost	70,307	68,770
Net Interest on defined benefit liability	(1,808,285)	(1,470,063)
Expense/(Income) recognised in profit or loss	**(1,737,978)**	**(1,401,293)**

Components of net interest on defined benefit liability for the year ending December 2019 is estimated to be as follows:

In thousands of Nigerian Naira	**Parent Dec-2019**	**Parent Dec-2018**
Interest cost on defined benefit obligation	543,516	450,447
Interest income on assets	(2,351,801)	(1,920,510)
Total net interest cost	**(1,808,285)**	**(1,470,063)**

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-2018**	**Group Dec-2017**	**Parent Dec-2018**	**Parent Dec-2017**
Fair value of plan assets, beginning of the year	12,634,931	9,829,129	12,634,931	9,829,129
Contributions paid into/(withdrawn from) the plan	189,967	136,316	189,967	136,316
Benefits paid by the plan	(189,967)	(136,316)	(189,967)	(136,316)
Actuarial gain	(215,189)	1,193,825	(215,189)	1,193,825
Return on plan assets	1,920,510	1,611,977	1,920,510	1,611,977
Fair value of plan assets, end of the year	**14,340,252**	**12,634,931**	**14,340,252**	**12,634,931**

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Present value of obligation, beginning of the year	2,976,569	2,322,827	2,976,569	2,322,827
Interest cost	448,454	378,991	448,454	378,991
Current service cost	68,770	56,252	68,770	56,252
Benefits paid	(189,967)	(136,316)	(189,967)	(136,316)
Actuarial (gain) on obligation	23,739	354,815	23,739	354,815
Present value of obligation at end of the year	**3,327,565**	**2,976,569**	**3,327,565**	**2,976,569**

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2018	2017
Discount rate	16.4%	15.2%
Salary increase rate	12.5%	10.0%
Inflation	14.4%	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 16.4%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 12.5% per annum. The inflation component has been worked out at 14.4% 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-2018

In thousands of Nigerian Naira except percentages	Impact on defined benefit obligation		
	Change in Defined benefit obligation		
	Assumption	**Increase**	**Decrease**
Discount rate	1.00%	(3,131,092)	3,546,989
Salary increase rate	1.00%	3,558,762	(3,117,582)
Mortality rate	1 year	3,330,247	(3,325,131)

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)

Parent
Dec-2018

In thousands of Nigerian Naira except percentages	Impact on defined benefit obligation		
	Change in Defined benefit obligation		
	Assumption	**Increase**	**Decrease**
Discount rate	1.00%	(3,131,092)	3,546,989
Salary increase rate	1.00%	3,558,762	(3,117,582)
Mortality rate	1 year	3,330,247	(3,325,131)

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)

In practice, changing an actuarial assumption while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

(i) Expected maturity analysis of undiscounted pension and post-employment benefits:

In thousands of Nigerian Naira	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Present value of the defined benefit obligation	1,930	53,188	28,001	66,017,013	66,100,132
	1,930	**53,188**	**28,001**	**66,017,013**	**66,100,132**

(j) Historical information

In thousands of Nigerian Naira	Dec-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Present value of the defined benefit obligation	(3,303,826)	(2,621,754)	(3,613,593)	(2,693,447)	(2,099,823)
Fair value of plan assets	14,555,441	11,441,106	9,216,954	9,131,514	8,542,922
Experience adjustments on plan liabilities	(23,739)	(354,815)	1,290,766	(484,967)	(200,436)
Experience adjustments on plan assets	(215,189)	1,193,825	612,175	(857,767)	(595,564)
Surplus/(deficit)	**11,012,687**	**9,658,362**	**7,506,302**	**5,095,333**	**5,647,099**

(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Due to IFC (see note (i) below)	59,940,225	77,341,263	59,940,225	70,757,740
Due to ADB (see note (ii) below)	-	2,946,842	-	2,946,842
Due to FMO	450,290	2,076,854	-	-
Due to BOI (see note (iii) below)	38,396,728	41,710,002	38,396,728	41,710,002
Due to CACS (see note (iv) below)	25,172,146	25,429,458	25,172,146	25,429,458
Due to Proparco (see note (v) below)	12,308,296	14,834,598	11,553,004	13,674,445
MSME Development Fund (see note (vi) below)	121,393	284,392	121,393	284,392
Excess Crude Account -Secured Loans Fund (see note (vii) below)	14,219,713	14,547,930	14,219,713	14,547,930
Due to DEG (see note (viii) below)	-	18,546,673	-	18,546,673
RSSF on lending (see note (ix) below)	25,292,215	22,773,902	25,292,215	22,773,902
SANEF Intervention Fund (see note (x) below)	1,000,000	-	1,000,000	-
NESF Fund (see note (xi) below)	1,665,794	-	1,665,794	-
	178,566,800	**220,491,914**	**177,361,218**	**210,671,384**
Current	51,297,699	50,140,861	50,847,409	48,064,006
Non-current	127,269,101	170,351,053	126,513,809	162,607,378

i). The amount of N59,940,225,000 (USD167,062,000) (December 2017: N70,757,740,000; USD 213,666,000) 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 outstanding balance of N2,946,842,000 (USD 8,899,000) on the second tranche of the facility granted to the Parent by the African Development Bank(ADB) matured during the period and was fully paid. 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 (USD 90,000,000) was disbursed in February 2012 for a period of 6 years. The principal amount on this was paid semi annually from August 2013. Interest was paid semi annually on the second tranche at 5.157%.

iii). The amount of N38,396,728,000 (December 2017: N41,710,002,000) 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 Bank of Industry (BOI) is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iv). The amount of N25,172,146,000 (December 2017: N25,429,458,000) 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 (FGN) under the Commercial Agriculture Credit Scheme (CACS). The FGN is represented by the Federal Ministry of Agriculture and Rural Development (FMARD) who has 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.

v). The amount of N11,553,004,000 (USD 32,200,000) (December 2017: N13,674,445,000 ; USD 41,293,000) 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.

vi). The amount of N121,393,000 (December 2017: N284,392,000) 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.

vii). The amount of N14,219,713,000 (December 2017: N14,547,930,000) 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.

viii). The facility granted to the Parent by DEG, a wholly-owned subsidiary of KfW Group was fully paid off during the period. The outstanding balance as at December 2017 was N18,546,673,000 (USD 56,005,000). The facility was disbursed in December 2016 and repayable semi annually from July 2019. Interest was priced at 5.4% p.a. plus 6-months USD LIBOR.

ix). The amount of N25,292,215,000 (December 2017: N22,773,902,000) 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.

x). The Shared Agent Network Facility (SANEF) is an intervention fund under the MSME Development Fund to provide ten (10) year loans to CBN Licensed and pre-qualified Mobile Money and Super- Agent operators for the purposes of rolling out of a Shared Agent Network. The objective of the Shared Agent Network is to deepen financial inclusion in the country with the offering of basic financial services such as Cash-in, Cash-out, Funds, Bills Payments, Airtime Purchase, Government disbursements as well as remote enrollment on BMS infrastructure (BVN). The facility is for 10 years inclusive of a 2-year moratorium on principal and 1- year moratorium on Interest. The facility is disbursed at a single digit, all-inclusive interest rate of 5% per annum.

xi). The Non Oil Export Stimulation Facility (NESF) was introduced by the Central Bank of Nigeria (CBN) to diversify the revenue base of the economy and promote growth of the non-oil export sector. The facility is granted at an all-inclusive interest rate of 9% p.a. payable on a quarterly basis. NESF can have a tenor of up to 10 years not exceeding 31st December, 2027 and the principal amount is repayable quarterly over the tenure of the facility.

41b Reconciliation of Financial Liabilities
For the Year ended 31 December 2018

Group
Dec-2018

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**92,131,923**	**220,491,914**	**262,599**
Cash inflow - Principal	-	14,450,000	-
Cash outflow - Principal	(99,008,757)	(65,370,563)	(284,509.00)
Cash outflow - Interest	(5,961,669)	(9,390,710)	-
Effect of exchange rate fluctuation	7,692,523	9,603,380	21,910
Other non-cash	5,145,980	8,782,779	-
Closing Balance	**-**	**178,566,800**	**-**

Group
Dec-2017

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**126,237,863**	**219,633,604**	**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
Dec-2018

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**92,131,923**	**210,671,384**	**262,599**
Cash inflow - Principal	-	14,450,000	(284,509)
Cash outflow - Principal	(99,008,757)	(56,015,226)	-
Cash outflow - Interest	(5,961,669)	(8,739,635)	-
Effect of exchange rate fluctuation	7,692,523	8,862,991	21,910
Other non-cash	5,145,980	8,131,704	-
Closing Balance	**-**	**177,361,218**	**-**

Parent
Dec-2017

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**-**	**332,317,881**	**1,675,041**
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
Reclassification	125,639,949	(125,639,949)	-
Other non-cash	7,423,400	6,820,323	-
Closing Balance	**92,131,923**	**210,671,384**	**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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
(a) Authorised: 50,000,000,000 ordinary shares of 50k each (31 December 2017: 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
(b) Issued and fully paid: 29,431,179,224 ordinary shares of 50 kobo each (31 December 2017: 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
26,789,923,737 ordinary shares of 50k each (31 December 2017: 26,519,639,837)	13,394,962	13,259,820	13,394,962	13,259,820
2,641,255,487 ordinary shares (GDR) of 50k each (31 December 2017: 2,911,539,387)	1,320,628	1,455,770	1,320,628	1,455,770
	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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
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:

In thousands of Nigerian Naira	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2017	29,431,180	14,715,590	123,471,114	(5,291,245)
At 31 December 2017/1 January 2018	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
(Purchases)/sales of treasury shares	-	-	-	(292,390)
At 31 December 2018	**29,431,180**	**14,715,590**	**123,471,114**	**(5,583,635)**

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 year, the bank appropriated N25,037,965,000 representing 15% of its Profit after tax to Statutory Reserves.
Total statutory reserves was N272,609,043,000 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 N5,583,635,000 (31 December 2017: N5,291,245,000) represents the Bank's shares held by the Staff Investment Trust as at 31 December 2018.

(iv) Fair value reserve: The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income 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 IFRS 9 Expected credit 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 under IFRS 9.

Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N4,361,913,000. The Bank transferred the sum of N2,089,953,000 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
	%	**%**	**₦'000**	**₦'000**
GTB (Gambia) Limited	22.19	22.19	1,163,198	996,493
GTB (Sierra Leone) Limited	16.26	15.76	1,575,155	1,169,853
GTB (Ghana) Limited	2.03	2.03	690,769	517,808
GTB Liberia	0.57	0.57	47,049	32,531
GTB Kenya Limited	30.00	30.00	8,025,001	7,884,888
GTB Tanzania	30.00	30.00	932,289	881,030
			12,433,461	**11,482,603**

Please refer to Note 46 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-2018			
In thousands of Nigerian Naira	Statutory Reserves	SMEEIS Reserves	AGSMEIS Reserves	Total
Opening Balance	247,571,078	4,232,478	6,341,840	258,145,396
Total comprehensive income for the year:				
Transfers for the year[1]	25,037,965	-	8,064,234	33,102,199
Total transactions with equity holders	**25,037,965**	**-**	**8,064,234**	**33,102,199**
Balance as at 31 December 2018	**272,609,043**	**4,232,478**	**14,406,074**	**291,247,595**

[1]The amount of N8,064,234,000 transferred into AGSMEIS reserves represents 5% of Dec 2017 PAT which was contributed into the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) during the year.

	Dec-2017			
In thousands of Nigerian Naira	Statutory Reserves	SMEEIS Reserves	AGSMEIS Reserves	Total
Opening Balance	199,185,674	4,232,478	-	203,418,152
Total comprehensive income for the year:				
Transfers for the year	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**

43 Dividends

The following dividends were declared and paid by the Group during the year ended:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	-	-	-	-
Final dividend declared[1]	70,634,830	51,504,563	70,634,830	51,504,563
Interim dividend declared	8,829,354	8,829,354	8,829,354	8,829,354
Payment during the year	(79,464,184)	(60,333,917)	(79,464,184)	(60,333,917)
Balance, end of year	**-**	**-**	**-**	**-**

[1] This relates to the final dividend declared for the 2017 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 245k per share (Dec 2017: 240k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

44 Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 484 cases as a defendant (31 December 2017: 470) and 426 cases as a plaintiff (31 December 2017: 427). The total amount claimed in the 484 cases against the Bank is estimated at N476.03 Billion and $39.68 Million (31 December 2017: N530.59 Billion and $132.80 Million) while the total amount claimed in the 426 cases instituted by the Bank is N111.0 Billion (31 December 2017: N110.86 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 N91.72 Million (31 December 2017: N178.71 Million). This probable liability has been fully provided for by the Bank (please refer to Note 39).

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Contingent liabilities:				
Transaction related bonds and guarantees	386,386,612	433,620,435	362,816,565	414,229,702
	386,386,612	**433,620,435**	**362,816,565**	**414,229,702**
Commitments:				
Clean line facilities and letters of credit	46,922,591	51,861,890	22,059,650	22,369,921
Other commitments	7,742,322	8,890,842	-	-
	54,664,913	**60,752,732**	**22,059,650**	**22,369,921**

b. 63% (N228,695,679,000) of all the transaction related bonds and guarantees are collaterised (December 2017: N204,244,780,000) while the balance of N134,120,884,000 (December 2017: N209,984,922,000) is non-collaterized

45 The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

Classification and measurement of financial instruments

Group

In thousands of Nigerian Naira	IAS 39		IFRS 9	
	Measurement category	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and bank balances	Amortised cost	641,973,784	Amortised cost	641,668,276
Trading assets	FVPL	23,945,661	FVPL	23,945,661
Derivatives	FVPL	2,839,078	FVPL	2,839,078
Investment securities:	Available for sale	517,492,733	FVOCI	517,492,733
	Amortised cost	96,466,598	Amortised cost	96,457,565
Pledged assets	Available for sale	58,976,175	FVOCI	58,976,175
Loans & advances to banks	Amortised cost	750,361	Amortised cost	740,658
Loans & advances to customers	Amortised cost	1,448,533,430	Amortised cost	1,303,858,153
Restricted deposits & other assets	Amortised cost	424,254,168	Amortised cost	424,147,629

Parent

In thousands of Nigerian Naira	IAS 39		IFRS 9	
	Measurement category	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and bank balances	Amortised cost	455,296,196	Amortised cost	454,990,688
Trading assets	FVPL	16,652,356	FVPL	16,652,356
Derivatives	FVPL	2,839,078	FVPL	2,839,078
Investment securities:	Available for sale	453,089,625	FVOCI	453,089,625
	Amortised cost	2,007,253	Amortised cost	1,998,220
Pledged assets	Available for sale	58,961,722	FVOCI	58,961,722
Loans & advances to banks	Amortised cost	43,480	Amortised cost	33,777
Loans & advances to customers	Amortised cost	1,265,971,688	Amortised cost	1,124,512,140
Restricted deposits & other assets	Amortised cost	422,868,826	Amortised cost	422,762,287

Introduction of IFRS 9 does not have any classification and measurement impact on the financial liabilities of the Group and Bank. The carrying amounts were also not affected.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following table reconciles the carrying amount of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Group

In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 1-Jan-18
Amortised cost			
Cash and bank balances			
Opening balance under IAS 39	641,973,784		
Remeasurement: ECL allowance		(305,508)	
Closing balance under IFRS 9			641,668,276
Investment securities - amortised cost			
Opening balance under IAS 39	96,466,598		
Remeasurement: ECL allowance		(9,033)	
Closing balance under IFRS 9			96,457,565
Loans & advances to banks			
Opening balance under IAS 39	750,361		
Remeasurement: ECL allowance		(9,703)	
Closing balance under IFRS 9			740,658
Loans & advances to customers			
Opening balance under IAS 39	1,448,533,430		
Remeasurement: ECL allowance		(144,675,277)	
Closing balance under IFRS 9			1,303,858,153
Restricted deposits & other assets			
Opening balance under IAS 39	424,254,168		
Remeasurement: ECL allowance		(106,539)	
Closing balance under IFRS 9			424,147,629
Fair value through profit or loss (FVTPL)			
Trading assets			
Opening balance under IAS 39	23,945,661		
Closing balance under IFRS 9			23,945,661
Derivatives			
Opening balance under IAS 39	2,839,078		
Closing balance under IFRS 9			2,839,078
Fair value through other comprehensive income (FVOCI)			
Investment securities - FVOCI			
Opening balance under IAS 39	517,492,733		
Closing balance under IFRS 9			517,492,733
Pledged assets			
Opening balance under IAS 39	58,976,175		
Closing balance under IFRS 9			58,976,175

Reconciliation of contingent balances from IAS 39 to IFRS 9

Group

In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 1-Jan-18
Transaction related bonds and guarantees			
Opening balance under IAS 39	433,620,435		
Closing balance under IFRS 9			433,620,435
Clean line facilities and letters of credit			
Opening balance under IAS 39	51,861,890		
Closing balance under IFRS 9			51,861,890
Other commitments			
Opening balance under IAS 39	8,890,842		
Closing balance under IFRS 9			8,890,842

Parent

In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 1-Jan-18
Amortised cost			
Cash and bank balances			
Opening balance under IAS 39	455,296,196		
Remeasurement: ECL allowance		(305,508)	
Closing balance under IFRS 9			454,990,688
Investment securities - amortised cost			
Opening balance under IAS 39	2,007,253		
Remeasurement: ECL allowance		(9,033)	
Closing balance under IFRS 9			1,998,220
Loans & advances to banks			
Opening balance under IAS 39	43,480		
Remeasurement: ECL allowance		(9,703)	
Closing balance under IFRS 9			33,777
Loans & advances to customers			
Opening balance under IAS 39	1,265,971,688		
Remeasurement: ECL allowance		(141,459,548)	
Closing balance under IFRS 9			1,124,512,140
Restricted deposits & other assets			
Opening balance under IAS 39	422,868,826		
Remeasurement: ECL allowance		(106,539)	
Closing balance under IFRS 9			422,762,287
Fair value through profit or loss (FVTPL)			
Trading assets			
Opening balance under IAS 39	16,652,356		
Closing balance under IFRS 9			16,652,356

Derivatives			
Opening balance under IAS 39	2,839,078		
Closing balance under IFRS 9			2,839,078
Fair value through other comprehensive income (FVOCI)			
Investment securities - FVOCI			
Opening balance under IAS 39	453,089,625		
Closing balance under IFRS 9			453,089,625
Pledged assets			
Opening balance under IAS 39	58,961,722		
Closing balance under IFRS 9			58,961,722

Reconciliation of contingent balances from IAS 39 to IFRS 9

Parent

In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 1-Jan-18
Transaction related bonds and guarantees			
Opening balance under IAS 39	414,229,702		
Closing balance under IFRS 9			414,229,702
Clean line facilities and letters of credit			
Opening balance under IAS 39	22,369,921		
Closing balance under IFRS 9			22,369,921

Equity investments previously classified as available-for-sale

The group elected to present in OCI, changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

Reclassification from held-to-maturity to amortised cost

State government bonds that would have previously been classified as held-to maturity are now classified at amortised cost. The group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Available-for-sale debt instruments classified as FVOCI

Listed and unlisted bonds were reclassified from available for sale to FVOCI, as the group's business model is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

The reclassifications of the financial instruments on adoption of IFRS 9 did not result in any changes to measurements.

IFRS 9 Impact on Changes in Equity & Allowances for Financial Instruments on Initial Application of IFRS 9 on January 1, 2018

The following table provides information on IFRS 9 impact on changes in Equity, i.e. retained earnings, and reconciles the closing impairment allowance as at December 31 2017 for both the financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 to the opening ECL allowance determined in accordance with IFRS 9 as at January 1, 2018.

Group

In thousands of Nigerian Naira	December 31, 2017 (IAS 39/IAS 37 & Regulatory requirement)	IFRS 9 Allowances	IFRS 9 Impact on Retained Earnings & NCI as at Jan. 1, 2018
Portfolio allowance / 12 months ECL - Stage 1	18,876,953	20,580,397	1,703,444
Life Time ECL Not Credit Impaired - Stage 2	-	58,993,103	58,993,103
Individually impaired / Life Time ECL Credit Impaired - Stage 3	48,914,387	80,609,513	31,695,126
Regulatory Risk Reserve (RRR) / Reclassification of RRR	65,490,719	52,324,173	(13,166,546)
Placements	-	305,508	305,508
Corporate bond	-	190,510	190,510
Treasury Bills:			
- FVOCI- Pledged	-	7,960	7,960
- FVOCI	-	58,468	58,468
Bonds:			
- Amortized Cost	-	9,033	9,033
- FVOCI	-	1,398	1,398
Other Assets	-	106,539	106,539
Loan commitments and financial guarantee contracts issued	-	6,741,958	6,741,958
Total	**133,282,059**	**219,928,560**	**86,646,501**

Parent

In thousands of Nigerian Naira	December 31, 2017 (IAS 39/IAS 37 & Regulatory requirement)	IFRS 9 Allowances	IFRS 9 Impact on Retained Earnings as at Jan. 1, 2018
Portfolio allowance / 12 months ECL - Stage 1	17,865,684	19,360,706	1,495,022
Life Time ECL Not Credit Impaired - Stage 2	-	57,921,195	57,921,195
Individually impaired / Life Time ECL Credit Impaired - Stage 3	42,414,653	72,143,516	29,728,863
Regulatory Risk Reserve (RRR) / Reclassification of RRR	65,490,719	52,324,173	(13,166,546)
Placements	-	305,508	305,508
Corporate bond	-	190,510	190,510
Treasury Bills:			
- FVOCI- Pledged	-	7,960	7,960
- FVOCI	-	58,468	58,468
Bonds:			
- Amortized Cost	-	9,033	9,033
- FVOCI	-	1,398	1,398
Other Assets	-	106,539	106,539
Loan commitments and financial guarantee contracts issued	-	6,741,958	6,741,958
Total	**125,771,056**	**209,170,963**	**83,399,907**

46. 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-18	Dec-18	Dec-17	Dec-17
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	83.74%	16.26%	84.24%	15.76%
3	Guaranty Trust Bank Ghana Limited	Ghana	98.32%	1.68%	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%	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-18	Dec-18	Dec-17	Dec-17
1	Guaranty Trust Bank Rwanda Limited	Rwanda	67.20%	32.80%	67.20%	32.80%
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.

(a) GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.

(b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.

(c) Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.

(d) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.

(e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(f) Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank was licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and commenced operations on April 16, 2012.

(g) The Group extended its regional presence in Africa 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 ozn 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 year ended 31 December, 2018:

	Significant subsidiaries	Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
In thousands of Nigerian Naira			Dec-18	Dec-17	Dec-18	Dec-17
1	Guaranty Trust Bank Gambia Limited	Gambia	1,163,198	996,493	176,984	253,300
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	1,575,155	1,169,853	459,152	321,587
3	Guaranty Trust Bank Ghana Limited	Ghana	690,769	517,808	190,570	134,842
4	Guaranty Trust Bank Liberia Limited	Liberia	47,049	32,531	7,364	7,520
5	Guaranty Trust Bank Kenya Limited	Kenya	8,025,001	7,884,888	153,823	316,199
6	Guaranty Trust Bank Tanzania Limited	Tanzania	932,289	881,030	(199,581)	(102,455)

47. 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
Percentage holding	70%
Nature of entity	Hotel & Leisure
Purpose of investment	Government-induced investment
Activities of entity	Provision of hospitality services
Line item in SOFP	Investment securities-FVOCI***
Loans granted	N2,905,580,000 (Dec-2017: N2,546,139,404)
**Maximum exposure to loss	N2,905,580,000 (Dec-2017: N2,546,139,404)
Source of Financing	Equity financing and loans from financial institutions

** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.
***Fair Value through Other Comprehensive Income

The Bank does not provide financial support to the unconsolidated structured entity and has no plans to provide financial support to the entity in the future. However, the bank extended loans to the entity in the normal course of business at arm's length.

The Bank does not have the rights to direct the entity 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 entity. Furthermore, there is no inter-change of personnel between the Bank and the entity. Likewise, the Bank does not have any form of control or influence on decision making apparatus of the entity. Accordingly, the account of the entity is not consolidated.

48. 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.

The Bank has receivables from GTBank Ghana, GTBank Cote D'Ivoire, and GTBank Tanzania to the tune of N580,802,494, N34,816,065, N26,197,426 respectively as at 31 December, 2018 (December 2017: GTBank UK in the sum of N2,278,115). The Bank also received interest of N336,137,175 on its placement with GTBank UK.

(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 2018

During the year 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 N179,316,000 (31 December 2017:N631,288,000) was outstanding on these facilities at the end of the year. The bank earned a sum of N52,566,000 (Dec 2017: 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-2018**	**Parent Dec-2017**
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	7,125	14,846
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan	Performing	Domiciliation; Personal Guarantee	4,209	6,825
Contemporary Gifts Limited	Insider Related	Overdraft	Performing	All Asset Debenture, Personal Guarantee	-	14,895
Discovery House Mont.Sch. Ltd	Insider Related	Term Loan	Performing	Tripartite Legal Mortgage, Domiciliation, Personal Guar-antee	-	57,377
School Kits Limited	Insider Related	Time Loan	Performing	Tripartite Legal Mortgage, Personal Guarantee	50,208	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 Term Loan	Performing	Legal Mortgage, Domiciliation	-	98,561
Hassan Ibrahim	Director Related	GT Mortgage	Performing	Legal Mortgage	58,230	115,200
Uzoewulu Lisa Obiageli	Director Related	Max Advance	Performing	Domiciliation	-	1,081
Adebayo Adeola	Director Related	Bid Bond	Performing	Cash In Pledged Funds	-	1,000
Agusto, Olabode Mubasheer	Director Related	Term Loan	Performing	Legal Mortgage	59,544	74,511
Fola Adeola	Director Related	Overdraft	Performing	Tripartite Equitable Mortgage	-	193,992
					179,316	**631,288**

(e) Director/insiders related deposit liabiilties

Name of company/Individual In thousands of Nigerian Naira	**Relationship**	**Type of Deposit**	**Parent Dec-2018**	**Parent Dec-2017**
Agusto & Co. Limited	Director Related	Demand Deposit	38,122	33,721
Alliance Consulting	Director Related	Demand Deposit	167	939
Comprehensive Project Mgt. Services	Director Related	Demand Deposit	34,468	18,358
Cubic Contractors Limited	Director Related	Demand Deposit	2,194	2,189
Eterna Plc	Director Related	Demand Deposit	74,966	16,176
IBFC Limited	Director Related	Demand Deposit	50	50
Jaykay Pharmacy Limited	Director Related	Demand Deposit	9	9
Kresta Laurel Limited	Director Related	Demand/Time Deposits	226,053	100,260
Main One Cable Company Ltd	Director Related	Demand Deposit	814	24,715
WSTC Financial Services Ltd	Director Related	Demand/Time Deposits	150,273	138,539
WSTC Nominee Limited	Director Related	Demand Deposit	431	431
Wstc Securities Limited	Director Related	Demand Deposit	66,038	12,216
International Travel Express Ltd	Director Related	Demand Deposit	15	15
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposit	9	44
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	-	157
Polystyrene Industries Ltd	Director Related	Demand Deposit	2,663	4,507
Touchdown Travels Limited	Director Related	Demand/Time Deposits	19,569	15,322
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	-	9,073
Agbaje, Olufemi Augustus	Director Related	Demand Deposit	21,155	14,930
Adeola Razack Adeyemi	Director Related	Demand Deposit	21,271	28,647
IBFC Alliance	Director Related	Demand Deposit	265	2,155
Contemporary Gifts Limited	Insider Related	Demand Deposit	-	35
Fcsl Asset Mgt Company Ltd	Director Related	Demand Deposit	4,160	11,393
Ithena Logic Limited	Director Related	Demand Deposit	1	1
School Kits Limited	Insider Related	Demand Deposit	3,545	863
Uzoewulu, Lisa Obiageli	Insider Related	Demand Deposit	23	31
Adeola Fola	Director Related	Demand Deposit	265,675	238,237
Hassan Ibrahim	Director Related	Demand Deposit	1,185	3,606
Agusto, Olabode Mubasheer	Director Related	Demand Deposit	1,799	4,520
Downtown Hotel & Cat. Services	Director Related	Demand Deposit	158	996
Kalejaiye, Olanrewaju Oluwatoyin	Insider Related	Demand Deposit	-	7,335
			935,078	**689,470**

Interest expense on insider related deposits was N25,422,000 (Dec 2017: 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-2018**	**Dec-2017**
GTB Sierra Leone	Subsidiaries	Domicilliary	1,328	1,226
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	42,548	39,272
			47,338	**43,960**

(g) Connected Lending

The Bank has Loan exposure in the sum of N8.49bn to Forillion Transatlantic Limited, an unconsolidated SME investment where the Bank has 80% shareholding.

(h) 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Secured loans	179,316	631,288	179,316	631,288

Deposits:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-20178	Parent Dec-2017
Total deposits	935,078	689,470	935,078	689,470

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.

(i) Key management personnel compensation for the year comprises:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Wages and salaries	1,749,832	1,894,563	1,541,903	1,590,207
Post-employment benefits	68,170	54,013	68,170	54,013
Share-based payments	1,552,765	218,733	1,224,789	218,733
Increase /(decrease) in share appreciation rights	790,583	329,800	-	-
	4,161,350	**2,497,109**	**2,834,862**	**1,862,953**

(j) (i) Directors' remuneration

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Fees as directors	376,065	322,758	24,500	21,500
Other allowances	209,905	556,536	209,400	248,080
	585,970	879,294	233,900	269,580
Executive compensation	806,202	698,917	806,202	689,245
	1,392,172	**1,578,211**	**1,040,102**	**958,825**

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Dec-2018	Parent Dec-2017
Chairman	26,367	35,870
Highest paid director	384,157	224,157

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Dec-2018	Parent Dec-2017
N 6,500,001 - N11,000,000	1	1
N11,500,001 - N12,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	-	-
Above N22,500,001	14	14
	15	**15**

49. Contraventions

INFRACTION	AMOUNT
2016 FX examination findings -CBN SMIS	N2,000,000
2016 & 2017 Risk Based Examination findings	N14,000,000
CBN Spot Check Examination	N6,000,000
Breach of Credit Limit	N2,000,000

50. Subsequent events

Aside from the final dividend of N2.45k per share declared by the Board of Directors, there were no other events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

51. Restatement of comparative financial information

Prior period corresponding balances

Certain prior period balances have been reclassified in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate:

In thousands of Nigerian Naira	Reported Group Dec-2017	Restatements Group 2017	Restated Group Dec-2017	Reported Parent Dec-2017	Restatements Parent 2017	Restated Parent Dec-2017
Assets						
Cash and cash equivalents	641,973,784	-	641,973,784	455,296,196	-	455,296,196
Financial assets held for trading	23,945,661	-	23,945,661	16,652,356	-	16,652,356
Derivative financial assets	2,839,078	-	2,839,078	2,839,078	-	2,839,078
Investment securities:						
– Available for sale	517,492,733	-	517,492,733	453,089,625	-	453,089,625
– Held to maturity	96,466,598	-	96,466,598	2,007,253	-	2,007,253
Assets pledged as collateral	58,976,175	-	58,976,175	58,961,722	-	58,961,722
Loans and advances to banks	750,361	-	750,361	43,480	-	43,480
Loans and advances to customers	1,448,533,430	-	1,448,533,430	1,265,971,688	-	1,265,971,688
Other assets	444,946,897	-	444,946,897	433,528,669	-	433,528,669
Investment in subsidiaries	-	-	-	46,207,004	-	46,207,004
Property and equipment	98,669,998	-	98,669,998	84,979,798	-	84,979,798
Intangible assets	14,834,954	-	14,834,954	4,501,296	-	4,501,296
Deferred tax assets	1,666,990	-	1,666,990	-	-	-
	3,351,096,659	**-**	**3,351,096,659**	**2,824,078,165**	**-**	**2,824,078,165**
Assets classified as held for sale and discontinued operations	-	-	-	850,820	-	850,820
Total assets	**3,351,096,659**	**-**	**3,351,096,659**	**2,824,928,985**	**-**	**2,824,928,985**
Liabilities						
Deposits from banks	85,430,514	-	85,430,514	42,360	-	42,360
Deposits from customers	2,062,047,633	-	2,062,047,633	1,697,560,947	-	1,697,560,947
Financial liabilities held for trading	2,647,469	-	2,647,469	2,647,469	-	2,647,469
Derivative financial liabilities	2,606,586	-	2,606,586	2,606,586	-	2,606,586
Other liabilities	218,349,244	5,767,585	224,116,829	197,251,819	5,767,585	203,019,404
Current income tax liabilities	24,147,356	-	24,147,356	24,009,770	-	24,009,770
Deferred tax liabilities	18,076,225	-	18,076,225	12,814,766	-	12,814,766
Debt securities issued	92,131,923	-	92,131,923	92,131,923	-	92,131,923
Other borrowed funds	220,491,914	-	220,491,914	210,671,384	-	210,671,384
	2,725,928,864	**5,767,585**	**2,731,696,449**	**2,239,737,024**	**5,767,585**	**2,245,504,609**
Liabilities included in assets classified as held for sale and discontinued operations	-	-	-	847,600	-	847,600
Total liabilities	**2,725,928,864**	**5,767,585**	**2,731,696,449**	**2,240,584,624**	**5,767,585**	**2,246,352,209**

Statements of financial position (Continued)
As at 31 December 2018

In thousands of Nigerian Naira	Reported Group Dec-2017	Restatements Group 2017	Restated Group Dec-2017	Reported Parent Dec-2017	Restatements Parent 2017	Restated Parent Dec-2017
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
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	(5,767,585)	122,618,621	115,361,824	(5,767,585)	109,594,239
Other components of equity	352,403,527	-	352,403,527	330,795,833	-	330,795,833
	613,685,192	**(5,767,585)**	**607,917,607**	**584,344,361**	**(5,767,585)**	**578,576,776**
Non-controlling interests in equity	11,482,603	-	11,482,603	-	-	-
Total equity	**625,167,795**	**(5,767,585)**	**619,400,210**	**584,344,361**	**(5,767,585)**	**578,576,776**
Total equity and liabilities	**3,351,096,659**	**-**	**3,351,096,659**	**2,824,928,985**	**-**	**2,824,928,985**

The reported changes relate to the inclusion of contingent assets in the basis for calculating AMCON levy.
N2,556,975,000 of the figure relates to prior year while the balance relates to 2016 financial year.
The amounts have been recognised as payable to the Central Bank of Nigeria and deduction from the Retained Earnings.

In thousands of Nigerian Naira	Reported Group Dec-2017	Restatements Group Dec-2017	Restated Group Dec-2017	Reported Parent Dec-2017	Restatements Parent Dec-2017	Restated Parent Dec-2017
Interest income	327,333,512	-	327,333,512	284,442,547	-	284,442,547
Interest expense	(80,670,351)	-	(80,670,351)	(66,792,928)	-	(66,792,928)
Net interest income	**246,663,161**	**-**	**246,663,161**	**217,649,619**	**-**	**217,649,619**
Loan impairment charges	(12,169,120)	-	(12,169,120)	(10,834,612)	-	(10,834,612)
Net interest income after loan impairment charges	**234,494,041**	**-**	**234,494,041**	**206,815,007**	**-**	**206,815,007**
Fee and commission income	42,921,857	-	42,921,857	30,048,147	-	30,048,147
Fee and commission expense	(2,189,661)	-	(2,189,661)	(1,561,766)	-	(1,561,766)
Net fee and commission income	**40,732,196**	**-**	**40,732,196**	**28,486,381**	**-**	**28,486,381**
Net gains/(losses) on financial instruments classified as held for trading	11,338,819	-	11,338,819	6,542,636	-	6,542,636
Other income	37,632,083	-	37,632,083	39,203,978	-	39,203,978
Other income	**48,970,902**	**-**	**48,970,902**	**45,746,614**	**-**	**45,746,614**
Total operating income	**324,197,139**	**-**	**324,197,139**	**281,048,002**	**-**	**281,048,002**
Net impairment loss on financial assets	(696,680)	-	(696,680)	(696,680)	-	(696,680)
Net operating income after net impairment loss on financial assets	323,500,459	-	323,500,459	280,351,322	-	280,351,322
Personnel expenses	(32,832,341)	-	(32,832,341)	(22,354,351)	-	(22,354,351)
Operating lease expenses	(1,596,413)	-	(1,596,413)	(654,665)	-	(654,665)
Depreciation and amortization	(15,383,697)	-	(15,383,697)	(13,042,425)	-	(13,042,425)
Other operating expenses[1]	(73,445,988)	(2,556,975)	(76,002,963)	(58,095,277)	(2,556,975)	(60,652,252)
Total expenses	**(123,258,439)**	**(2,556,975)**	**(125,815,414)**	**(94,146,718)**	**(2,556,975)**	**(96,703,693)**
Profit before income tax	**200,242,020**	**(2,556,975)**	**197,685,045**	**186,204,604**	**(2,556,975)**	**183,647,629**
Income tax expense	(29,772,387)	-	(29,772,387)	(24,919,924)	-	(24,919,924)
Profit for the year	**170,469,633**	**(2,556,975)**	**167,912,658**	**161,284,680**	**(2,556,975)**	**158,727,705**

[1]Other operating expenses: The restatement of prior year largely resulted from the inclusion of contingents assets as part of total assets for the purpose of determining AMCON charge by the Central Bank of Nigeria which was retrospectively applied to 2016 and 2017 financial years.

REGULATORY REQUIREMENT UNDER THE 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)

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 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

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 ofthe underlining shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180days to 2years 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 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. SME 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 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. SME 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 In-come	% 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

STATEMENT OF PRUDENTIAL ADJUSTMENT

STATEMENT OF PRUDENTIAL ADJUSTMENT

The Bank transferred a sum of N2,089,958,000 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity in the year.The reassessed CBN recommended provision as at December 31, 2018 amounted to N95,666,736,000. Of the amount recommended by the Central Bank of Nigeria, N21,462,240,000 relates to 2% General Loan Loss Provision on performing loans and N384,268,000 relates to Other Known Losses. 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. The total regulatory risk reserve stood at N4,361,913,000 at the end of the year.

The Reconciliation between the CBN Recommended provisions and that under IFRS as at December 2018 is as shown in the table below:

	In thousands of Nigerian Naira	Reference	Specific	General	Total
a	**Loans and Advances:**				
	Provision per CBN Prudential Guidelines		73,820,228	21,462,240	95,282,468
	Impairment allowance per IFRS 9: (Stages 1,2,3)	(Notes 28 & 29)	(90,984,448)	-	(90,984,448)
	Amount required in Regulatory Risk Reserve[1]		**(17,164,220)**	**21,462,240**	**4,298,020**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses – CBN recommended (A)		384,268
	Provision for Other Assets on the Book (Note 34) (B)		320,375
	Amount required in Regulatory Risk Reserve (A-B)		**63,893**

[1]Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS.

c	**Impairment of loans and advances and Other Known Losses (OKL)**		
	Regulatory reserve required for loans and advances		4,298,020
	Regulatory reserve required for Other Known Losses		63,893
	Balance required per Regulatory Risk Reserve		**4,361,913**
	Balance currently on Regulatory Risk Reserve	(SOCIE-Page 87)	**(2,271,955)**
	Amount to be transferred to regulatory risk reserve		**2,089,958**

d	**Movement in Regulatory Reserves**				
		Specific	**General**	**Others**	**Total**
	Balance as at 1 January	43,390,378	23,981,770	390,531	67,762,679
	Impact of IFRS 9 adoption	(43,390,378)	(21,709,815)	(390,531)	(65,490,724)
	Additional amount required	-	2,026,065	63,893	2,089,958
	Balance, end of the year	**-**	**4,298,020**	**63,893**	**4,361,913**

The regulatory risk reserve for the Group as at December 2018 was N4,429,116,000.

ECL COVERAGE RATIOS

ECL COVERAGE RATIOS

The ECL Coverage ratio of each stage of the Bank's financial instruments as at December 31, 2018 is presented below in line with CBN's circular referenced BSD/DIR/GEN/LAB/11/027 on Transitional Arrangements Treatment of IFRS 9

	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
Financial statements items	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**%**	**%**	**%**	**%**
On-balance sheet items:												
Cash and balances with central banks	47,484,035	-	-	47,484,035	-	-	-	-	0.00%	0.00%	0.00%	0.00%
Placements and other short term investments	291,334,276	-	-	291,334,276	115,080	-	-	115,080	0.04%	0.00%	0.00%	0.04%
Loans and advances to banks at amortised cost	34,237	3	14,498	48,738	39	-	2,625	2,664	0.11%	0.00%	18.11%	5.47%
Loans and advances to customers at amortised cost	938,510,580	136,903,707	83,566,516	1,158,980,803	5,179,281	11,134,508	74,667,995	90,981,784	0.55%	8.13%	89.35%	7.85%
Debt investment securities at amortised cost	2,008,137	-	-	2,008,137	4,865	-	-	4,865	0.24%	0.00%	0.00%	0.24%
Debt investment securities at FVOCI	459,912,729	-	-	459,912,729	283,470	-	-	283,470	0.06%	0.00%	0.00%	0.06%
Other financial assets												
measured at amortised cost	495,290,182	-	-	495,290,182	320,375	-	-	320,375	0.06%	0.00%	0.00%	0.06%
Sub total	**2,234,574,176**	**136,903,710**	**83,581,014**	**2,455,058,900**	**5,903,110**	**11,134,508**	**74,670,620**	**91,708,238**	**0.26%**	**8.13%**	**89.34%**	**3.74%**
Off-balance sheet items:												
- Letter of credits	22,059,650	-	-	22,059,650	1,169,299	-	-	1,169,299	5.30%	0.00%	0.00%	5.30%
Financial guarantee and similar contracts												
- financial guarantees	362,816,565	-	-	362,816,565	314,334	84,043	-	398,377	0.09%	0.00%	0.00%	0.11%
Sub total	**384,876,215**	**-**	**-**	**384,876,215**	**1,483,633**	**84,043**	**-**	**1,567,676**	**0.39%**	**0.00%**	**0.00%**	**0.41%**
Notional lines:												
Loan and other credit related commitments	688,179,081	-	-	688,179,081	5,145,452	-	-	5,145,452	0.75%	0.00%	0.00%	0.75%
Sub total	**688,179,081**	**-**	**-**	**688,179,081**	**5,145,452**	**-**	**-**	**5,145,452**	**0.75%**	**0.00%**	**0.00%**	**0.75%**
Total	**3,307,629,472**	**136,903,710**	**83,581,014**	**3,528,114,196**	**12,532,195**	**11,218,551**	**74,670,620**	**98,421,366**	**0.38%**	**8.19%**	**89.34%**	**2.79%**

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 considers 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 regards Reputational Risk as 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 maintains a robust OpRisk loss database detailing relevant OpRisk loss data for eight 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 and its subsidiaries. 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 remained certified ISO 22301 BC compliant by the globally recognized Professional Evaluation and Certification Board (PECB) for 4 years and continually improving in its BCM maturity, thereby 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 are 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. Table talk fire drill (facilitated discussions) was introduced for locations that discontinued regular fire drills due to security scare. In addition, awareness on health and safety issues are presented periodically on the intranet and via other forum.

Operational Risk Champions & BCM Champions – Members of staff from various teams bankwide are selected and undergo intensive Operational Risk management trainings. They become Operational Risk ambassadors in their various departments/ Groups, they further enshrine the OpRisk standards, culture and practices. The same is done in selecting Business continuity Champions (BCM).

Operational Risk Management Philosophy and Principles

Approach to Managing OpRisk – Guaranty Trust Bank continually adopts operational risk procedures and practices that are "fit for purpose" this increases the efficiency and effectiveness of the Bank's resources, minimize losses and utilize opportunities.

This outlook entrenches 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, 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 an updated 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 considers and approves key decisions relating to Operational Risk before presentation to the Board. The Committee ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.

All process owners are responsible for the day-to-day management of 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 has maintained 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 – Weekly reports have been added to the monthly, quarterly, and annual reports highlighting key operational risks identified which are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To ensure timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk Management software/application is being used by the Bank. This is to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed. Current processes are also being automated.

ACTIVITIES OF CARDS OPERATIONS

5. Activities of Cards Operations

Within Nigeria and all other countries where we have a foothold, the group continues to abide by strict standards and requirements for the issuance and usage of payment cards. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction. Stringent fraud control measures have also been implemented to reduce financial loss to both customers and the bank.

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, one of which is the contactless payment technology.

Presented below are the highlights of our card transaction volumes for period ended 31 December 2018.

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-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
	'000	'000	N'mm	N'mm	N'mm	N'mm
Naira denominated debit cards	284,224	230,458	75,685	32,049	2,390,508	2,113,904
Foreign currency credit cards	277	285	27,629	20,909	-	-
Foreign currency debit cards	1,529	1,072	68,563	45,909	2,699	1,712

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
Naira MasterCard debit	85	-	3,967	2,982	188,423	175,801	91,749	51,676
Foreign Currency								
Denominated Cards:								
MasterCard debit	95	59	814	528	18	9	105	19
MasterCard credit	11	9	112	94	-	-	-	-
Visa classic debit	46	50	348	388	8	7	95	11
Visa classic credit	12	15	131	157	-	-	-	-
World credit	1	1	9	10	-	-	-	-
Total	**250**	**135**	**5,381**	**4,158**	**188,449**	**175,816**	**91,949**	**51,706**

Breakdown of transactions done using GTBank Cards (Value of Transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In millions of Naira	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
Naira MasterCard debit	3,337	-	72,348	32,049	1,677,752	1,650,268	712,756	463,636
MasterCard debit	9,699	4,908	31,934	19,447	233	87	1,781	967
MasterCard credit	1,326	902	8,375	4,747	-	-	-	-
Visa classic debit	5,112	4,518	21,818	17,036	125	78	560	580
Visa classic credit	1,518	1,588	14,228	11,661	-	-	-	-
World credit	102	94	2,080	1,917	-	-	-	-
Total	**21,094**	**12,010**	**150,783**	**86,858**	**1,678,110**	**1,650,433**	**715,097**	**465,184**

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	Unrestricted cash withdrawals on International ATM. Awareness
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. Escalation to the relevant department of the regulators (CBN) to assist to check the activities of processors/switches responsible for persistent incidents.
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	Strict adherence to resolution of customers' complaints within stipulated time frame. Proactive reversal of 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
for the year ended 31 December 2018

Group

In thousands of Nigerian Naira	Dec-2018 Continuing operations	Total		Dec-2017 Continuing operations	Total	
			%			%
Gross earnings	434,698,969	434,698,969		419,226,271	419,226,271	
Interest expense:						
-Local	(58,507,370)	(58,507,370)		(52,668,184)	(52,668,184)	
- Foreign	(26,022,311)	(26,022,311)		(28,002,167)	(28,002,167)	
	350,169,288	**350,169,288**		**338,555,920**	**338,555,920**	
Loan impairment charges / Net						
Impairment loss on financial assets	(5,556,500)	(5,556,500)		(12,865,800)	(12,865,800)	
	344,612,788	**344,612,788**		**325,690,120**	**325,690,120**	
Bought in materials and services						
- Local	(74,340,071)	(74,340,071)		(78,473,644)	(78,473,644)	
- Foreign	(200,550)	(200,550)		(1,315,393)	(1,315,393)	
Value added	**270,072,167**	**270,072,167**	**100**	**245,901,083**	**245,901,083**	**100**
Distribution:						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	36,856,121	36,856,121	14	32,832,341	32,832,341	13
Government						
- Taxation	30,947,176	30,947,176	11	29,772,387	29,772,387	12
Retained in the Group						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	17,629,276	17,629,276	7	15,383,697	15,383,697	6
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	184,639,594	184,639,594	68	167,912,658	167,912,658	69
	270,072,167	**270,072,167**	**100**	**245,901,083**	**245,901,083**	**100**

Value Added Statements
for the year ended 31 December 2018

Parent

In thousands of Nigerian Naira	Dec-2018 Continuing operations	Total		Dec-2017 Continuing operations	Total	
			%			%
Gross earnings	356,532,364	356,532,364		360,237,308	360,237,308	
Interest expense:						
-Local	(58,843,507)	(58,843,507)		(52,884,240)	(52,884,240)	
- Foreign	(10,725,572)	(10,725,572)		(13,908,688)	(13,908,688)	
	286,963,285	**286,963,285**		**293,444,380**	**293,444,380**	
Loan impairment charges / Net						
Impairment loss on financial assets	(1,384,004)	(1,384,004)		(11,531,292)	(11,531,292)	
	285,579,281	**285,579,281**		**281,913,088**	**281,913,088**	
Bought in materials and services						
- Local	(57,232,710)	(57,232,710)		(61,553,290)	(61,553,290)	
- Foreign	(200,550)	(200,550)		(1,315,393)	(1,315,393)	
Value added	**228,146,021**	**228,146,021**	**100**	**219,044,405**	**219,044,405**	**100**
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	23,681,401	23,681,401	10	22,354,351	22,354,351	10
Government						
- Taxation	23,289,521	23,289,521	10	24,919,924	24,919,924	11
Retained in the Bank						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	14,255,334	14,255,334	6	13,042,425	13,042,425	6
- Profit for the year (including statutory and regulatory risk reserves)	166,919,765	166,919,765	74	158,727,705	158,727,705	73
	228,146,021	**228,146,021**	**100**	**219,044,405**	**219,044,405**	**100**

FIVE YEAR FINANCIAL SUMMARY

Statement for financial position

Group

In thousands of Nigerian Naira	Dec-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Assets					
Cash and bank balances	676,989,012	641,973,784	455,863,305	254,633,215	246,939,868
Financial assets held for trading	11,314,814	23,945,661	12,053,919	34,626,186	9,415,919
Derivative financial assets	3,854,921	2,839,078	1,042,470	-	529,732
Investment securities:					
– Fair Value through profit or loss	2,620,200	-	-	-	-
– Fair Value through other comprehensive Income	536,084,955	-	-	-	-
– Available for sale	-	517,492,733	448,056,733	364,180,150	344,701,935
– Held at amortised cost	98,619,509	-	-	-	-
– Held to maturity	-	96,466,598	80,155,825	29,408,045	35,160,640
Assets pledged as collateral	56,777,170	58,976,175	48,216,412	61,954,777	39,179,198
Loans and advances to banks	2,994,642	750,361	653,718	1,051,521	5,695,592
Loans and advances to customers	1,259,010,359	1,448,533,430	1,589,429,834	1,371,925,547	1,275,681,135
Other assets	508,678,702	444,946,897	371,995,835	303,110,737	307,461,561
Property and equipment	111,825,917	98,669,998	93,488,055	87,988,778	76,236,447
Intangible assets	16,402,621	14,834,954	13,858,906	12,470,612	12,516,219
Deferred tax assets	2,169,819	1,666,990	1,578,427	3,244,141	2,358,280
Total assets	**3,287,342,641**	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**	**2,355,876,526**
Liabilities					
Deposits from banks	82,803,047	85,430,514	125,067,848	26,256,839	31,661,622
Deposits from customers	2,273,903,143	2,062,047,633	1,986,246,232	1,610,349,689	1,618,208,194
Financial liabilities held for trading	1,865,419	2,647,469	2,065,402	-	-
Derivative financial liabilities	3,752,666	2,606,586	987,502	-	253,374
Other liabilities	140,447,508	224,116,829	118,893,100	104,605,713	57,200,461
Current income tax liabilities	22,650,861	24,147,356	17,928,279	17,739,676	20,827,157
Deferred tax liabilities	7,785,850	18,076,225	17,641,384	6,839,522	4,391,668
Debt securities issued	-	92,131,923	126,237,863	180,117,424	167,321,207
Other borrowed funds	178,566,800	220,491,914	219,633,604	165,122,908	91,298,545
Total liabilities	**2,711,775,294**	**2,731,696,449**	**2,614,701,214**	**2,111,031,771**	**1,991,162,228**
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	(5,583,635)	(5,291,245)	(5,291,245)	(4,754,156)	(3,987,575)
Retained earnings	106,539,050	122,618,621	87,062,977	51,089,585	51,425,181
Other components of equity	323,991,767	352,403,527	272,891,094	222,651,255	173,410,666
Total equity attributable to owners of the Bank	**563,133,886**	**607,917,607**	**492,849,530**	**407,173,388**	**359,034,976**
Non-controlling interests in equity	12,433,461	11,482,603	8,842,695	6,388,550	5,679,322
Total equity	**575,567,347**	**619,400,210**	**501,692,225**	**413,561,938**	**364,714,298**
Total equity and liabilities	**3,287,342,641**	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**	**2,355,876,526**

Statement of comprehensive Income

Group

In thousands of Nigerian Naira	Dec-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Interest income	306,963,482	327,333,512	262,494,101	229,236,715	200,602,653
Interest expense	(84,529,681)	(80,670,351)	(67,093,923)	(69,289,592)	(58,210,555)
Net interest income	**222,433,801**	**246,663,161**	**195,400,178**	**159,947,123**	**142,392,098**
Loan impairment charges	(4,906,485)	(12,169,120)	(65,290,310)	(12,408,194)	(7,098,448)
Net interest income after loan impairment charges	**217,527,316**	**234,494,041**	**130,109,868**	**147,538,929**	**135,293,650**
Fee and commission income	52,367,605	42,921,857	39,403,171	51,865,608	47,969,982
Fee and commission expense	(1,897,532)	(2,189,661)	(3,456,257)	(3,079,439)	(2,114,365)
Net fee and commission income	**50,470,073**	**40,732,196**	**35,946,914**	**48,786,169**	**45,855,617**
Net gains on financial instruments classified as held for trading	24,583,974	11,338,819	5,218,451	12,237,394	12,084,108
Other income	50,783,908	37,632,083	107,499,864	8,510,394	17,864,071
Total other income	**75,367,882**	**48,970,902**	**112,718,315**	**20,747,788**	**29,948,179**
Operating income	**343,365,271**	**324,197,139**	**278,775,097**	**217,072,886**	**211,097,446**
Net impairment loss on financial assets	(650,015)	(696,680)	-	-	(273,815)
Net operating income after net impairment loss on financial assets	**342,715,256**	**323,500,459**	**278,775,097**	**217,072,886**	**210,823,631**
Personnel expenses	(36,856,121)	(32,832,341)	(29,453,465)	(27,721,723)	(27,442,101)
Operating lease expenses	(2,085,035)	(1,596,413)	(1,375,228)	(1,124,691)	(913,085)
Depreciation and amortization	(17,629,276)	(15,383,697)	(15,249,366)	(12,594,522)	(12,151,655)
Other operating expenses	(70,558,054)	(76,002,963)	(70,197,495)	(54,937,146)	(53,930,947)
Total expenses	**(127,128,486)**	**(125,815,414)**	**(116,275,554)**	**(96,378,082)**	**(94,437,788)**
Profit before income tax	**215,586,770**	**197,685,045**	**162,499,543**	**120,694,804**	**116,385,843**
Income tax expense	(30,947,176)	(29,772,387)	(32,855,806)	(21,257,923)	(21,951,751)
Profit for the year	**184,639,594**	**167,912,658**	**129,643,737**	**99,436,881**	**94,434,092**

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	6.54	5.94	4.67	3.51	3.32
– Diluted	6.54	5.94	4.67	3.51	3.32

Statement of Financial Position

Bank

In thousands of Nigerian Naira	Dec-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Assets					
Cash and cash bank balances	457,497,929	455,296,196	233,847,233	173,133,109	161,778,647
Financial assets held for trading	8,920,153	16,652,356	6,321,370	25,075,618	5,675,545
Derivative financial assets	3,854,921	2,839,078	1,042,470	-	529,732
Investment securities:					
– Fair Value through profit or loss	2,620,200	-	-	-	-
– Fair Value through other comprehensive Income	459,629,259	-	-	-	-
– Available for sale	-	453,089,625	408,246,905	327,585,822	317,749,878
– Held at amortised cost	2,003,272	-	-	-	-
– Held to maturity	-	2,007,253	5,219,262	3,210,575	4,511,342
Assets pledged as collateral	56,291,739	58,961,722	48,205,702	61,946,270	39,173,640
Loans and advances to banks	46,074	43,480	29,943	638,817	30,815
Loans and advances to customers	1,067,999,019	1,265,971,688	1,417,217,952	1,265,207,443	1,182,393,874
Other assets	494,969,807	433,528,669	364,152,777	297,240,082	304,174,757
Investment in subsidiaries	55,814,032	46,207,004	43,968,474	41,905,781	40,130,284
Property and equipment	96,300,538	84,979,798	81,710,025	79,192,748	68,042,098
Intangible assets	5,635,606	4,501,296	3,377,961	2,492,959	2,417,700
	2,711,582,549	**2,824,078,165**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**
Assets classified as held for sale and discontinued operations	938,945	850,820	-	-	-
Total assets	**2,712,521,494**	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**
Liabilities					
Deposits from banks	735,929	42,360	40,438	39,941	143,713
Deposits from customers	1,865,816,172	1,697,560,947	1,681,184,820	1,422,550,125	1,439,522,070
Financial liabilities held for trading	1,865,419	2,647,469	2,065,402	-	-
Derivative financial liabilities	3,752,666	2,606,586	987,502	-	253,374
Other liabilities	119,812,419	203,019,404	93,271,050	85,126,211	47,714,495
Current income tax liabilities	22,511,233	24,009,770	17,819,039	19,378,526	22,275,884
Deferred tax liabilities	7,888,454	12,814,766	11,946,699	6,345,773	3,955,805
Debt securities issued	-	92,131,923	-	-	-
Other borrowed funds	177,361,218	210,671,384	332,317,881	338,580,300	252,830,895
	2,199,743,510	**2,245,504,609**	**2,139,632,831**	**1,872,020,876**	**1,766,696,236**
Liabilities included in assets classified as held for sale and discontinued operations	935,725	847,600	-	-	-
Total liabilities	**2,200,679,235**	**2,246,352,209**	**2,139,632,831**	**1,872,020,876**	**1,766,696,236**
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	79,668,689	109,594,239	80,778,889	46,048,031	48,824,128
Other components of equity	293,986,866	330,795,833	254,741,650	221,373,613	172,901,244
Total equity	**511,842,259**	**578,576,776**	**473,707,243**	**405,608,348**	**359,912,076**
Total equity and liabilities	**2,712,521,494**	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**

Statement of Comprehensive Income

Bank

In thousands of Nigerian Naira	Dec-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Interest income	258,010,986	284,442,547	226,579,479	206,478,499	179,984,274
Interest expense	(69,569,079)	(66,792,928)	(55,551,522)	(61,445,632)	(51,285,444)
Net interest income	**188,441,907**	**217,649,619**	**171,027,957**	**145,032,867**	**128,698,830**
Loan impairment charges	(1,504,303)	(10,834,612)	(63,542,640)	(11,769,374)	(6,184,289)
Net interest income after loan impairment charges	**186,937,604**	**206,815,007**	**107,485,317**	**133,263,493**	**122,514,541**
Fee and commission income	36,110,550	30,048,147	28,527,039	44,034,897	40,944,512
Fee and commission expense	(957,708)	(1,561,766)	(2,947,714)	(2,689,751)	(1,747,518)
Net fee and commission income	**35,152,842**	**28,486,381**	**25,579,325**	**41,345,146**	**39,196,994**
Net gains on financial instruments classified as held for trading	16,652,294	6,542,636	2,248,241	9,189,686	8,344,350
Other income	45,758,534	39,203,978	108,562,100	9,173,208	19,733,915
Total other income	**62,410,828**	**45,746,614**	**110,810,341**	**18,362,894**	**28,078,265**
Total Operating income	**284,501,274**	**281,048,002**	**243,874,983**	**192,971,533**	**189,789,800**
Net impairment reversal/(loss) on financial assets	120,299	(696,680)	-	-	(273,815)
Net operating income after net impairment loss on financial assets	**284,621,573**	**280,351,322**	**243,874,983**	**192,971,533**	**189,515,985**
Personnel expenses	(23,681,401)	(22,354,351)	(20,704,772)	(20,727,835)	(21,036,543)
Operating lease expenses	(663,998)	(654,665)	(670,172)	(674,958)	(560,710)
Depreciation and amortization	(14,255,334)	(13,042,425)	(12,730,298)	(10,787,370)	(10,590,175)
Other operating expenses	(55,811,554)	(60,652,252)	(58,401,172)	(47,754,313)	(46,960,706)
Total expenses	**(94,412,287)**	**(96,703,693)**	**(92,506,414)**	**(79,944,476)**	**(79,148,134)**
Profit before income tax	**190,209,286**	**183,647,629**	**151,368,569**	**113,027,057**	**110,367,851**
Income tax expense	(23,289,521)	(24,919,924)	(27,168,695)	(18,718,934)	(21,197,074)
Profit for the year	**166,919,765**	**158,727,705**	**124,199,874**	**94,308,123**	**89,170,777**

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	5.67	5.39	4.31	3.20	3.03
– Diluted	5.67	5.39	4.31	3.20	3.03

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
2018	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 2018

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31-Dec-18	Percentage Dividend Amount Unclaimed
Payment 33	Final	2/28/2008	9,575,590,955.00	70 kobo	395,637,160.51	4.13%
Payment 34	Final	12/31/2008	14,922,998,891.00	100 kobo	662,266,223.96	4.44%
Payment 35	Final	12/31/2009	13,990,311,460.50	75 kobo	622,351,094.96	4.45%
Payment 36	Interim	12/31/2010	5,829,296,441.75	25 kobo	246,960,947.65	4.24%
Payment 37	Final	12/31/2010	17,487,889,325.37	75 kobo	734,741,275.46	4.20%
Payment 38	Interim	12/31/2011	7,286,620,552.30	25 kobo	309,251,264.94	4.24%
Payment 39	Final	12/31/2011	25,016,502,340.40	85 kobo	977,965,295.68	3.91%
Payment 40	Interim	12/31/2012	7,357,794,806.00	25 kobo	295,515,452.31	4.02%
Payment 41	Final	12/31/2012	38,260,532,991.20	130 kobo	1,463,618,595.44	3.83%
Payment 42	Interim	12/31/2013	7,357,794,806.00	25 kobo	321,861,992.45	4.37%
Payment 43	Final	12/31/2013	42,675,209,874.80	145 kobo	1,726,636,848.03	4.05%
Payment 44	Interim	12/31/2014	7,357,794,806.00	25 kobo	314,036,948.95	4.27%
Payment 45	Final	12/31/2014	44,146,768,836.00	150 kobo	1,697,145,686.01	3.84%
Payment 46	Interim	12/31/2015	7,357,794,806.00	25 kobo	298,827,202.93	4.06%
Payment 47	Final	12/31/2015	44,735,392,420.48	152 kobo	1,683,935,481.20	3.76%
Payment 48	Interim	12/31/2016	7,357,794,806.00	25 kobo	302,125,009.67	4.11%
Payment 49	Final	12/31/2016	51,504,563,642.00	175 kobo	184,692,697.15	0.36%
Payment 50	Interim	12/31/2017	8,829,353,767.20	30 kobo	385,332,780.03	4.36%
Payment 51	Final	12/31/2017	70,634,830,137.60	240 kobo	4,381,730,394.29	6.20%
Payment 52	Interim	8/29/2018	8,829,353,767.20	30 kobo	555,434,490.22	6.29%

CORPORATE INFORMATION

MANAGEMENT TEAM

Segun Agbaje
Managing Director / CEO

Ademola Odeyemi
Executive Director - Head, International Banking, Group Co-ordination and Planning

Haruna Musa
Executive Director - Head, North East Division & Public Sector (Abuja)

Bolaji Lawal
Executive Director - Head, Digital Banking Division

Miriam Olusanya
Executive Director - Head, Wholesale Banking Division

Babajide Okuntola
Executive Director - Head, Oil & Gas Division

Adebanji Adeniyi
General Manager - Head, Financial Control, Reporting and Strategy Division

Femi Akerewusi
General Manager - Head, Corporate Bank, Lagos Mainland

George Uwakwe
General Manager - Head, Enterprise Risk Management Division

Olusina Ayegbusi
General Manager - Head, Technology Division

Osamudiame Ayanru
General Manager - Head, Corporate Bank, Lagos Island

Paul Abiagam
General Manager - Head, Lagos Island Division

Segun Fadahunsi
General Manager - Head, Systems and Control Division

Subuola Abraham
General Manager - Chief Compliance Officer

Ahmed Liman
Deputy General Manager - Head, North West Division

Bharat Soni
Deputy General Manager - Head, Information Security Group

Deji Oguntonade
Deputy General Manager - Head, FINTECH & Innovation Division

Kelvin Biiranee
Deputy General Manager - Head, Financial Institutions & Telecoms (FINTEL)

Lara Ogunlaja
Deputy General Manager - Head, Syndicated Corporate Finance Group

Mary Ahukanna
Deputy General Manager - Head, Retail South-South Division

Ndidi Ukaonu
Deputy General Manager - Head, South-South Division

Olumide Oguntuase
Deputy General Manager - Head, Operational Risk Administration

Omolade Faseru
Deputy General Manager - Head, Retail Division (Lagos Mainland)

Oyinade Adegite
Deputy General Manager - Head, Communication and External Affairs Group

Oyiza Salu
Deputy General Manager - Head, Human Resources Group

Simi Osinuga
Deputy General Manager - Head, Customer Experience Management Division

Sylvia Nwakwue
Deputy General Manager - Head, Transaction Services Division (Lagos & South-West)

Yewande Ige
Deputy General Manager - Head, South West Division

Abdullahi Ibrahim
Assistant General Manager - Head, Abuja Public Sector Division 2

Adebayo Omogoroye
Assistant General Manager - Head, Treasury & Currency Trading Group

Ayodele Adewumi
Assistant General Manager - Head, Small and Medium Enterprises (Lagos Island)

Chima Azubuike
Assistant General Manager - Head, South East Division

Chinedu Okoli
Assistant General Manager - Head, Lagos Mainland Division

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

Enoo Ebruke
Assistant General Manager - Head, Abuja Commercial Banking Division

Erhi Obebeduo
Assistant General Manager - Company Secretary

Femi Nedd
Assistant General Manager - Head, Small and Medium Enterprises (Lagos Island 2)

Glory Esiejobor
Assistant General Manager - Head, Small and Medium Enterprises (South East Division)

Modupe Olafimihan
Assistant General Manager - Head, Procurement & Expense Control Group

Olawale Abdul
Assistant General Manager - Head, Administration Group

Olawale Williams
Assistant General Manager - Head, Service Management Group

Oluwole Shodiyan
Assistant General Manager - Head, Corporate Bank, Flour

Oluyemisi Harrison-Bayagbon
Assistant General Manager - Head, Business Process Re-Engineering Group

Osa Aiwerioghene
Assistant General Manager - Head, Compliance Group

Paul Ogwemoh
Assistant General Manager - Head, Service Delivery Group

Ronald Nwaezeapu
Assistant General Manager - Head, Asset & Liability Management Group

Sherifat Dawodu
Assistant General Manager - Head, Public Sector Division (Lagos)

MANAGEMENT TEAM – SUBSIDIAIRIES

Gbenga Alade
Managing Director, Guaranty Trust Bank UK

Stuart Orton
Executive Director, Guaranty Trust Bank UK

Ikenna Anekwe
Managing Director, Guaranty Trust Bank Liberia

Prince Saye
Executive Director, Guaranty Trust Bank Liberia

Adesina Adebesin
Managing Director, Guaranty Trust Bank Gambia

Abolaji Yusuff
Executive Director, Guaranty Trust Bank Gambia

John Thomas
Managing Director, Guaranty Trust Bank Ghana

Daniel Attah
General Manager, Guaranty Trust Bank Ghana

Ade Adebiyi
Managing Director, Guaranty Trust Bank Sierra Leone

Olusegun Obasun
Executive Director, Guaranty Trust Bank Sierra Leone

Dan Shuaib
Managing Director, Guaranty Trust Bank Cote d'Ivoire

Isiaka Ajani-Lawal
Executive Director, Guaranty Trust Bank Cote d'Ivoire

Bayo Veracruz
Managing Director, Guaranty Trust Bank Kenya

Victor Ezaga
Executive Director, Guaranty Trust Bank Kenya

Emmanuel Ejizu
Managing Director, Guaranty Trust Bank Rwanda

Ayokunle Yusuf
Chief Operating Officer, Guaranty Trust Bank Rwanda

Olalekan Sanusi
Managing Director, Guaranty Trust Bank Uganda

Irenosen Ohiwerei
Executive Director, Guaranty Trust Bank Uganda

Jubril Adeniji
Managing Director, Guaranty Trust Bank Tanzania

Odunayo Akinyede
Chief Operating Officer, Guaranty Trust Bank Tanzania

PRODUCTS & SERVICES

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SHOP: your home essentials, fresh groceries, ready to wear fashion items and your favourite gadgets, all with discounts and deals to match.
PAY: bills or anyone from your Habari Wallet.

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Our Mobile Banking App lets you carry your bank with you wherever you go. You can perform transactions and manage your bank account(s) from your mobile device. It is secure and very simple to use.

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With GTWorld, you have a Mobile Banking App that is designed to cater to all that's important to you easily and seamlessly. The unique facial recognition feature means that you now have mobile banking App that recognizes you and adapts to how and when you want to bank.

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Are you a salary earner with need for more cash upfront? Quick Credit is for you. Cheap, easy and readily available, Quick Credit gives you funds worth up to three months of your salary at an interest rate of 1.75% monthly to pay back over 12 months or a year.

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Looking to grow your food business? Now you can get all the financing you need with the GTBank Food Industry Credit, which offers you a single digit interest rate loan of just 9% per annum.

Fashion Industry Credit

Building a fashion business is one of the most exciting things you can do, when you have the right support. That is why we have created a single digit interest rate loan at 9% to provide entrepreneurs in the fashion industry with all the financing they need to

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 inoperational costs associated with equipment for handling cash receipts,
- Minimized exposure to theft.

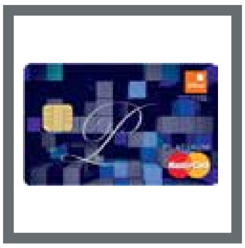
Merchants can request for GTBank POS terminals by downloading a POS Merchant Registration form at www.gtbank.com, completing it and submitting at any of our branches nationwide.

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.

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.

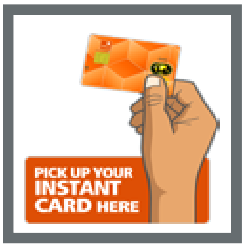
To get a GTBank Virtual Naira MasterCard, simply log on to Internet Banking to create your prepaid card instantly.

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*33*13*13#
- 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 all GTBank branches.

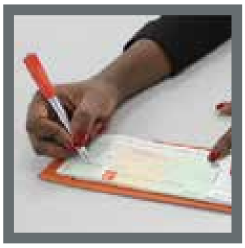
GTBank Digital Newsstand
Extra! Extra! Read all about it

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 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 logo 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 and 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.

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/quaterly 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 strongly believe in the immense potential of each and every person, irrespective of their age, background or economic status. Whether we are intervening in public education, investing in underserved communities, promoting the Arts or working to combat climate change, we are constantly looking for creative and impactful ways to touch lives and give back to society.

Pillar	Amount (N)
Arts	49,705,000
Community Development	326,615,203
Education	544,964,714
Environment	905,118
Others	5,888,289
Total	**928,078,323**

INTERVENING IN EDUCATION

We strongly believe that education is crucial for nation building and a fundamental right of every child irrespective of background, race, or economic status. Beyond funding programmes that increase access to quality education, we organize and support campaigns that boost learning opportunities whilst driving initiatives that encourage young people to stay in school.

Rekindling the Culture of Reading

Having transformed the Herbert Macaulay Library into a vibrant centre for personal learning and group interactions, we continue to leverage the space to host book readings with inspiring authors as part of our YouRead Campaign.

Among the authors that participated in our YouRead campaign was 19 year old Nkechinyere Chidi-Mbolu, the author of **"Tales of an Uber Minor."** A PhD student at the University of California, Nkechinyere graduated from Howard University, in the United States of America, at the age of 18 with a magna cum laude in Chemical Engineering, gaining a scholarship to further her studies. She has since become an inspiration for young people in Nigeria and beyond, especially the dozens of students who participated in her book reading at the Herbert Macaulay Library.

Similarly, Commonwealth Short Story prize winner Lesley Nneka Arimah thrilled more than 200 participants with stories from her award winning short story collection **"What it means when a man falls from the sky"** during her book reading session. This was also the first time that she had hosted a book reading session in Nigeria where she interacted with a large audience. Other authors who hosted book reading sessions include; Bolatito Bez-Idakula, author of **"Royalty;"** renowned life coach, Lanre Olusola, and author of bestselling **"Secrets of the Streets,"** TejuBabyFace Oyelakin, amongst others. Through our book reading sessions, we hosted seven authors, with more than 1,500 persons in attendance and reached over 500,000 people through our social media channels.

Renovation of the Children's Section of the Herbert Macaulay Library

To commemorate the 2018 World Book Day and encourage reading activities amongst children at the remodeled Herbert Macaulay Library, we remodeled the children section of the library into a more vibrant space for reading, complete with a wide range of books to spark creativity and excite the imagination of children.

Books Rock

We marked this year's Children's day Celebration with a book reading session for kids tagged "Books Rock".We had more than 100 children in attendance and organized several engaging and enlightening exercises such as Reading sessions, Spelling Bee competitions, Arts & Craft works and Letter Writing competitions.

Read Aloud Marathon

To put Nigeria on the global map as a nation passionate about books, and inspire Nigerians to maintain an active reading culture, we sponsored 40 year old Olubayode Treasures Olawunmi attempt to break the Guinness World Record in the Longest Read Aloud Marathon. With the Bank's support, Bayode read over 15 Nigerian published books in 120 hours over a period of 6 days at the Herbert Macaulay Library, Yaba.

Promoting Innovation and Academic Excellence

In 2018 we empowered four outstanding Junior Secondary School students; Mordi Menashi, Gbemi Famobiwo, Afolabi Williams and Osagumwenro Ugbo, who created a Virtual Farm Application that helps farmers manage their farm and connect with their target market. We sponsored the young innovators, aged between 12 and 14, and known together as Team Neon, to participate in the Conrad Foundation Spirit of Innovation challenge summit held at the Kennedy Space Centre, Visitor Complex, Florida, USA. At the event, the team emerged the 2018 Power Pitch Winner in the Smoke-Free World category, making history as the first team from Africa to win the innovation challenge.

Promoting Financial Literacy

To mark the 2018 Financial Literacy Day, our members of staff undertook lecturing duties in public schools across Nigeria's six geopolitical zones, teaching more than 1,300 students about banking and finance, investment, entrepreneurship and money-management skills. We also created awareness about the importance of savings on World Savings Day, organizing the **"Decoding the Financial Education"** challenge during which over 1,400 students across the country learnt practical ways to cultivating healthy savings habit and building financial independence.

NURTURING THE NEXT GENERATION OF FOOTBALL TALENTS

Over the years, our sports education program has served as a platform for identifying, nurturing and grooming young talents. In 2018, we continued our sponsorship of our grassroot football tournaments with the aim of actively engaging young people through sports whilst promoting the values of excellence and fair play.

Our annual football tournaments include: Principals Cup tournament in Lagos and Ogun States, the Masters Cup tournament and the Super Cup.

- The Principals Cup football tournament: This competition currently runs in Lagos and Ogun and is in its 9th and 6th seasons respectively. The tournament is open to all Secondary Schools in the participating States and is coordinated in partnership with the State Ministry of Youth, Sports & Social development and the Ministry of Education. The GTBank-Lagos State Principals Cup competition started in 2009/10 with 296 teams and has now grown to over 500 competing teams in both the male and female category. The GTBank-Ogun state Principals Cup now also has over 380 participating teams in both male and female categories.

- The Masters Cup football tournament: This tournament is for non-Government managed schools. The competition has a total of 42 teams in both the male and female categories and is in its 7th season of the competition.

The winners in all the tournaments - the Principals Cup Lagos and Ogun States and the Masters Cup play at the end of the season in the Super Cup match, to decide 'the champion' of the tournament champions. We further develop the talents of exceptional players discovered during the season through our player's developmental programme, "CAMP GTBank," during which the players are trained and nurtured by world class coaches.

PROMOTING ARTS

We strongly believe in the potential of Arts to unlock creativity and innovation, as well as in its critical role in societal development. Our arts initiatives seek to connect, enrich our communities whilst breaking societal barriers and building global relationships. In 2018, we made giant strides in this area through the following initiatives:

Painting the future for tomorrow's leaders

During the summer holiday of 2018, we engaged children with a 4-week Art635 Summer programme where they explored and harnessed their creativity through painting, sketching and photography. The Art 635 Summer programme was an amazing atmosphere for kids as they were encouraged by their parents, an abundance of paint brushes and acrylic paints to recreate the images of theirfavourite superheroes, dream houses, nature and other abstracts. Over 600 children and 200 young adults participated in the Art635 Summer programme

Promoting Creative Expressions through Writing

As part of our initiatives aimed at creating a platform for the appreciation of Africa's literary excellence, we invited Nigerian authors and aspiring writers to submit their unpublished stories and stand a chance to get publishing deals for their works. The contest which was named Dusty Manuscript, received over 1,000 entries and had a panel of four judges made up of authors Eghosa Imasuen, Yejide Kilanko and Toni Kan and Assistant Professor of English, Dr. Ainehi Edoro-Glines. The winner of the contest was a decade-old manuscript, titled **"Devil's Pawn"** which was written by Kukogho Iruesiri Samson. **"The Orchid Protocol"** by Onoche Emeka Onyekwena and **"The Other Side of Truth"** by Nneoma Anieto came first and second runner-up respectively.

As part of the prizes in the Dusty Manuscript Contest, the authors of the top 3 manuscripts received N1,000,000, N500,000 and N250,000 respectively, as well as publishing contracts with Kachifo Ltd. The authors of the top 10 manuscripts also received e-publishing contracts with OkadaBooks, while the authors of the top 20 manuscripts were hosted to a two-day intensive writers' boot-camp to sharpen their literary and business skills.

Harnessing Art for Economic Empowerment

One of the ways through which we harness the power of art for economic growth is by providing innovative platforms for artists to profit from their creative works. To achieve this, we launched an Art635 storefront on SME MarketHub to allow artists connect with art collectors and easily sell their art pieces. We also continue to onboard more artists on our Art635 Gallery, which is now the largest online repository for African artworks and a leading platform for the promotion of the works of indigenous artists across the continent.

Capacity Building for Female Photographers

During the year, we launched the Days of Dorcas Photography Competition to support talented female artists and enhance their career in visual arts and photography. The competition was held as a 6-day workshop facilitated by renowned Professionals including; celebrity photographer TY Bello, Uche Okpa-Iroha, a founding member of Blackbox photograph, Yetunde Ayeni-Babaeko, the founder of Camara-Studios, French photographer Bénédicte Kurzen, and Video Art and Virtual Reality artist Jumoke Sanwo.

Promoting Our Cultural Heritage

We partnered with the Ogun State Government to celebrate Africa's Drum Culture through the African Drum Festival 2018. The festival brought together drummers from 20 African countries to showcase the continent's rich cultural heritage through dance, exhibition, music and drums.

Preserving Historical Artefacts and Monuments

In commemoration of the International Museum Day on May 18, we worked with the National Commission for Museums and Monuments (NCMM) to raise awareness about preserving historical artefacts and monuments. We also organized an educational program targeted at secondary school students to promote the importance of our cultural heritage.

SUPPORTING OUR COMMUNITIES

Of far greater importance to us, beyond providing first class banking services, is the role we play in our host communities. In 2018, we partnered with individuals, Non-Governmental Organizations and charity organizations that share our core values to bring the much needed positive change to our host communities through the following intiatives:

Making Big impact through Simple Change
In 2018, we launched a nationwide campaign, tagged "#SimpleChangeBigImpact," through which we collaborated with individuals and groups to invest in the social infrastructure of twenty communities nationwide. Members of the community were challenged to think about simple changes they could make in their immediate community that will positively impact people.

We received many ingenious ideas and working with the originators of these ideas, we brought twenty of these simple change ideas to life. Some of the projects include providing sustainable sources of clean water to communities where drinking water was not available, providing shoes for children using recyclable materials, providing employment to disadvantaged members of the community, supporting pregnant women in IDP Camps and developing a USSD application that allows members of the community book hospital appointments.

Rallying support for Children with Autism
In 2018, the bank raised its voice for children living with Autism Spectrum Disorder by organizing the 8th edition of its Autism conference. The free to attend, two-day conference provided a free one-on-one consultations for children with Autism and other developmental challenges as well as counselling of their parents and guardians. There were also free sessions for Speech Therapy, Physical Therapy, Behaviour Analysis, Audiology, Clinical Psychology, Developmental Psychiatry, Physiotherapy, and Occupational Therapy.

Funding access to Medical Services for Women with Disabilities
In line with our goal of touching lives, we partnered with a not-for-profit organization called Empathy Driven Women International Initiative (EDWIN) to organize a medical outreach for women with disabilities. Through the support of medical personnel and volunteers, we provided medical care and consultations we to the beneficiaries.

Empowering schools to deal with the problem of bullying
In December 2018, we implemented a successful Anti-Bullying Campaign programme in five secondary schools in Lagos. Using a resourceful book authored by Temiloluwa Adeshina, we organized a pep talk session in various schools and distributed 1000 copies of the book for free to participating pupils.

ENVIRONMENT

We believe that we have a collective responsibility to leave this planet in better shape than we found it, and we are constantly leveraging partnerships and collaborations to safeguard the environment for future generations.

Recycling Waste to Play
We supported an Ibadan-based group of environmentalists called PP40 on a Waste-To-Play project. The focus of this project was to convert waste materials such as plastic and used tyres to recreational equipment for secondary school students.

Support For Nigerian Conservation Foundation
In 2018, we partnered with the Nigerian Conservation Foundation onsome of their projects to protect nature. With our support, the foundation carried out the following projects across the country:

- Participatory forest management project in Taraba.
- Biodiversity Action Plan, Edo
- Management of Becheve Nature Reserve, Obudu
- Living on the Edge project, Gombe
- Lekki Conservation Centre Lekki
- Omo-Oluwa-Shasha conservation project in Ogun, Ondo and Osun States.

Building Sancastle for the Underpriviledged
As part of the Simple Change Big Impact project, we funded the Sandcastle Project for the people of Folu Village in Ibeju Lekki, Lagos. The project, which focused on recycling plastic tops to build a sandcastle now serves as a play area for more than 200 underprivileged children in the community.

Promoting a cleaner Lagos
At the center of many of our initiatives in 2018 was the need to meet members of our host community at their pain points. To achieve this, we organized an environmental workshop for students within the Ipaja community of Lagos. At the workshop, the students learnt how to construct and re-utilize waste items such as pet bottles for their benefit. We also distributed paper waste collection boxes called the Green Boxes to 20 public schools within Ipaja and its environs.

Waste2Style Initiative
We also empowered the women of Kuchingoro IDP Camp Abuja by training them on the art of making accessories from waste. Done in partnership with the W2S initiative, we funded machineries and materials used to educate the women. Through this initiative, the displaced women can now generate alternative means of livelihood for themselves and their families.

CORPORATE DIRECTORY

Guaranty Trust Bank plc
Plot 635, Akin Adesola Street,
P.O Box 75455, Victoria Island,
Lagos State, Nigeria.
Tel: +234 1 271 4580 – 7
+234 1 448 0740 – 9
E-mail: enquiries@gtbank.com
Web: www.gtbank.com

GTConnect (Contact Centre)
+234 1 448 0000
+234 80 2900 2900
+234 80 3900 3900
+234 700 482 666 328

BANK SUBSIDIARIES

Guaranty Trust Bank (Cote d'Ivoire) Limited
11, Avenue du SenateurLagarosse,
Abidjan-Plateau,
01 BP 13141 Abidjan 01,
Cote dÍvoire.
Tel: +225 20 31 15 00
Fax: +225 20 31 15 15
Email: informations.ci@gtbank.com
Web: www.gtbankci.com

Guaranty Trust Bank (Gambia) Limited
56, Kairaba Avenue, Fajara KSMD,
P.O.Box 1958 Banjul, Gambia.
Tel: +220 437 6371 – 5
Fax: +220 4376 380 / 398
Email: corpaffgm@gtbank.com
Web: www.gtbankgambia.com

Guaranty Trust Bank (Ghana) Limited
25A, Castle Road, Ambassadorial Area,
P.M.B CT 416, Cantonments,
Ambassadorial Area, Ridge
Tel: +233 776153, +233 775112
Fax: +233 302 662727
Email:gh.customerexperience@gtbank.com
Web: www.gtbghana.com

Guaranty Trust Bank (Kenya) Limited
Plot 1870, Woodvale Close Westlands
P.O Box 20613 – 00200
Nairobi, Kenya
Tel: +254 203 284000
Fax: +254 20 342024
Email: baking@gtbkenya.com
Web: www.gtbank.co.ke

Guaranty Trust Bank (Liberia) Limited
13th Street, Tubman Boulevard,
Monrovia, Liberia.
Email: gtbanklib@gtbank.com
Tel: +231 776 495652
Web: www.gtbanklr.com

Guaranty Trust Bank (Rwanda) Limited
Ground and First Floor MIC Building
KN 2 Avenue, 1370
Kigali – Rwanda
Tel: +250 2525 98600
Email: kigali@gtbank.com
Web: www.gtbank.co.rw

Guaranty Trust Bank (Sierra Leone) Limited
Sparta Building,12 Wilberforce Street,
Freetown, Sierra Leone.
Tel: +232 2222 8493
Email: gtbanksl@gtbank.com
Web: www.gtbank.sl

Guaranty Trust Bank (Uganda) Limited
Plot 56 Kiira Road
P. O. Box 7323 Kampala, Uganda.
Tel: +256 414 233833
Fax: +256 414 237305
Email: bankingug@gtbank.com
Web: www.gtbank.co.ug

Guaranty Trust Bank (Tanzania) Limited
Plot 4, Regent Estate, Victoria,
Dar es Salaam, Tanzania
Tel: +255 2277 2591
Website: www.gtbank.co.tz

Guaranty Trust Bank (U.K) Limited
60-62 Margaret Street, central London
W1W 8TF, United Kingdom
Tel: +44 207 947 9700
Fax: +44 207 947 9720
Email: info@gtbankuk.com
Web: www.gtbankuk.com

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

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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 1200A Ndjamena Cresent Off Aminu Kano Cresent,cadestral Zone A07, 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 Cresent, 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 Macauly 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		Uyo 2	Plot 2, Block F, Salvation Army Road, Banking Layout, Uyo, Akwa Ibom
24	**ANAMBRA**	Awka	96, Nnamdi Azikiwe Avenue, Awka, Anambra State, Nigeria
25		Nnamdi Azikwe University, Awka	Nnamdi Azikwe University, Awka Anambra State
26		Nnewi	No 7, Edo-Ezemewi Street, Nnewi, Anambra State, Nigeria
27		Onitsha II - New Market	15, New Market Road, Onitsha, Anambra State, Nigeria
28		Onitsha III - Bridge Head	No 4, Port Harcourt Road, Niger bridge Onitsha
29	**BAUCHI**	Azare (Closed)	No 1, Jama're Road, Azare, Bauchi State, Nigeria
30		Bauchi	No 6, Murtala Muhammed Way, Bauchi, Bauchi State, Nigeria
31	**BAYELSA**	Yenagoa	Barracuda Square, Ekeki-Ekpe Area, Yenogoa, Bayelsa State, Nigeria
32	**BENUE**	Makurdi	41 A/B, New Bridge Road, Makurdi, Benue State, Nigeria
33	**BORNO**	Maiduguri	59, Kashim Ibrahim Way, Maiduguri, Borno State, Nigeria
34		Maiduguri II	81, Ali Monguno Street, Monday Market, Maiduguri, Borno State, Nigeria
35	**CROSS RIVER**	Calabar	11, Calabar Road, Calabar, Cross River State, Nigeria
36		Calabar 2	65, Marian Road, Calabar Municipality, Cross River State
37		Ikom	18, Ogoja Road, Ikom, Cross River State, Nigeria
38	**DELTA**	Airport Road, Warri	7B Airport Road, Warri, Delta State, Nigeria
39		Asaba	457, Nnebisi Road Asaba, Delta State, Nigeria
40		Asaba 2	Ezenel Avenue by Oni Edozien Road, Asaba Delta State
41		Delta State University, Abraka	Delta State University, Abraka, Delta State
42		Effurun Road, Warri	85, Effurun-Warri, Effurun, Delta State, Nigeria
43		Sapele	80, Ajogodo, Sapele - Warri Road, Sapele, Delta State, Nigeria
44	**EBONYI**	Abakaliki	35A, Ogoja Road, Abakaliki, Ebonyi State, Nigeria
45	**EDO**	Auchi	31, Polytechnic Road, Auchi, Edo State, Nigeria
46		Benin I - Sapele Road	35B, Benin-Sapele Road, Benin City, Edo State, Nigeria
47		Benin II - Uselu	158, New Lagos Road, Benin City, Edo State, Nigeria
48		Benin III-Akpakpava	43, Akpakpava Street, Benin City, Edo State, Nigeria

49		Benin IV - Ekenwan Rd	No 90, Ekenwan Road, Oredo LGA, Benin City, Edo State, Nigeria
50		Benin V - Ikpoba Hill	62, Agbor Road, Ikpoba Hills, Benin City, Edo State, Nigeria
51		Ekpoma	No 2 Ihumudumu Road, Ekpoma Edo State.
52		Uniben	University of Benin, Benin City
53	**EKITI**	Ado-Ekiti	21/22, New Iyin/Secretariat Road, Ado Ekiti, Ekiti State, Nigeria
54		Ekiti	Faculty of Education, Ekiti State University, Ado Ekiti
55	**ENUGU**	Enugu I - Ogui Road	1, Ogui Road, Enugu, Enugu State, Nigeria
56		Enugu II - Rangers Avenue	Plot 381 Igboeze Street, Rangers Avenue, Independence Layout, Enugu, Enugu State, Nigeria
57		Nsukka	No 16, University road, Nsukka Enugu State.
58	**GOMBE**	Gombe	Plot 45, New Commercial Layout, Gombe, Gombe State, Nigeria
59	**IMO**	Okigwe (Closed)	Plot C/RH Government Layout Okigwe Township Owerri Road Imo State
60		Orlu (Closed)	Plot 5 Asika Ilobi Street Orlu
61		Owerri	Plot 265, Ikenegbu Layout, Aladinma Ikenga Road, Owerri, Imo State, Nigeria
62		Owerri II	Plot 17, Port Harcourt Road, Opp. Owerri Girls High School, Owerri, Imo State, Nigeria
63	**JIGAWA**	Dutse	Plot 727, Kiyawa Road, Dutse, Jigawa State, Nigeria
64	**KADUNA**	Alkali Road	17B Alkali Road by Suleiman Crescent, Alkali Kaduna State
65		Kaduna 1 MM Square	7/10 Muritala Mohammed Square, Kaduna, Kaduna State, Nigeria
66		Kaduna 2 Nnamdi Azikwe	Plot 9-11, Nnamdi Azikiwe Expressway, Kaduna Bye pass, Kaduna, Kaduna State, Nigeria
67		Kaduna 3 Kano Road	PPMC, Kaduna, Kaduna State, Nigeria
68		Kaduna 4 (Barnawa)	Plot 1A, Zaire Road, Barnawa Phase 1, Barnawa, Kaduna, Kaduna State, Nigeria
69		NDA Kaduna	N.D.A New site, Afarka, Mando, Kaduna State.
70		Zaria	13/15, Manchester Road, GRA, Zaria, Kaduna State, Nigeria
71	**KANO**	Bayero University Kano VI	Bayero University, New site Campus, Gwarzo Rd, Kano
72		Kano I	145 Muritala Mohammed Way, Kano, Kano State, Nigeria
73		Kano II - Zaria Road	Plot 22, Zaria Road, Gyadi-Gyadi, Kano Municipal District, Kano State, Nigeria
74		Kano III - Bello Road	Plot12E, Bello Road, Kano, Kano State, Nigeria
75		Kano IV - Bachiwara	24, Bachirawa road, Along Katsina Road, Kano, Kano State, Nigeria
76		Kano V - Wapa	59, Murtala Muhammed Way, Wapa, Kano, Kano State, Nigeria
77	**KATSINA**	Katsina	No. 120, IBB Way, Katsina, Katsina State, Nigeria
78	**KEBBI**	Birnin Kebbi	No 9, Sultan Abubakar Way, Birnin Kebbi, Kebbi State, Nigeria
79	**KOGI**	Lokoja	Plot 27, IBB Way, Lokoja, Kogi State, Nigeria
80		Obajana	Obajana Cement Factory Complex, Obajana, Kogi State, Nigeria
81		Okene	Auchi-Abuja Expressway, Okene, Kogi State, Nigeria
82	**KWARA**	Ilorin	1, Wahab Folawiyo Road, Ilorin, Kwara State, Nigeria
83		Ilorin GRA	10, Umar Audi Road, GRA, Ilorin, Kwara State, Nigeria
84		Kwara Poly	Kwara Polytechnic Main Campus, Old Jebba Road, Ilorin, Kwara
85		Offa	No 53, Olofa Way, Offa, Kwara State, Nigeria
86		Taiwo Road,Ilorin	147 Upper Taiwo Rd Ilorin Kwara State
87		Unilorin	University of Ilorin, Campus, Kwara State, Nigeria
88	**LAGOS**	Adeola Odeku	56A, Adeola Odeku Street, Victoria Island, Lagos State, Nigeria
89		Adetokunbo Ademola	714, Adetokunbo Ademola Street, Victoria Island, Lagos State, Nigeria
90		Ajah	Km 22, Lekki-Epe Expressway, Ajah, Lagos State, Nigeria
91		Ajose Adeogun	279, Ajose Adeogun Street, Victoria Island, Lagos State, Nigeria
92		Akin Adesola	635 Akin Adesola, Victoria Island, Lagos State, Nigeria
93		Bayo Kuku	19, Bayo Kuku Road, off Osborne Road, Ikoyi, Lagos State, Nigeria
94		Broad Street	82/86, Broad Street, Lagos State, Nigeria
95		Catholic Mission	22/24, Catholic Mission Street, Lagos Island, Lagos State, Nigeria
96		Chevron Drive	Block LXXIV A, Ojomu land, Beside Chevron Roundabout, Lekki/Epe Expressway, Lagos State, Nigeria

97	Idumota	134, Nnamdi Azikwe Street, Lagos Island, Lagos State, Nigeria
98	Ikota	Block K7 - 11 & K18 - 22, Ikota Shopping Complex, Lekki-Epe Expressway, Lagos State, Nigeria
99	Ikoyi- Awolowo Road	178, Awolowo Road, Ikoyi, Lagos State, Nigeria
100	Lekki	Block 5, Plot 5, Victoria Island Annex, Lekki, Lagos State, Nigeria
101	Lekki Admiralty Road	Block 31A, Admiralty way, Lekki Pennisular scheme, Lekki
102	Marina	49A, Marina Street, Lagos State, Nigeria
103	Moloney	30, Moloney Street, Lagos Island, Lagos State, Nigeria
104	Oke Arin	40, John Street, Oke-Arin, Lagos Island, Lagos State, Nigeria
105	Plural House	Plot 1669, Oyin Jolayemi Street, Victoria Island, Lagos State, Nigeria
106	St Gregory	No. 1 Obadeyi Close, off St. Gregory Road, Ikoyi, Lagos State, Nigeria
107	Tiamiyu Savage	Plot 1400, Tiamiyu Savage Road, Victoria Island, Lagos State, Nigeria
108	Abule Egba	402, Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria
109	Abule Egba 2	641 Lamgan Plaza Abule Tailor Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria
110	Adeniyi Jones	31, Adeniyi Jones Avenue, Ikeja, Lagos State, Nigeria
111	Akowonjo	35, Shasha Road, Akowonjo, Lagos State, Nigeria
112	Alaba Market	13, Obosi Plaza, Alaba International Market, Lagos State, Nigeria
113	Alausa	Technical Reference Centre, Lagos State Secretariat, Alausa, Ikeja, Lagos State, Nigeria
114	Alausa CBD	Plot 11, Block A, IPM Road, Central Business District, Alausa, Lagos State, Nigeria
115	Allen Avenue	80/82, Allen Avenue, Ikeja, Lagos State, Nigeria
116	Amuwo Odofin	Plot B16, Block 41B, Akin Mateola Close, Amuwo Odofin Residential Scheme, Amuwo Odofiin LGA.
117	Anthony	7, Anthony Village Road, Anthony Village, Lagos State, Nigeria
118	Apapa, Duolla Road	12, Dualla Road, Apapa, Lagos State.
119	Apapa1 - Commercial Road	Doyin House, 4 Commercial Avenue Apapa, Lagos State, Nigeria
120	Apapa2 Creek Road	35, Creek Road, Apapa, Lagos State, Nigeria
121	Aspamda (Trade Fair)	Zone A, R1 Aspamda Plaza, International Trade Fair Complex, Ojo, Lagos State, Nigeria
122	Ayangberu Ikorodu	68, Ayangbure Road, Ikorodu
123	Berger Paints Oba-Akran	Plot 10, Oba Akran Avenue, Ikeja, Lagos State, Nigeria
124	Bode Thomas 2	124, Bode Thomas Street, Surulere, Lagos State, Nigeria
125	Burma Road, Apapa	Plot 17, Burma Road, Apapa, Lagos State, Nigeria
126	Cele Ijesha	44,Ajijedudun Street, Off Agulejika Bus -Stop Ijesha
127	Computer Village Ikeja	5, Osintelu Street, off Oremeji Street, Computer Village, Ikeja, Lagos State, Nigeria
128	Diya Gbagada	14, Diya Street, Ifako, Gbagada, Lagos State, Nigeria
129	Egbe	8, Egbe Road, Isolo, Lagos
130	Egbeda Idimu	26 - 28 Akowonjo Road, Egbeda, Lagos State, Nigeria
131	Festac	House 11, 301 Road, 2nd Avenue, Festac Town, Lagos State, Nigeria
132	Festac 2	Plot 22o, 23 Road, Opposite J Close, Festc Town
133	Ibafo	1,Bakare Street, Ibafon, Apapa Expressway, Lagos State, Nigeria
134	Idi - Oro	110, Agege Motor Road, Idi-Oro, Mushin, Lagos State, Nigeria
135	Iju	90, Iju Fagba Road, Iju
136	Ikorodu	47, Lagos Road, Ikorodu Town, Lagos State, Nigeria
137	Ikosi	Plot A3C, Ikosi Road, Oregun, Ikeja, Lagos State, Nigeria
138	Ikotun	No. 49, Idimu-Ikotun Road, Ikotun, Lagos State, Nigeria
139	Ilupeju	48, Town Planning Way, Ilupeju, Lagos State, Nigeria
140	Intl Airport Rd 2	10, International Airport Road,Mafoluku Oshodi, Lagos State, Nigeria.
141	Intl Airport Rd Isolo	15, International Airport Road, Isolo, Lagos State, Nigeria
142	Ipaja	199, Ipaja Road, Ipaja

143		Isheri/Omole	792,Shomide Odujirin Avenue,Omole Phase 2,Lagos.
144		Isolo	1, Abimbola Way, Isolo, Lagos State, Nigeria
145		Itire Road	41/43 Itire road, Surulere, Lagos
146		Ketu	570, Ikorodu Road, Ketu, Kosofe L.G.A, Lagos State, Nigeria
147		Laspotech	Lagos State Polytechnic, KM 7, Sagamu Road, Odogunyan, Ikorodu
148		Lawanson	Muniru Baruwa Shopping Complex By Olatilewa Junction Itire Road, Lawanson, Lagos State, Nigeria
149		Luth	Route 1, Lagos University Teaching Hospital (LUTH) premises, Idi-Araba, Lagos State, Nigeria
150		Magodo	16 CMD Road, Magodo, Lagos
151		Masha	145, Ogunlana Drive by Masha Roundabout, Surulere
152		Matori	135, Ladipo Street, Matori, Lagos State, Nigeria
153		MM Way, Yaba	352, Murital Mohammed Way, Yaba Lagos
154		Mobolaji Bank Anthony Way	31, Mobolaji Bank-Anthony Way, Ikeja, Lagos State, Nigeria
155		Mushin	311, Agege Motor Road, Olorunsogo, Mushin, Lagos State, Nigeria
156		Oba Akran	33, Oba Akran Avenue, Ikeja, Lagos State, Nigeria
157		Ogba	4, Ogunnusi Road, Ogba, Lagos State, Nigeria
158		Ogba 2	19, Isheri Road, Opposite WAEC building, Ijaiye-Ogba, Ikeja
159		Ojodu	50, Isheri Road, Ojodu, Lagos State, Nigeria
160		Ojuelegba	74/76, Ojuelegba Road, Lagos State, Nigeria
161		Okota	115A, Okota Road, Okota, Lagos State, Nigeria
162		Onipanu	196, Ikorodu Road, Onipanu, Lagos State, Nigeria
163		Opebi	14, Opebi Road, Ikeja, Lagos State, Nigeria
164		Oregun	100, Kudirat Abiola Way, Oregun, Ikeja, Lagos State, Nigeria
165		Orile Coker	Plot 3, Block C, Amuwo Odofin Industrial Scheme, Orile Coker, Lagos State, Nigeria
166		Surulere- Bode Thomas	94, Bode Thomas Street, Surulere, Lagos State, Nigeria
167		Unilag	University of Lagos, Akoka, Lagos State, Nigeria
168		Western Avenue	89, Western Avenue, Surulere, Lagos State, Nigeria
169		Yaba	216/218, Herbert Macaulay Way, Yaba, Lagos State, Nigeria
170	**NASARAWA**	Karu	Plot 13754, Abuja – Keffi, Expressway, Mararaba, Karu, LGA., Nasarawa State, Nigeria
171		Karu New Market	GTBank, Along Keffi Express Way, Before Orange Market, Mararaba, Nassarawa State.
172		Lafia	Jos Road, Lafia, Nasarawa State, Nigeria
173	**NIGER**	Kontagora	Plot 6C, KTF 139, Lagos - Kaduna Road, Kontagora, Niger State, Nigeria
174		Minna	Plot 4936, Paiko Road, Minna, Niger State, Nigeria
175	**OGUN**	Abeokuta	IBB Boulevard Road, Abeokuta, Ogun State, Nigeria
176		Agbara	Plot C 2/4, Ilaro Road, Agbara Industrial Estate, Agbara, Ogun State, Nigeria
177		Asero - Abeokuta	Block 7, Plot 17/20, Abeokuta/Ibadan Road, Asero, Abeokuta, Ogun State, Nigeria
178		Babcock	Babcock University Campus, Ilisan-Remo, Ogun State, Nigeria
179		Ijebu - Ode	183, Folagbade Street, Ijebu Ode L.G.A., Ijebu Ode, Ogun State, Nigeria
180		OOU Ago-Iwoye	P.S. Olabisi Onabanjo University, Ago Iwoye, Ogun State, Nigeria
181		RCCG Redemption Camp	Redeem Christain Church Camp Ground, KM 46 Lagos Ibadan Expressway, No 1 Salvation Way
182		Sagamu	143, Akarigbo Street, Sabo, Sagamu, Ogun State, Nigeria
183		Sango Otta	63, Abeokuta Expressway, Joju Junction, Sango Otta, Ogun State, Nigeria
184		Unaab	University of Agriculture, off Alabata Road, Alabata, Abeokuta, Ogun State, Nigeria
185	**ONDO**	Akure	Plot 3, Alagbaka Quarters, Alagbaka, Akure, Ondo State, Nigeria
186		FUTA Akure	Federeal University of Technology, Akure, Ondo State, Nigeria
187		Ondo	48, Yaba, Ondo Town , Ondo State Nigeria

188	**OSUN**	Ile-Ife	3, Lagere Road, Ile-Ife, Osun State, Nigeria
189		Ilesa	196, Isokun Street, Along Ilesha-Osogbo Road, Ilesa, Osun State, Nigeria
190		OAU Ile-Ife	Road 1, Obafemi Awolowo University Campus, Ile- Ife, Osun State, Nigeria
191		Oshogbo	No 67, Gbongan / Ibadan Road, Ogo Oluwa, Osogbo, Osun State, Nigeria
192		Oshogbo 2	68, Ikirun Road opposite Oshogbo Stadium, Oshogbo, Osun State
193	**OYO**	Apata - Ibadan	SW9/21A, Ibadan - Abeokuta Road, Apata, Ibadan, Oyo State, Ngeria
194		Bodija - Ibadan	Plot 6A, U.I-Secretriat Road, Bodija, Ibadan, Oyo State, Nigeria
195		Bodija 2 - Ibadan	30, Awolowo Road Old Bodija Ibadan
196		Challenge - Ibadan	Plot 14, JFK Osibodu Layout, Ijebu Road, Challenge, Ibadan, Oyo State, Nigeria
197		Dugbe, Ibadan	11B, Jimoh Odutola Road, Dugbe, Ibadan, Oyo State, Nigeria
198		Lautech	Ladoke Akintola University of Technology LAUTECH
199		Mokola Ibadan	27, Majaro Street, Old Oyo Road, Cocacola Area, Mokola, Ibadan, Oyo State, Nigeria
200		Ogbomoso	Ibapon Area, Ilorin-Ogbomoso Express Road, Ogbomoso, Oyo State, Nigeria
201		Oyo	Ibadan – Ogbomoso Express Road, Owode, Oyo Town, Oyo State, Nigeria
202		Ring Road Ibadan	106, Ring Road, Lister Bus Stop, Ibadan, Oyo State, Nigeria
203	**PLATEAU**	Jos I - Jengre Road	13B, Commercial Layout, Jengre Road, Jos, Plateau State, Nigeria
204		Jos II - Ahmadu Bello Way	Plot 1902, Ahmadu Bello Way, Jos, Plateau State, Nigeria
205	**RIVERS**	Aba Road - PH 2	Plot 279A, Tombia Street, off Aba Road, Port Harcourt, Rivers State, Nigeria
206		Aba Road PH eBranch (Happy Bite)	Happy Bite Plaza, Opposite Air force base, Aba Road, Port Harcourt
207		East West Rd- PH 5	11, East West Road, Port Harcourt, Rivers State, Nigeria
208		Ikwerre Rd- PH 6	225, Ikwerre Road Mile 4, Port Harcourt, Rivers State, Nigeria
209		Industrial Layout - PH 7	Plot 23, Trans-Amadi Layout, Port Harcourt, Rivers State, Nigeria
210		NAOC/Agip - PH 9	NAOC Agip New Base Station Rumueme, Port Harcourt, Rivers
211		Nnamdi Azikwe Road - PH 4	5, Nnamdi Azikiwe Road, Port Harcourt, Rivers State, Nigeria
212		NTA Rd, Mgbuoba- PH 8	110 NTA Road, Location junction, Mgbuoba, Port Harcourt Rivers State, Nigeria
213		Rivers State Govt. Secretariat - PH 10	Ground Floor, Block A, RVSG Secretariat, Port Harcourt
214		Shell RA - PH 3	Plot 215, Aba – Port Harcourt Road, Shell Residential Area, Port Harcort, Rivers State, Nigeria
215		Trans Amadi - PH 1	44,Trans Amadi Industrial Layout, Port Harcourt, Rivers State, Nigeria
216		Bonny	34, King Perekule Road, Bonny Island, Rivers State, Nigeria
217	**SOKOTO**	Sokoto 1	No.101, Ahmadu Bello Way, Sokoto, Sokoto State, Nigeria
218		Sokoto 2 Maduguri Rd	No.41, Maiduguri Road, Sokoto, Sokoto State, Nigeria
219		Usman Dan Fodio	Usman Dan Fodiyo University, Sokoto, Nigeria
220	**TARABA**	Jalingo	Plot 106B, Hamman Ruwa Way, Jalingo, Taraba State, Nigeria
221		Wukari	No 3, Ibi Road, Wukari G.R A., Taraba State, Nigeria
222	**YOBE**	Damaturu	Potiskum Road, Damaturu, Yobe State, Nigeria
223	**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		Shogunle eBranch	360, Agege Motor Road,Pwd,Shogunle Oshodi, Lagos
13		Toyin Street eBranch	47,Toyin Street, Ikeja Lagos
14		Sura eBranch	22A Lewis Street opposite Police Baracks Sandgrouse Sura Lagos State
15	**OYO**	Ring Road eBranch	1 Akinyemi street, off Ring road, Ibadan, Oyo state.
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	**BENUE**	BCC GBOKO	Benue Central Company, Gboko, Benue State, Nigeria
2		NAF BASE	Nigerian Air force Base, Makurdi, Benue State
3	**CROSS RIVER**	Obudu	Obudu Cattle Ranch, Obudu, Cross River State, Nigeria
4	**EDO**	Gaius Obaseki, GRA Benin	Didio Plaza, 66 Gaius Obaseki Shopping Complex, Oko Central, GRA Benin, Edo State, Nigeria
5	**ENUGU**	UNTH, Ituku Ozalla	University Road, University of Nigeria Teaching Hospital, Enugu State, Nigeria
6	**KADUNA**	KRPC, Kaduna	Kaduna Refinery Complex, Kaduna, Kaduna State, Nigeria
7	**KANO**	AKTH, Kano	Aminu Kano Teaching Hospital, Zaria Road, Kano State, Nigeria
8	**LAGOS**	MMA 2	New Local Wing, Murtala Mohammed Airport 2, Ikeja, Lagos State, Nigeria
9	**OGUN**	Sango Idiroko	Idilroko Road, opposite Fowobi filling station, Oju Ore, Sango Otta
10		Ewekoro	Lagos - Abeokuta Expressway, opposite Larfage Cement, Ogun State, Nigeria
11	**ONDO**	Akure Cash Center	No 16, Oba Ile,Owo Road, Akure, Ondo State Nigeria.
12	**OSUN**	JABU	Joseph Abu Babalola University, Ikeji-Arakeji, Osun State, Nigeria
13	**RIVERS**	NLNG	GTB Cash Centre Shopping Complex NLNG Residential Area
14		ONNE	Dangote Depot Intel Onne

AGENT BANKING

S/N	STATE	LOCATION	ADDRESS
1	**ABUJA**	Forte Oil, New Nyanya	Karu Abuja Way, New Nyanya, Abuja
2		Forte Oil, Jikwoyi 1, Abuja	Jikwoyi - Karshi Way, Abuja
3		Forte Oil, Jikwoyi By Living Faith	Beside Living Faith Chruch, Jikwoyi - Karu, Abuja
4	**AKWA IBOM**	Forte Oil, Uyo	154 Ikot Ekpene Road Uyo
5	**LAGOS**	Forte Oil Campus Road	1, Igbosere Road, Campos Lagos Island
6		Forte Oil, Awolowo Road	111 – 113 Awolowo Road, Ikoyi
7		Forte Oil, Bank Road	1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos
8		Hubmart Supermarket	Plot 1263, Adeola Odeku Street, Victoria Island Lagos

9		Tantalizer - Admiralty Lekki	Admirality Road Lekki, Lagos
10		Total, Sura - Lagos Island	Simpson Street beside Sura shopping complex, Lagos Island
11		Forte Oil, Ajiwe-Ajah	Opposite Abraham Adesanya Estate, Ajah
12		De Prince Supermarket	3A Adejokun Street, Isheri-Magodo
13		Forte Oil Idimu 2	215/217 Idimu Ikotun Road, Egbeda
14		Forte Oil, Bariga	6/ 8 Fetuga Street, Bariga
15		Forte Oil, Egbe	71, Egbe Road, Powerline Bustop, Ejigbo road Egbe
16		Forte Oil, Festac Town	21, Road, Festac Town, Lagos
17		Forte Oil, Idimu	222 Egbeda-Idimu road, Carwash Bus-stop, Idimu
18		Forte Oil, Ikorodu Round About	2, Sagamu Road, Ikorodu
19		Forte Oil, Jebba	80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos
20		Forte Oil, Kingsway Road Apapa	Kingsway Avenue Apapa, Lagos
21		Forte Oil, Ladipo-Mushin	110, Ladipo Street , Matori Industrial Estate Mushin
22		Forte Oil, Mushin	259, Agege Motor Road, Mushin, Lagos
23		Forte Oil, Oba-Akran	39, Oba Akran Avenue Ikeja Lagos
24		Forte Oil, Ogba	Oba Ogunji Road, Pen Cinema, Ogba Lagos
25		Forte Oil, Okota	51 Okota Road Opposite Police Barracks, Okota
26		Forte Oil, Old Airport Road	Muritala Mohammed 2, Local Airport Road, Ikeja
27		Forte Oil, Old Apapa Road, Costain	80, Old Apapa Road Ebute Metta West , Costain Lagos
28		Forte Oil, Oshodi Apapa (Mile 2)	Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos
29		Forte Oil, Shomolu	138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos
30		Forte Oil, Western Avenue	113/115, Funsho Williams Avenue, Surulere
31		Forte Oil, Wharf Road Apapa	Barracks Bus Stop, Wharf Road, Apapa, Lagos
32		Total, Ogijo - Ikorodu	KM12 Sagamu road, Ikorodu Ogijo, Lagos State
33		Total, MM Way, Yaba	150/152 Mm Way, Ebute Metta
34		Total, Itire	23/25 Itire Rd, Lawanson
35		Forte Oil, Iwaya	Iwaya Road, Makoko-Yaba, Lagos
36		Forte Oil, Alimosho	Egbeda-Ipaja Road, Ponle bustop, Alimosho
37		Hubmart, Ikeja	Isaac Jone Street Ikeja GRA
38		Forte Oil, Mile 12	Mile 12 Bus-stop Lagos
39		Forte Oil, Cement Ipaja	Cement Bus-stop Ipaja-Lagos
40		Forte Oil, Ipaja Lagos	Ipaja Road, Ayobo Lagos
41		Total Ojota Lagos	Ikorodu Road Ojota Bus-stop Lagos
42		Total Tincan Apapa	Apapa Oshodi Expressway Berger Cement- By GTB Ibafon Branch
43		Total Sabo Ogunsi	Sabo Ogunsi Ikorodu Lagos
44		Total Ijebu Itokin Ikorodu	Total plc Itokin Road Parafa, Ikorodu
45	**NORTH EAST**	Forte Oil, Club Road, Kano	Club Road Kano
46		Total, Hotoro Road, Kano	Hotoro Road Kano
47		Forte Oil, Zaria Road, Kano	Zaria Road Kano
48	**OGUN**	Forte Oil, Ilo Awela - Sango Otta	11, Ilo Awela Road, Sango Otta, Ogun State
49		Forte Oil, Iyana Iyesi- Sango Otta	Iyana Iyesi Road, Sango Otta
50	**RIVERS**	Forte Oil ,Aggrey Rd S/S II	Aggrey Road 2, Port Harcourt
51		Forte Oil ,Eliozu Road PH	Eliozu Road off Eastwest Road, Port Harcourt
52		Forte Oil ,Lorry Park S/S	29, Station Road, Lagos Bus Stop, Port Harcourt
53		Forte Oil ,Mile 5 S/S	By Rumuokwuta Round About, Port Harcourt
54		Forte Oil ,Moscow Road F/S	11, Moscow Road Opp. Rivers St House Of Assembly
55		Forte Oil, Rumubekwe S/S	PH/Aba Expressway By Shell Gate, Port Harcourt

FORMS

DataMax Registrars Limited
RC 645075

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) __ __ / __ __ / __ __ __ __

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

*** (1) PERSONAL INFORMATION**

Surname / Company Name:

Other Names (for Individual Shareholder)

Current Postal Address

(2) E -CONTACT DETAILS

E- Mail Address

Mobile (GSM) Phone Number

(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

Branch Address

Bank Account Number (**NUBAN ONLY)**

Bank Sort Code

**** (4)**

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/ Incorporation Number (Corporate Shareholder)

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.**

DataMax Registrars Limited
RC 645075

2C, Gbagada Expressway,
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Shomolu, Lagos State.
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Fax: 01-2716094. 71200012
E-mail: datamax@datamaxregistrars.com
www.datamaxregistrars.com

RE: UNCLAIMED/STALE DIVIDEND PAYMENT

I/We declare that I/We am/are the registered holder(s) of GTBank shares.
Till date, I/We am/are yet to receive my/our dividend warrant(s) payment No(s).............................(Please (specify).
In view of this, I/We request and authorise you pay my outstanding dividend(s) into my bank account as stated below.

Date (DD/MM/YYYY)

__ __ / __ __ / __ __ __ __

Shareholder Account Number (If Known)

Item

(1) Shareholder's Name

Shareholder's / Company Name:

(1.1) Other Names

(1.2) Address

(1.3) E- Mail Address

(1.4) **Mobile (GSM) Phone Number**

(2) Bank Name

(2. 1) **Branch Address**

(2. 2) Bank Account Number (**NUBAN ONLY**)

Bank Sort Code

(3) I/We hereby authorise 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 in (2) above.

(3.1) I/We hereby indemnify the security issuer, the directors and, the security registrar, from an against all losses in respect thereof and all actions, proceedings, demands costs and expenses whatsoever which may be made or brought against them by reason of compliance with this request.

(4)

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/ Incorporation Number (Corporate Shareholder)

AUTHORISED SIGNATORY AND STAMP OF BANKERS

The Bank stamp and signature of the authorised signatory of your bank is required to confirm that the Bank details in item 2(2.1 - 2.2) and signature(s) in item 4 is/are that of the shareholder(s) or an authorised signatory, before returning to the Registrars.

KINDLY RETURN THIS FORM TO
DataMax Registrars Limited
2C, Gbagada Expressway,Gbagada Phase 1, Lagos
P.M.B 10014,Shomolu, Lagos State. OR Any Guaranty Trust Bank Plc nearest to you.

DataMax Registrars Limited hereby disclaims liability or responsibility for any errors/omissions in any document transmitted electronically.

PROXY FORM

Guaranty Trust Bank plc
RC 152321

29th **ANNUAL GENERAL MEETING** to be held at the Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State on Thursday, April 18, 2019, at 10 a.m.

I/We ______________________ being a member/members of Guaranty Trust Bank plc hereby appoint *______________________ or failing him/her, 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 Thursday, April 18, 2019, and at any adjournment thereof.

Dated this ________ day of ______________________ 2019

Signature of Shareholder ______________________

Name of Shareholder ______________________

Signature of the person attending (if applicable) ______________________

NUMBER OF SHARES:		
RESOLUTION	**FOR**	**AGAINST**
Ordinary Business:		
To receive and consider the Audited Financial Statements for the year ended December 31, 2018, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon.		
To declare a dividend[1]		
To Elect Directors: i. Mrs. Miriam Chidiebele Olusanya as an Executive Director[2]; ii. Mr. Babajide Gregory Okuntola as an Executive Director[3]. To Re-elect Directors[4]: i. Mr. Hezekiah Adesola Oyinlola as a Non-Executive Director; ii. Ms. Imoni Lolia Akpofure as a Non-Executive Director (Independent)		
To authorise Directors to fix the remuneration of the Auditors[5]		
To elect Members of the Statutory Audit Committee.		
Special Business:		
To consider, and if thought fit, to pass the following as an Ordinary Resolution: "That Director's remuneration for the financial year ending December 31, 2019, and for succeeding years until reviewed by the Company in its Annual General Meeting, be and is hereby fixed at ₦20,000,000.00 (twenty million Naira only) for each financial year."		

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-ninth Annual General Meeting to be held on Thursday, April 18, 2019, at Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State at 10 a.m.

Name of Shareholder (in BLOCK CAPITALS) ______________________
(Surname) (Other names)

Shareholder's Account No. ______________________ Number of Shares ______________________

IMPORTANT

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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] ₦2.45k for every 50 Kobo Ordinary Share;
[2] Mrs. Miriam Chidiebele Olusanya was appointed as a Director with effect from August 11, 2018, and will be presented for Shareholders' approval at the 29th Annual General Meeting;
[3] Mr. Babajide Gregory Okuntola was appointed as a Director with effect from December 31, 2018, and will be presented for Shareholders' approval at the 29th Annual General Meeting;
[4] Mr. Oyinlola and Ms. Akpofure, being due for retirement by rotation have offered themselves for re-election as Directors;
[5] PricewaterhouseCoopers are the Auditors of the Bank.

DataMax Registrars Limited
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Fax: 01-2716095, 71200012
Email: datamax@datamaxregistrars.com
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SHAREHOLDER'S DATA UPDATE FORM

Shareholder Account Number:

CSCS CHN Number: C

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

Comany Seal/Incorporation Number (corporate Shareholder)

Note: Asterixed boxes must be completed by Shareholders

NOTES

www.gtbank.com