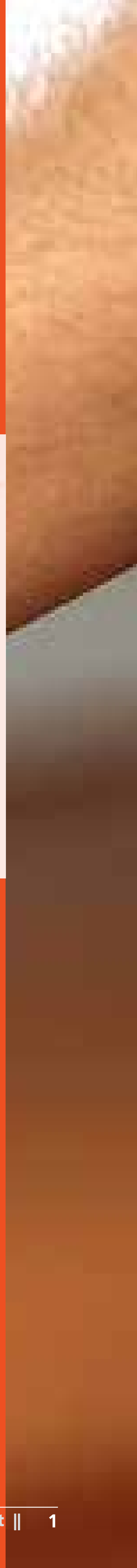
Guaranty Trust Bank plc
RC 152321

# Enriching Lives since 1990

2019 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, 2019. 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.



# TABLE OF CONTENTS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**www.gtbank.com**

# VISION AND MISSION STATEMENT

## VISION

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

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

## MISSION

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

# DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

## DIRECTORS

| | | |
|---|---|---|
| 1 | Mrs. O. A. Demuren | Chairman, Board of Directors |
| 2 | Mr. J. K. O. Agbaje | Managing Director/CEO |
| 3 | Mr. K. A. Adeola | Non-Executive Director |
| 4 | Mr. O. M. 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 |
| 14 | Mr. B. G. Okuntola | Executive Director |

### Company Secretary
Mr. E. E. Obebeduo
FRC/2017/NBA/00000016024

### Registered Office
Plot 635, Akin Adesola Street
Victoria Island, Lagos State.

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

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

# RESULT AT A GLANCE

| GROSS EARNINGS | PROFIT BEFORE TAX | PROFIT AFTER TAX |
|---|---|---|
| ₦435.31billion | ₦231.71billion | ₦196.85billion |

| | Group Dec-19 ₦'million | Group Dec-18 ₦'million | Increase/ (Decrease) % | Parent Dec-19 ₦'million | Parent Dec-18 ₦'million | Increase/ (Decrease) % |
|---|---|---|---|---|---|---|
| Major Income Statement Items | | | | | | |
| Gross earnings | 435,307 | 434,699 | 0.1 | 350,927 | 356,380 | -1.5 |
| Profit before income tax | 231,708 | 215,587 | 7.5 | 200,178 | 189,971 | 5.4 |
| Profit after income tax | 196,849 | 184,711 | 6.6 | 175,125 | 166,753 | 5.0 |
| | | | | | | |
| Earnings per share (Kobo) | 696 | 654 | 6.3 | 595 | 567 | 5.0 |
| | | | | | | |
| Major Statement of Financial Position Items | | | | | | |
| Loans and advances to customers | 1,500,572 | 1,259,010 | 19.2 | 1,300,821 | 1,067,999 | 21.8 |
| Deposits from customers | 2,532,540 | 2,273,903 | 11.4 | 2,086,810 | 1,865,816 | 11.8 |
| Total assets | 3,758,919 | 3,287,343 | 14.3 | 3,097,248 | 2,712,521 | 14.2 |
| Total equity | 687,337 | 576,277 | 19.3 | 605,890 | 510,186 | 18.8 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirtieth Annual General Meeting of **GUARANTY TRUST BANK PLC** will hold at the Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State, on Monday, March 30, 2020, at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the year ended December 31, 2019, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon;
2. To declare a dividend;
3. To authorise Directors to fix the remuneration of the Auditors;
4. To elect Members of the Statutory Audit Committee.

**PROXY**

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

**BY THE ORDER OF THE BOARD**

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

**March 4, 2020**

## NOTES

1. **Dividend**

   If approved, dividend will be payable on Monday, March 30, 2020, at the rate of ₦2.50 Kobo per every 50 Kobo ordinary share, to shareholders whose names appear in the Register of Members at the close of business on Wednesday, March 18, 2020 (bringing total Dividend paid for the 2019 financial year to ₦2.80). 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. **Unclaimed Dividend**

   Shareholders are required to revalidate their unclaimed Dividend through the e-dividend mandate process. The revalidation process can be done by visiting or writing to the Registrar, Datamax Registrars Limited, No. 2c, Gbagada Express Road, Gbagada Phase 1, Lagos State. An Unclaimed Dividend booklet containing the list of all unclaimed dividends will be circulated with the Annual Report

4. **E-Annual Report**

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

5. **Closure of Register**

   The Register of Members will be closed on Thursday, March 19, 2020, to enable the Registrar prepare for payment of dividend.

6. **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.

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.

www.gtbank.com

# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE

## Introduction

In Guaranty Trust Bank Plc ("the Bank"), we are committed to upholding the creed and principles of good Corporate Governance in all our operations. Our good corporate governance is the bedrock of strong public trust and confidence reposed in us by shareholders, business partners, employees and the financial markets and the key to our continued long-term success. 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.

In the pursuit to deliver greater shareholder value, we continue to subject our operations to the highest standards of corporate governance, which is an essential foundation for sustainable corporate success. In view of globalization, digitalization and increased penetration of artificial intelligence in the World and specifically in the Banking industry, our resolve to maintain good corporate governance principles have become more important to us. A principle that guides our operations and actions is, success is only worth celebrating when achieved through a process supported and sustained with the right values and principles, at Guaranty Trust Bank Plc, these values have been enshrined in every employee, processes and systems through our Orange Rules.

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, the Financial Reporting Council's National Code of Corporate Governance, 2018 ("the FRC Code"), as well as disclosure requirements under the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), United Kingdom, which are applicable to non-United Kingdom companies with Global Depositary Receipts (GDRs) listed on the London Stock Exchange.

The Bank's Code of Corporate Governance ("the Code") 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' Evaluation/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, 2019, 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 evaluating the performance of the Board, the Board Committees and Directors. The report of the Appraisal will be presented to Shareholders at the 30th Annual General Meeting of the Bank.

The Board Evaluation report for the financial year ended December 31, 2019, by the independent consultants to the Board revealed that the Bank was in substantial compliance with the provisions of the FRC Code.

During the 2019 financial year the Bank executed various governance initiatives/activities which included; the review of the Bank's Corporate Governance Code and Charters of all the Board Committees to bring them at par with leading international practices and existing regulations in the Country. The Bank also put in place a Charter for the Board of Directors to delineate the responsibilities of the Board. The Board and its Committees also carried out annual self-assessment to evaluate compliance with the terms of reference as contained in their respective Charters.

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 puts in place an appropriate level of checks and balances 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, 2019.

## 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, 2019.

## Changes on the Board

In the course of the financial year ended December 31, 2019, there was no change on the Board.

## Retirement by Rotation

The provisions of Article 84(b) of the Articles of Association of the Bank provides that one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, should retire from office at each biennial Annual General Meeting. In view of the fact that we had two Directors retire by rotation at the 29th Annual General Meeting, in compliance with this section, no Director would be retiring by rotation at the 30th Annual General Meeting.

## Non-Executive Directors' Remuneration

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

Summary of remuneration paid to Executive and Non-Executive Directors is contained in Note 46 of this report.

## Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has six (6) Standing Committees in addition to the Statutory Audit Committee of the Bank, namely; Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nominations Committee, Board Remuneration Committee, Board Information Technology Strategy Committee and Board Audit Committee. Through these Committees, the Board is able to effectively carry out its oversight responsibilities and take advantage of individual expertise to formulate strategies for the Bank. The Committees make recommendations to the Board, which retains responsibility for final decision making.

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

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

### Board Risk Management Committee

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

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

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

The Chief Risk Officer of the Bank presents regular 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, 2019.

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 | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |
| 2. | Mr. J. K. O. Agbaje | Managing Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |
| 3. | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |
| 4. | Mr. B. T. Soyoye | Non-Executive (Independent) Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |
| 5. | Mrs. V. O. Adefala | Non-Executive (Independent) Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |
| 6. | Mr. A. A. Odeyemi | Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |
| 7. | Mrs. M. C. Olusanya | Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 |

## 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, 2019.

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 | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |
| 2 | Mr. K. A. Adeola | Non-Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |
| 3 | Mr. I. Hassan | Non-Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |
| 4 | Mrs. V.O. Adefala | Non-Executive (Independent) Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |
| 5 | Mr. H. Musa | Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |
| 6 | Mr. J. M. Lawal | Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |
| 7 | Mr. B. G. Okuntola | Executive Director | Member | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 |

### Board Human Resources and Nominations Committee

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

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

The membership of the Committee is as follows:

| S/No | Name | Status | Designation | Dates of Attendance |
|---|---|---|---|---|
| 1 | Mr. I. Hassan | Non-Executive Director | Chairman | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 2 | Mr. J.K.O. Agbaje | Managing Director | Member | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 3 | Mr. H.A. Oyinlola | Non-Executive Director | Member | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 4 | Ms. I. L. Akpofure[1] | Non-Executive (Independent) Director | Member | 28-Jan-2019<br>15-Apr-2019 |
| 5 | Mr. B. T. Soyoye | Non-Executive (Independent) Director | Member | 28-Jan-2019 |
| 6 | Mrs. M. C. Olusanya | Executive Director | Member | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |

[1]Stepped down from the Committee at the Board Meeting which held in April 2019

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met four times during the financial year ended December 31, 2019.

### 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 is made up of the following members:

| S/No | Name | Status | Designation | Dates of Attendance |
|---|---|---|---|---|
| 1 | Mr. O. M. Agusto | Non-Executive Director | Chairman | 30-Jan-2019 |
| 2 | Mr. K.A Adeola | Non-Executive Director | Member | 30-Jan-2019 |
| 3 | Mrs. V.O. Adefala[1] | Non-Executive (Independent) Director | Member | N/A |

[1] Appointed as a member of the Committee at the Board Meeting held on January 30, 2019

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:

| S/No | Name | Status | Designation | Dates of Attendance |
|---|---|---|---|---|
| 1 | Mr K. A. Adeola | Non-Executive Director | Chairman | 15-Apr-2019<br>28-Oct-2019 |
| 2 | Mr J. K. O. Agbaje | Non-Executive Director | Member | 15-Apr-2019<br>28-Oct-2019 |
| 3 | Mr. H.A. Oyinlola | Non-Executive Director | Member | 15-Apr-2019<br>28-Oct-2019 |
| 4 | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Member | 15-Apr-2019<br>28-Oct-2019 |
| 5 | Mr A. A. Odeyemi | Executive Director | Member | 15-Apr-2019<br>28-Oct-2019 |
| 6 | Mr. H. Musa | Executive Director | Member | 15-Apr-2019<br>28-Oct-2019 |
| 7 | Mr. J. M. Lawal | Executive Director | Member | 15-Apr-2019<br>28-Oct-2019 |

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, 2019.

### 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 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 2 | Mr. O. M. Agusto | Non-Executive Director | Member | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 3 | Mr. I. Hassan | Non-Executive Director | Member | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |

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, review and ensure that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Committee and review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors and 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 2019:

| S/No | Name | Status | Designation | Attendance | Dates of Attendance |
|---|---|---|---|---|---|
| 1 | Mrs. S. O. J. Mbagwu-Fagbemi [1] | Shareholders' Representative | Chairman | 4 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 2 | Alhaji M. O. Usman [2] | Shareholders' Representative | Member | 4 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 3 | Mrs. A. Kuye | Shareholders' Representative | Member | 4 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 4 | Mr. I. Hassan | Non-Executive Director | Member | 4 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 5 | Mr. O. M. Agusto | Non-Executive Director | Member | 4 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| 6 | Ms. I. L. Akpofure | Non-Executive (Independent) Director | Member | 4 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |

[1] Appointed as the Chairman of the Committee at the Meeting which held in July, 2019

[2] Stepped down from the chairmanship position in July 2019, however remains a member of the Committee

## 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, 2019.

| S/N | Directors | Board | Board Credit Committee | Board Risk Management Committee | Board Human Resources & Nomination Committee | Board Remuneration Committee | Board I.T. Strategy | Board Audit Committee |
|---|---|---|---|---|---|---|---|---|
| | Date of Meetings | 30-Jan-2019<br>17-Apr-2019<br>24-July-2019<br>30-Oct-2019<br>13-Nov-2019 | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019<br>13-Nov-2019 | 29-Jan-2019<br>16-Apr-2019<br>23-July-2019<br>29-Oct-2019 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 | 30-Jan-2019 | 15-Apr-2019<br>28-Oct-2019 | 28-Jan-2019<br>15-Apr-2019<br>22-July-2019<br>28-Oct-2019 |
| | Number of Meetings | 5 | 5 | 4 | 4 | 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 | 4 | 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 | 4 | N/A | N/A | 4 |
| 6 | Mr. H. A. Oyinlola | 5 | N/A | 4 | 4 | N/A | 2 | N/A |
| 7 | Ms. I. Akpofure[2] | 5 | N/A | 4 | 2 | N/A | 2 | 4 |
| 8 | Mr. B. T. Soyoye | 4 | N/A | 4 | 1 | N/A | N/A | N/A |
| 9 | Mrs. V. O. Adefala[3] | 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 | Mr. H. Musa | 5 | 5 | N/A | N/A | N/A | 2 | N/A |
| 12 | Mr. J. M. Lawal | 5 | 5 | N/A | N/A | N/A | 2 | N/A |
| 13 | Mrs. M. C. Olusanya | 5 | N/A | 4 | 4 | N/A | N/A | N/A |
| 14 | Mr. B. G. Okuntola | 5 | 5 | 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] Stepped down from the Board Human Resources and Nominations Committee at the Board Meeting held on April 17, 2019

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

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 2019 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 2019 financial year will be presented to shareholders at the 30th 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, Financial Reporting Council, 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 contacts with its target groups and identifies topics of possible mutual interest;

(v) Clarity: The Bank aims at clarity, i.e. to send uniform and clear messages on key issues;

(vi) Cultural awareness: As an international financial institution, the Bank operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;

(vii) Feedback: The Bank actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine-tune communication activities.

### Information Flow

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

### The Company Secretary

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

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

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

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

### Insider Trading and price sensitive information

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

Directors, insiders and their related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the Bank where such would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Bank 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 66 of this Annual Report.

## Employee Share-ownership Scheme

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

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

## Internal Management Structure

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

# SUBSIDIARY GOVERNANCE

## Subsidiary governance

Subsidiary governance is an integral part of our bank's risk management framework that provides the structure through which the performance objectives of the subsidiaries are defined, measured and performance monitoring is conducted.

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

As at December 31, 2019, 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, while ensuring synergies between them.

## Subsidiary Board Representation

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

## Subsidiary Board Committees

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

- Board Audit Committee (BAC) reviews accounting policies, practices, procedures and controls 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) exercises its responsibility to maintain a healthy risk portfolio for the bank, by performing the control actions of approving new credit facilities or extending existing credit facilities within a proposed aggregate exposure limit defined 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 while promoting best practice corporate governance standards.

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


## Representation on the 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 as well as 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, innovation and technology, credit approval and management processes likewise 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 the International Banking Directorate 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 International Banking Directorate with reports on their business activities and operating environment monthly. The reports cover the subsidiaries' financial performance, risk assessment, regulatory activities among others.

### Business Performance Review Session

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

### Annual System and Control Audit

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

### Annual Risk Management Audit

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

### Group Compliance Function

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

### Group Treasury Function

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

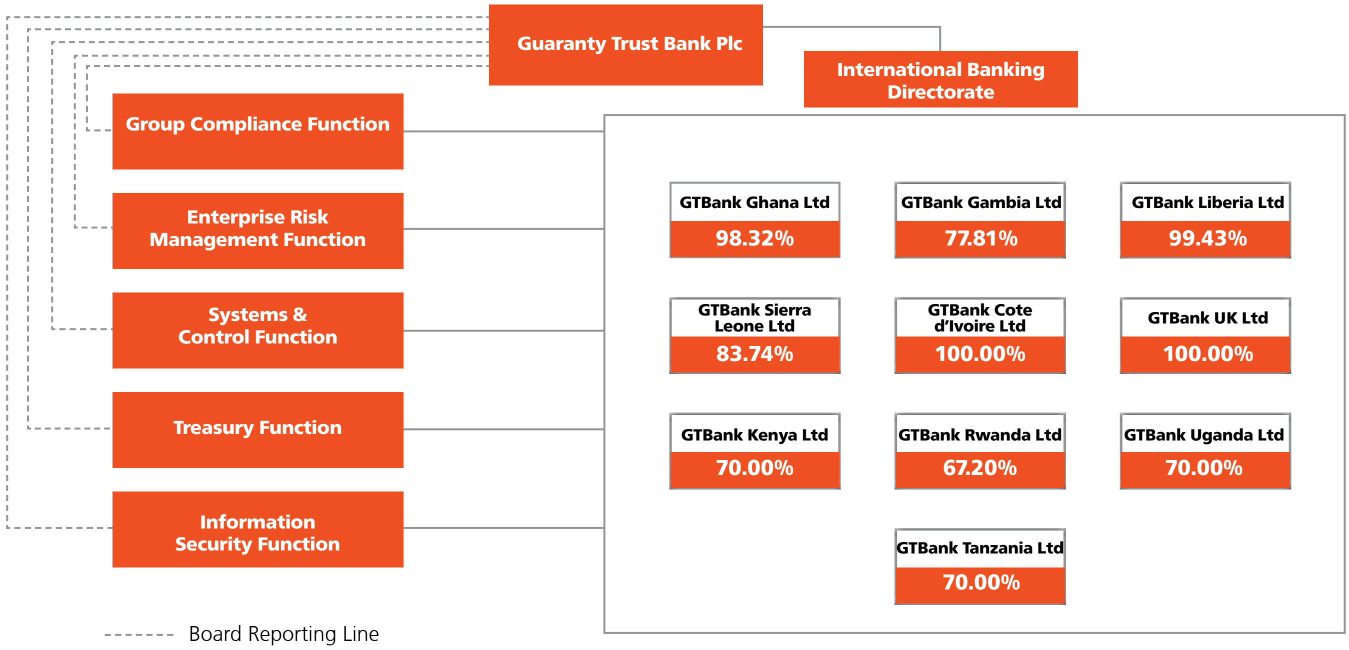
### Group Information Security Assurance

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

### External Auditors' Report

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

# SUBSIDIARY GOVERNANCE



# SUSTAINABILITY REPORT

## Introduction

At Guaranty Trust Bank, we are aware that a strong Environmental, Social and Governance (ESG) proposition can safeguard our long-term success. As such, we are committed to getting our ESG proposition right in addition to the provision of economic value. This is with a view to creating higher values in our business operation and activities. As part of our commitment, we have fully incorporated environmental and social standards into our business operations and activities. This is in line with the requirements of IFC Performance Standards and CBN's Nigerian Sustainable Banking Principles (NSBP).

We have integrated sustainability strategies into our business model based on our awareness of the link between strong financial performance and sustainability. We have reviewed and updated the tools in which we manage our financial, social and environmental risks. We continue to improve our Environmental & Social (E&S) processes to align with international best practice. As an innovative and sustainable bank, we are constantly devising ways of doing things better. We learn from our past experience and use our experience as a leverage to do things better.

At GTBank, we support the government efforts at achieving Sustainable Development Goals (SDGs) through our investments in critical sectors, our Corporate Social Responsibility (CSR) and product development initiatives. We remain committed to achieving the SDGs of the United Nations (UN) through the creation of avenue for our communities and stakeholders to thrive. We have continuously led across all key economic parameters in the banking sector and have built a great brand in Africa.

We remain committed to the promotion of sustainable finance and meeting up with international standards. We are a member of the United Nations Environment Programme Finance Initiatives (UNEP-FI) and an organisational stakeholder for Global Reporting Initiative (GRI). Also, as a signatory to the Nigerian Sustainable Banking Principles (NSBP) of Central Bank of Nigeria (CBN), we consistently meet all the required environmental and social standards and ensure regular reporting of our sustainability journey.

This 2019 Sustainability Report is a reflection of our journey over the last one year and it highlights various initiatives targeted at ensuring that we remain socially, environmentally and financially responsible. 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 and the UN SDGs.

## Market Place

At GTBank, we continue to advance economic growth and sustainable development through our lending to the critical sectors of the economy such as Manufacturing, Agriculture, Real Estate, Power and Oil & Gas. We help support the government efforts in achieving its diversification target through our active funding and investments in critical sectors. The bank has also actively involved itself in disbursing various intervention fund offered by CBN towards growing some selected sectors in Nigeria.

The integration of Environmental & Social Risk Management (ESRM) framework into our credit approval process has helped us to mitigate and prevent adverse E&S issues that may emanate from our borrowing customers. In 2019, we screened all the 886 corporate credits approved by the Bank for E&S risks. We conducted enhanced due diligence for customers operating in the high risk sectors as classified by the Central Bank of Nigeria (CBN). We assessed all approved transactions for human rights risks such as child labour and forced labour. Our assessment entails initial screening with the Exclusion Checklist for all customers and Further Due Diligence Assessment for High Risk customers or moderate due diligence for customers in Medium Risk sectors.

As a leading financial institution, we remain committed to the provision of first-class financial products and services to our customers, including the underserved and unbanked population. In 2019, we deployed five (5) additional Agent Banking locations, increasing the total number of locations to 60 across the nation from 55 that it was in 2018. Through these agent banking locations, we received deposits of about N6.5 Billion in 2019. This is an increase of 85.7% from the last reporting period in December 2018 (N3.5 Billion). We continue to partner with CBN SANEF programme to expand our reach to the unbanked.

In order to further enhance our contribution to financial inclusion and women empowerment, we introduced "Quick Credit" for Non-Salary Earners (NSE) in April 2019. As at the 31st of December, 2019; about 9,539 NSEs are currently benefitting from the loan with a total exposure of N1.73 Billion to the bank. This is in addition to other products that we have in place such as food, fashion and quick credits which amount to N38.24 Billion as at 31st of December, 2019. All these credits (including the quick credit for NSE) were granted at competitive interest rate and without collateral.

As a sustainable bank, we continue to innovate and develop new initiatives to create a better life for our customers. For instance, in October 2019, the Bank removed all the bank charges for young undergraduates (16-25 years) on our GTCrea8 Account product. With this, undergraduates will no longer pay charges on bank transfers, using 737, receiving transactions alerts, among others. This is part of the Bank's commitment in empowering the youth through providing them the opportunity to bank for free.

As part of our quest to promote Small and Medium Enterprises (SME), we partner with the Development Bank of Nigeria (DBN) to disburse N25 billion to entrepreneurs in Nigeria's Micro, Small and Medium Enterprises (MSMEs) sector. This is the single largest disbursement by DBN to any financial institution in Nigeria. We continue to introduce various programmes and products to promote Small and Medium Enterprises (SME), empower women and deepen financial inclusion. For instance, the fourth edition of both Food & Drink Fair, and Fashion Weekend in 2019 was conducted as part of our drive to promote SMEs especially the food and fashion industry.

The bank is consistently improving the features of Habari to satisfy the needs of everyone. Habari is the first mobile platform to be developed by a financial institution in Nigeria for music and video streaming, e-commerce and messaging. It is open and accessible to everyone; meeting their lifestyles needs. Through our USSD code, *737#, our customers in most remote locations are able to access financial services using their mobile phones.

## Community

At GTBank, we consider Corporate Social Responsibility (CSR) to be fundamental to our strategic objectives. Thus, we are committed to lifting our communities and helping our stakeholders to flourish. As part of our commitment to enriching lives of the host communities we operate in, we have a well-planned CSR strategy that stands on four pillars namely community development, education, environment and Arts.

In terms of community development, we carried out 106 projects in Nigeria, Ghana and Tanzania through our Social Responsibility Challenge in 2019. The staff of 98 branches in Nigeria and two of our subsidiaries in Ghana and Tanzania participated in the challenge. This is a voluntary donation by our staff to touch the lives of people living in the communities where we operate. Through our "Simple Change Big Impact programme", we supported NGOs to execute 20 projects in different parts of Nigeria by providing funds totalling ₦20 Million.

We had a programme in December 2019 that involved provision of fund for 100 people to travel home for Christmas celebration. We also provided them with gifts items for their loved ones. We also organized an event called Xmas village for the orphans where we provided food to orphans from different orphanages, as a way of bringing smiles to their faces.

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 scholarship contribution in 2019. We continue to organize a monthly reading event involving 200 students to promote reading culture; trained 2,133 students on savings across 14 schools in 6 states in Nigeria during Financial Literacy Day in March 2019, amongst others. In celebration of the World Savings Day on October 31, 2019, 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.

In terms of protecting the environment, we continue to maintain our adopted public spaces in Lagos, Kano and Sokoto ensuring that the environment remains green and beautiful. This is in addition to several initiatives introduced to protect the environment through our business operation and activities. The table below highlights some of the CSR projects carried out by the Bank in 2019:

| Area of Focus | | Beneficiaries |
|---|---|---|
| Arts | 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 Art 635 | 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 - 1358 |
| Education | 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 |
| | Book N Guage/ Farafina Reads – A monthly Book reading event promoting the reading culture. | 200 participants/ monthly |
| | You Read Initiative – A public library to connect people with global resources of information and knowledge in Lagos, Nigeria. | Over 200 visitors every week day |
| | Children's Day Celebration (Books Rock) – in line with the You Read Initiative, Books Rock was celebrated around children's day with events such as book reading, writing competitions, games etc. | 180 Children in attendance |

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| | Mobile Library – A mobile library van with books for members of the community to exchange. | 1,000 participants |
| | Dusty Manuscripts – an annual contest targeted at budding writers and providing the opportunity to win publishing deals for the finished but unpublished manuscripts | 1,300 entries received. 20 writers were shortlisted for boot camp. |
| Healthcare | Orange Ribbon Initiative – An annual autism conference and one-on-one consultation sessions to educate and assist caregivers on how to care for those living with the autism spectrum disorder. | 2,000 conference attendance; 36,000 online attendance. |
| | Autism Focus Group Meeting – support for monthly focus group meetings at Autism Resource Centre, Lagos University Teaching Hospital (LUTH) | 45 participants per month. |
| | Orange Heart Initiative – staff donations towards sickle cell. | 10 people with sickle cell received free health care. |
| | EDWIN – a support group for women living with disabilities | 300 women. |
| | Support for St Kizito Hospital – Donation of water plant to women living with HIV in the hospital | Over 200 patients |
| | Christmas Party – support for children on admission at the Massey Children Hospital, Lagos Island on Christmas Day | Over 200 children |
| Sports/Youth Devel-opment | GTBank Masters Cup – An annual football tournament for private secondary schools in Lagos State. | 1155 players, 28 schools |
| | GTBank Principals Cup – An annual football tournament for public secondary schools in Lagos and Ogun State | 13068 players , 335 schools |
| | GTBank CARES – A sum of N55 Million was spent to acquire 488 bicycle for distribution to children living in rural communities across Nigeria. The aim is to leverage on the power of mobility through bicycles to ensure that more children attend school and ultimately break the cycle of poverty. | 488 persons |

## Environment

As a sustainable bank, we continue to monitor our carbon footprint through tracking of our electricity, fuel, water, solid waste and paper usage. We consciously manage the impact of our business operations on the environment by curtailing our business travels, ensure our generators are well-serviced and in cabins, to prevent noise and fumes. We also ensure proper disposal of our wastes and efficient use of water.

The electricity consumed from the National Grid decreased by 36% from 2018 to 2019 and this was as a result of adoption of energy saving methods such as the use of energy saving bulb, switching off all electrical appliances that is not in use, among others. Our diesel consumption also reduced by 11% from 2018 to 2019. The decrease in our fuel usage was as result of timely shut down of our branches.

The total number of our branches/business offices powered by alternative source of energy (solar energy) has increased by 13 (From 29 to 42) from 2018 to 2019. The Bank presently has 6 Main Branches, 6 e-branches and 30 offsite locations which are powered by a hybrid of solar and conventional energy supply (Grid and Diesel Generators). These branches have Automated Teller Machines (ATMs) and Communication devices powered by solar panels. The number of our ATMs powered by alternative source of energy (Solar energy) also increased from 68 to 84 from 2018 to 2019.

In terms of water usage, we were able to reduce our water usage by 18.4% from 2018 to 2019. This is an indication that our water conservation technique such as avoiding water wastage, paying attention to leaking taps, among others, is working. The total amount of solid waste generated by the bank increased by 7.7% from 2018 to 2019. We have developed strategies to reduce the quantity of our solid waste.

Our paper usage increased by 6.7% because of the growing number of our staff both permanent and contract hires in 2019. To address the increase in paper use, we have developed initiatives to reduce paper consumption especially among units with the highest paper use. Some of the initiatives introduced to reduce paper consumption include the use of both sides of the paper, the storing of documents digitally and electronically, being selective with what we print, the reuse of printed paper for jotting, among others. As part of our strategy for paper reduction, 12% of the paper used by us were recycled instead of disposing the paper immediately.

The number of air travels increased by 13.4% from 2018 to 2019. The Bank has developed initiatives to reduce travels (Air, land, etc) through the use of communication technology (Skype, Zoom) as substitute for physical meetings. There were no adverse environmental impact reported on our branches or projects financed in 2019.

**Workplace**

At GTBank, we recognize the strategic importance of our workforce in the achievement of our business objectives. As such, our focus is not restricted to the recruitment of qualified hands, but providing them the requisite trainings and conducive environment to perform optimally in satisfying the needs of our customers. We identify the training needs of all our employees; and offer competitive welfare package for effective service delivery.

In 2019, the bank E&S Team trained seventy five (75) account officers/relationship management team on Environmental and Social Risk Management (ESRM). They also conducted a training on ESRM for all members of Enterprise Risk Management (ERM) division of the bank. We periodically publish on our intranet E&S Learning Case Studies covering critical sectors of the economy. Our E&S team attended the workshop on ESMS implementation organized by IFC; and a 2-day sustainability summit to learn and share ideas on sustainability best practices with organisations from different sectors in Nigeria.

For our entire staff, we provided training on subject matters ranging from Corporate Governance, Enterprise Risk Management, Environmental and Social Risk Management, Leadership and Management, among others. We continue to provide our employees with weekly awareness on health related issues and personal finance through "Wellness Wednesdays" and "Finance Fridays" published on our intranet. In March 2019, we had second season of our Orange League Football Competition. The football competition has helped to promote friendly competition among our various business lines. A week-long Health Week which ended with our annual Staff Trek and Family Fun day was also organized by our staff Engagement Team.

The bank has acquired several certifications that show compliance to international best practices such as ISO 9001:2015 (Quality Management System), ISO 27001 (Information Security Management), ISO 20000 (Information Technology Service Management), ISO 22301 (Business Continuity Management), among others. The bank has also implemented Health and Safety Management System in line with ISO 45001:2018.

The bank has grievance mechanism in place to address employees' complaints. The bank HR team conducts survey on a regular basis to elicit the views of employees on critical issues that may affect them, and provide platform for the management to resolve the issues. Besides conducting surveys, other initiatives in place to get the opinions or suggestions of employees include: Call the MD session, regular town hall meetings, yearly Retreat by the bank where selected members of junior staff are mixed with senior management staff to enhance interaction. Also, employees are able to express their opinion freely as they share the same offices with senior management staff as part of the bank's Open Door Policy.

In line with our dedication to promote gender equality and empower women, the ratio of women in the employment of the Bank and in senior management position is currently 46% and 37% respectively. In 2019, we maintained the number of women on our Board of Directors (BOD) at 4 (29%), same number as 2018. Furthermore, to celebrate International Women's Day in March 2019, female employees were given special treatment and a seminar on a key topic affecting their productivity in the workplace was organized.

We had other initiatives for women such as Breast Cancer Awareness Week, free treatment on fertility, session on "Ask a Gynecologist", among others. The Breast Cancer week was marked between October 14-18, 2019, where we invited a breast cancer survivor to share her experience and sensitize our female employees on how to do breast self-examination. We also published on our intranet " How to do a breast self-examination". As part of the activities for marking the breast cancer week, we introduced quiz on breast cancer awareness and offer prizes to the quiz winners. Our free fertility treatment was offered to interested female staff.

The bank has diversity policy as part of its Employee Handbook. The bank does not discriminate in its recruitment process. The bank has a well-articulated Bribery and Corruption policy, money laundering policy and whistle-blower programs that were drafted in line with best practices and also vetted by the regulators. The bank does not prevent staff from joining an association. Employees are encouraged to join social association with the subscription fees paid by the bank. The bank is a role model in the market place for conducting its business transparently as embedded in our core principles- the Orange Rules.

We deployed on our website a portal for addressing complaints and enquiries by our customers. We won several awards in 2019 such as Best Bank in Nigeria, Best CSR Bank in Nigeria, Best Retail Bank in Nigeria, Best Customer Experience, among others. These awards are evidence of our outstanding performance as a Bank in 2019.

**Progress on CBN's Nigerian Sustainable Banking Principles (NSBP)**

The bank is a signatory to the CBN's Nigerian Sustainable Banking Principles (NSBP). The CBN's NSBP aligns with relevant international standards. We ensure that our business activities and operations are in tandem with the provisions of the nine (9) principles of NSBP. The table below highlights some of our key achievements in the implementation of CBN's NSBP for 2019:

| 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 2019, we screened all our transactions for E&S risks<br>• As at December 31, 2019 we have visited/conducted desktop Due Diligence Assessments for 87 customers whose operations fall under high risk. Based on the review of relevant documents and information provided by the client, we came up with action plans to be closed out by the customers. |
| Principle 2 | Our Business Operations: Environmental & Social Footprint. Avoidance of the negative impact of our Business Operations. | • In 2019, our paper consumption increased by 6.7%. As such we have developed initiatives to reduce paper usage especially with the units with the highest use.<br>• The electricity consumed from the National Grid decreased by 36% from 2018 to 2019 and this was as a result of adoption of energy saving methods such as the use of energy saving bulbs, putting off of all electrical appliances that is not in use, among others. Our diesel consumption also reduced by 11% from 2018 to 2019.<br>• We presently have 6 Main Branches, 6 e-branches and 30 offsite locations which are powered by a hybrid of solar and conventional energy supply (Grid and Diesel Generators), while 8 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 886 Transactions booked were assessed for human rights risks such as child labour and forced labour in 2019. Assessment comprised of initial screening with the Exclusion Checklist for all customers and Further Due Diligence Assessment for High Risk customers.<br>• We did not process any transaction with counterparties where human rights violation/abuse were identified. |
| Principle 4 | Women's Economic Empowerment: promote economic empowerment through a gender inclusive workplace culture and provide products and services for women. | • The percentage of female employees against the total staff complement remains at 46%.<br>• The percentage of women in management position increased from 35% in 2018 to 37% in 2019.<br>• The number of women on our board remained four (4 women), same as 2018.<br>• The bank has products such as Food, Fashion and Quick credits that are women focused and they could apply without collateral. |
| 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. | • In 2019, the bank opened an additional 5 Agent Banking locations in Lagos, Rivers and Oyo states.<br>• The Bank hosted the GTBank Food and Drink Fair to support SME businesses in the food industry. The event was attended by over 250,000 individuals and provided vendors the opportunity to promote their food products and services.<br>• The number of our branches that can easily be accessed by physically challenged increased from 116 to 118 from December 2018 to December 2019. All new branches are provided with ramps for easy access and dedicated toilets were also provided for physically challenged. |

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| 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<br>• We provided update to our investors (IFC, Proparco and AfDB) on our E&S performance<br>• We do monthly and quarterly reports to our management and board on our E&S journey |
| 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 | • The bank E&S team trained 75 account officers/relationship managers on Environmental and Social Risk Management (ESRM).<br>• We conducted a training on ESRM for all members of Enterprise Risk Management (ERM) division.<br>• We published on the intranet E&S Learning Case Studies. |
| 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. | • We attended a 2-day sustainability summit for organisations in different sectors in Nigeria to learn and share best practices in Sustainability.<br>• Held E&S process review meetings with IFC<br>• We attended the workshop on ESMS implementation organized by IFC |
| Principle 9 | Reporting: regularly review and report our progress in meeting the principles/ | • The bank rendered the Bi-Annual Sustainability Report to the regulator (CBN) and also dedicated a chapter on the Bank's sustainability journey in the financials.<br>• We also provided periodic updates to our investors such as IFC on the integration of Environmental and Social Risk Management (ESRM) in the Bank's framework. |

### The United Nations Sustainable Development Goals (SDGs)

At GTBank, we support the government efforts at achieving Sustainable Development Goals (SDGs) through investments in critical sectors, our CSR and product development initiatives. Our achievements in terms of promoting SDGs are highlighted below:

| GOAL | TARGET | |
|---|---|---|
| Goal 1: No Poverty | Eradicate extreme poverty for all people everywhere | We contributed to poverty reduction through periodic payment of taxes to government, introduction of accessible credits for low-income people such as Quick credit for Non-Salary Earners (NSE), through our various CSR initiatives such as provision of scholarship to indigent students, among others. |
| Goal 2- Zero Hunger | End hunger, achieve food security, improved nutrition and promote sustainable agriculture. | We contribute to ensure hunger eradication through strategic lending to customers in the agriculture sector such as Presco, Olam, WACOT, among others and various initiatives such as yearly food & drink fair which has helped to promote SMEs in the food industry and increase access to cheap and affordable food, thereby reducing hunger. We also provided single digit interest rate credit facilities to participants in the food industries. |
| Goal 3- Good Health and Well-being | Ensure healthy lives and promote well-being for all at all ages | We continue to promote healthy living through our various health initiatives such as donations to patients with sickle cells and women living with HIV, support for children with Autism, support for patients at St Kizito Hospital, visit to Massey Children Hospital and gift donations, among others. |

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| Goal 4- Quality Education | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | At the core of our CSR is education, this is based on our awareness that education has multiplier effects in terms of reducing poverty, improving health and contributing to economic growth. We promote education through our various initiatives such as adopt a school programme, donation of reading materials to schools, renovation of schools, Mobile Library, GTcr8 Scholarship, Orange Cycles/GT cares where bicycles were procured for students in remote villages to ease their daily commute, among others. |
| Goal 5- Gender Equality | Achieve gender equality and empower all women and girls | At GTBank, we support gender equality through our HR policies and various initiatives carried out by the Bank. As at the 31st of December, 2019, the percentage of women in our workforce is 46% while that of senior management team is 37%.<br><br>In 2019, we organized Food & Drink fair, and Fashion Weekend and offer food and fashion credits to promote businesses in the food and fashion space mostly dominated by women. |
| Goal 6- Clean Water and Sanitation | Ensure availability and sustainable management of water and sanitation for all | In 2019, we promoted sustainable management of water and sanitation through our employees volunteer activities such as repair of a non-functional borehole at Ja'oji, Zaria Road, Kano; donation of toiletries at ST Vincent de Paul Centre, Umuafai, Abia State and the Nigerian Prison Service at Segede, Ondo State; renovation of 6 toilets and repair of faulty pumping machine at Federal Housing Estate Primary School, Lagos State; environmental exercise participation by sweeping and cleaning of Idumota Market, Lagos and that of Ugbo Awa Community in Enugu State; among others. |
| Goal 7- Affordable and Clean Energy | Ensure access to affordable, reliable, sustainable and modern energy for all | We have made significant internal and external contribution in ensuring efficient energy usage and encouraging our borrowing customers towards the adoption of renewable energy. We have 42 of our branches and 84 of our ATMs powered by solar energy. We continue to reduce our diesel consumption and introduce energy saving light bulbs at all our branches in order to reduce energy consumption and ensure a safer environment. |
| Goal 8- Decent Work and Economic Growth | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | At GTBank, we ensure that we promote sustainable economic growth and decent work through paying competitive wages to our staff. We offer several benefits such as 13th month salary, HMOs, pension, leave allowance, quarterly allowance, half-year bonus, among others, to promote decent living for our employees. We engaged vendors through competitive bids for projects and services.<br><br>In 2019, we partnered with the Development Bank of Nigeria (DBN) to provide loans totalling N25 Billion to Micro, Small and Medium Enterprises (MSMEs) as a way of promoting economic growth. |
| Goal 9- Industry, Innovation and Infrastructure | Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | In 2019, GTBank built Nigeria's first digital play centre for children. This is one of our own ways of promoting innovation by providing a place for kids to have fun while engaging in an experience that can add to their mental and intellectual development. We provided ramps and ensured the installation of energy efficient electrical bulbs in all our new branches in 2019.<br><br>We remain committed to using our value-adding banking products and services to improve the condition of Nigeria's social infrastructure. |

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| Goal 10- Reduced Inequalities | Reduce inequality within and among countries | In 2019, we embarked on several projects aimed at reducing inequalities and providing a level-playing field for everyone. Through our staff social responsibility challenge, we were able to empower over 1000 people living with disabilities. For instance, the staff of our Garki Area 3 branch donated crutches, protective sandals and toiletries to 100 persons living with leprosy at Yangoji community in Abuja. |
| Goal 11- Sustainable Cities and Communities | Make cities and human settlements inclusive, safe, resilient and sustainable | At GTBank, we continue to ensure that we make our cities safe and habitable for everyone through financing projects that allow for the creation of smart city and donations towards a cleaner and habitable city. For instance, our staff in Ogui road branch in Enugu State participated in cleaning drainages at Ugbo Oye at Abakpa Nike, Enugu State. |
| Goal 12- Responsible Consumption | Ensure sustainable consumption and production patterns | In 2019, GTBank embarked on several initiatives that helped in efficient usage of energy thereby reducing our energy cost. Some of these initiatives include printing on both sides of the paper, timely shut down of our branches, switching off all electrical appliances not in use, reducing car emissions from multiple cars by engaging in car pooling, segregation of wastes into reusable, recyclable and non-reusable, among others. |
| Goal 13- Climate Action | Take urgent action to combat climate change and its impacts | At GTBank, we continue to minimize the impact of climate change in our business activities and operations. We conduct enhanced due diligence for customers whose activities may impact negatively on the environment (High Risk sectors). We also conduct moderate due diligence for customers in medium risk sectors. This is with a view to minimizing the effects of climate change in the operations of our customers.<br><br>As an organisation, we developed several initiatives to reduce our carbon footprint such as water, fuel and electricity usage in 2019. |
| Goal 14- Life below water | Conserve and sustainably use the oceans, seas and marine resources for sustainable development | Through our sustainable waste management practices, we partnered with Lagos State Waste Management Authority (LAWMA) and other government approved waste collectors to ensure that all wastes from our facilities are disposed only in designated landfill sites. Through the use of government approved waste collectors, waste generated from our branches is prevented from ending up inside the ocean or river to disrupt marine life. |
| Goal 15- Life on Land | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | At GTBank, we are conscious of the need to protect life on land through our sustainable waste management and deliberate attempt at reducing the number of solid wastes sent to landfill sites in order to reduce land pollution. Our awareness of the link between paper use and deforestation made us to develop some initiatives to moderate our paper usage in 2019. |
| Goal 16- Peace, Justice and Strong Institutions | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | At GTBank, we have a well-organized governance system that is highly transparent and accountable to all our stakeholders. Ours is an organisation that has been able to promote peaceful co-existence in our communities of operations through our CSR activities.<br><br>In 2019, through our staff voluntary social responsibility challenge, we were able to execute 106 projects in some communities in Nigeria, Ghana and Tanzania. |

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| Goal 17- Partnerships for the goals | Strengthen the means of implementation and revitalize the global partnership for sustainable development | In our attempt at promoting the UN SDGs, we were able to form partnership with Several organisations as well as other global bodies. Some of these organisations are listed below:<br>• Member, United Nations Environment Programme Finance Initiative (UNEP-FI)<br>• Organisational Stakeholder, Global Reporting Initiatives (GRI)<br>• Member, Nigerian Sustainable Banking Principles<br>• Development Partner, Central Bank of Nigeria (CBN)<br>• Development Partner, International Finance Corporation (IFC)<br>• Development Partner, African Development Bank (AfDB)<br>• Development Partner, Development Bank of Nigeria (DBN) |

### Summary of our ESG Materiality

At GTBank, we are concerned with the development of innovative approach to meet the needs of all our stakeholders. We conduct stakeholders' analysis and developed strategy to connect with our stakeholders.

Using the guidance of the Sustainability Accounting Standards Board (SASB) developed in 2018, we summarize our material ESG issues below:

- Access and affordability: At GTBank, we are concerned with increasing access to our services and creating affordable services. In 2019, we introduced quick credit for Non-Salary Earners (NSEs), removed charges for our GTCrea8 Account product, improved the features of Habari to satisfy the needs of everyone, partnered with DBN to promote MSMEs, among others. We were able to increase our customer base through our deliberate efforts in promoting community development, business growth and financial inclusion.

- Labour practices: At GTBank, we are aware of the importance of our workforce in achieving our strategic business objective of attracting more customers and increasing our deposit base. We continue to provide requisite trainings and offer competitive welfare package to all our workforce. This is to enhance quality of service from our employees to our customers.

- Data security and customer privacy: We are aware of the importance of data security to our continued existence, as such, we have a robust legacy banking application and technology architecture that prevent data leakages and compromise. We have in place sophisticated tools to prevent cyber-attacks and promote data security. We also ensure customer privacy by aligning with best international practice. We comply with the requirements of General Data Protection Regulation (GDPR) and that of Nigeria Data Protection Regulation (NDPR) and other relevant regulations. We constantly create awareness to our staff, customers and vendors to be aware of the activities of fraudsters and the need to preserve their security details from identity theft.

- Lifecycle impacts of products and services: At GTBank, we are aware of the importance of conducting due diligence on our products and services. We have an Environmental and Social Policy endorsed by the regulators and approved by the board. The policy is developed in line with the requirements of CBN's NSBP and international best practices such as the IFC Performance Standards. We have fully integrated environmental and social considerations into all our business activities and operations. We conduct enhanced due diligence for customers in high risk sectors and moderate due diligence for customers in medium risk sectors. As part of our assessment, we apply the bank's exclusion list on all credits. We monitor the action plans developed through our due diligence and ensure that identified gaps are closed out by our customers.

- Business ethics: The Bank has a strong business ethics and 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 in the Bank.

- Systemic risk management: We have a strong Enterprise Risk Management division that works with relevant units in the bank in managing risks in our business operations and that of our business activities. We have several risk management units that see to different kind of risks such as credit, operational, reputational, market, legal, cyber risks, among others.

# COMPLAINTS AND FEEDBACK

# 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.

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 On Customer Complaints

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 2019 pursuant to CBN circular dated August 16, 2011.

# COMPLAINTS AND FEEDBACK

| | Description | Number | | Amount Claimed (N'000) | | Amount Refunded (N'000) | |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 1 | Pending Complaints brought forward from prior year | 87 | 106 | 329,014 | 853,165 | - | - |
| 2 | Received Complaints | 49,553 | 45,737 | 173,026 | 700,092 | - | - |
| 3 | Resolved Complaints | 49,587 | 45,756 | 173,282 | 1,224,243 | 282,014 | 326,328 |
| 4 | Unresolved Complaints escalated to CBN for intervention | - | - | - | - | - | - |
| 5 | Unresolved Complaints pending with the Bank carried forward * | 53 | 87 | 328,758 | 329,014 | - | - |

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

In addition to the above, the Bank made additional refund of ₦153,757,000 during the year.

The table below show Complaints received and resolved by the Bank in other currencies for the year ended December 2019 and December 2018 respectively.

### RECEIVED COMPLAINTS (Per Currency)

| | Currency | Amount Claimed | |
|---|---|---|---|
| | | 2019 | 2018 |
| 1 | United States Dollars | $44,476 | $1,835,818 |
| 2 | Great Britain Pounds | £570 | £0 |
| 3 | Euros | €6,359 | €9 |

### RESOLVED COMPLAINTS (Per Currency)

| | Currency | Amount Claimed | | Amount Refunded | |
|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 |
| 1 | United States Dollars | $44,476 | $1,835,818 | $13,109 | $1,829,139 |
| 2 | Great Britain Pounds | £570 | £0 | £0 | £0 |
| 3 | Euros | €6,359 | €9 | €4,265 | €0 |

In addition to the above, the Bank made additional refund of $1,676 during the year.

### UNRESOLVED COMPLAINTS (Per Currency)

| | Currency | Amount Claimed | |
|---|---|---|---|
| | | 2019 | 2018 |
| 1 | United States Dollars | $0 | $0 |
| 2 | Great Britain Pounds | £0 | £0 |
| 3 | Euros | €0 | €0 |

### REPORTS TO THE CBN ON FRAUD AND FORGERIES

In line with Section 5.1.2 (L) of the CBN Code of Corporate governance, the breakdown of fraud and forgeries for the year is provided below:

| Fraud and Forgeries | 2019 | 2018 |
|---|---|---|
| Number of Fraud Incidents | 15,461 | 10,673 |
| Amount Involved (N'000) | 1,535,564.23 | 821,432.28 |
| Amount Involved (USD$'000) | 139.17 | 79.99 |
| Actual/Expected Loss (N'000) | 107,445.50 | 157,077.87 |
| Actual/Expected Loss (USD$'000) | 0.91 | 27.28 |

# AML/CFT FRAMEWORK

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

Guaranty Trust Bank plc ("The Bank"), remains committed to the fight against all forms of financial crime, which includes, money laundering and terrorist financing, bribery and corruption. To show this commitment, the Bank has implemented a framework for Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and the prevention of the financing and proliferation of weapons of mass destruction. It is also mandatory for all members of staff Group wide to ensure strict compliance with the framework to protect the global financial services industry.

The Bank's framework ensures compliance with AML/CFT legislation and regulations in Nigeria and has incorporated leading best practices. The bedrock of the framework incudes, but is not limited to the following:

- 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

The Bank has developed policies and procedural guidelines, and these documents are regularly reviewed/revised to ensure that they stay relevant and current and are in line with the ever-changing regulatory requirements and leading practices. The Policies and Procedures clearly lay out the Bank's AML/CFT stance in the global fight against financial crime and are available on the Bank's intranet for access to all members of staff at any point in time. The AML/CFT statement is also available on the Bank's website.

The Bank has advanced from a basic "rule based and tick box" approach for combating financial crime risk, to a risk-based approach. Thus, the Bank identifies, classifies and assesses the risks from a proactive position and assigns the requisite resources which revolve around systems and controls to manage these risks. The risk-based approach better equips the Bank to handle emerging risks.

## Scope of the framework

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

### (i) Board and Management responsibilities:

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

### (ii) Reports to Senior Management and the Board:

On a monthly and quarterly basis, AML/CFT reports are provided to senior management and the Board respectively. These reports provide the Board and senior management with information to enable them to evaluate the Bank's compliance with its regulatory obligations. The reports also ensure that Directors and senior management are kept well-informed of emerging trends and developments in the financial industry, particularly in the area of AML/CFT risk management.

Feedback on the reports are provided to the Compliance team by the Board as part of its oversight function.

### (iii) Know Your Customer (KYC) procedures:

To ensure that only customers that align with the Bank's risk appetite are on-boarded, a duly completed account opening form and the provision of identification and other relevant information and documents are provided. This is the foundation/bedrock for on-boarding a customer in the Bank. Customer Due Diligence (CDD) and AML/CFT risk assessment is conducted before engaging in any banking relationship with a customer. This includes at a minimum, identity, biometric verification number (BVN) 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 for the account.

Customers that are identified as high risk from the AML risk assessment are subjected to Enhanced Due Diligence (EDD). EDD is conducted on such customers including Politically Exposed Persons (PEPs) to assess and manage the risks that the customers might pose. The approval of senior management and the Compliance team is required prior to the commencement of banking relationship with such high-risk customers.

In compliance with regulatory requirements and perceived AML risk threats, Designated Non-Financial Businesses and Professionals (DNFBPs) and other similar businesses are required to undertake requisite and regulatory measures before account opening.

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 organisation'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 is done using manual and automated methods. 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 team with the aid of transaction monitoring solutions.

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

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 stipulate that certain reports and returns are made to regulatory bodies. The Nigerian Financial Intelligence Unit (NFIU) is the agency charged with the responsibility in Nigeria of receiving these transaction reports.

The following are the transaction-based reports sent to the NFIU in accordance with statutory and regulatory requirements:

- 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.

The Bank also, where applicable, in accordance with the Act, provides transaction-based reports to competent authorities as required.

### (vi) Relationship with Regulators and Law Enforcement Agencies:

The Bank maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Bank promptly complies with and responds to 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:

As a policy, the Bank does not enter any relationship with sanctioned individuals/entities. All employees, as applicable to their functions, are required to screen names of individuals and organisations 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 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); and the Local Lists 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. Where a true positive match is identified, staff are to follow the escalation procedure. The Bank employs an automated tool to aid in the screening against sanctions lists. Sanctions screening is done at account opening, as well as on a periodic basis for all accounts, 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 the classification also includes, 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 unintentionally aiding 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 attained through the thorough review of information provided by customers and their transaction trends. Continuous monitoring is also carried out on these accounts.

On-boarding of new PEP accounts, 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 Team.

### (ix) AML/CFT principles for Correspondent Banking:

The Bank only on-boards and maintains correspondent banking relationships with financial institutions that have implemented adequate 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, including adverse media searches, are performed annually on our correspondent relationships to mitigate potential 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. The Bank also does not maintain relationships with individuals or entities that have been sanctioned. This includes not entering business relationships with individuals on the BVN Watchlist without the express approval of the CBN.

### (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, assessed and mitigated. Customer accounts are also reassessed periodically to ensure that risk posed by customers are adequately identified and mitigated.

A report in accordance with local regulation and best practice is prepared annually.

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

The Bank upholds the highest standards of ethical conducts in all its activities 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 mandates the same standards to be applied by third parties acting on behalf of the Bank.

The Bank's Board approved Ethics policy provides the requisite standards and principles on ethical conducts and practices expected and required of all staff and our related stakeholders.

### (xiii) AML/CFT Training:

The Bank places a lot of importance on the training of its employees. Training is conducted to ensure employees are well informed and up to date on 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 the Board members and all levels of staff, including Senior Management.

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

Tests are also conducted annually after the trainings to ensure that all staff have understood the training content.

### (xiv) AML/CFT Audits:

To ensure compliance with laws and regulations and to ensure an ever-evolving fit for use of the Compliance function, internal audit of the AML/CFT function is conducted on a quarterly basis. The audit is done to test the adequacy of the AML/CFT functions and ensure that the AML/CFT measures put in place by the Bank are up to date and effective.

The reports 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 that the highlighted recommendations have been implemented.

The Compliance function also undergoes an annual independent audit by an external consultant in accordance with regulatory requirements.

### (xv) Record Retention:

In accordance with regulations, customer identification documents are retained throughout the life of the account and for five (5) years after the cessation of the banking relationship. Transaction instruments are retained for five (5) years after the transaction date.

In litigation and/or regulatory investigations, the records will be kept for as long as they are required.

### (xvi) Subsidiaries

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

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

# INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

### 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 Organisations of the Treadway Commission's (COSO) Framework.

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

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

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

### Control Environment

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

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

### Risk Assessment

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

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

### Periodic Independent Assessment of the Internal Audit Function

In line with the Nigerian Code of Corporate Governance, banks are to undergo an independent Quality Assurance Review (QAR) of their Internal Audit function. The objective of this review is to assess the Internal Audit function's conformance to regulatory standards and requirements, as well as to identify improvement opportunities. One of such reviews was recently concluded in the bank and going forward, it will be conducted periodically as mandated by the Code.

### 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 organisation 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

MRS. OSARETIN DEMUREN

# BUILDING FOR LONG-TERM SUCCESS

*Our most remarkable achievement over the past thirty years is how well-positioned our company is today to dominate the future of the financial services industry.*

CHAIRMAN, BOARD OF DIRECTORS
Mrs. Osaretin Demuren

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen, welcome to the 30th Annual General Meeting of Guaranty Trust Bank Plc.

As we mark the 30th anniversary of this Proudly African and Truly International Institution, it is remarkable to look back at what our company has achieved in just three decades. Indeed, our many milestones — disrupting the banking space as we knew it, becoming the first Nigerian bank to be listed on the London Stock Exchange (LSE) and leading the industry in the digital transformation of financial services, just to name a few — belies the young age of our great organisation.

However, our most remarkable achievement over the past thirty years is how well-positioned our company is today to dominate the future of the financial services industry. We have a very efficient senior management team and an incredibly talented and hardworking staff working together to build our digital and structural capabilities that will enable us to lead the rapid and radical change happening in our business environment. In line with the dictates of my office, I will share with you how your bank is leveraging these strong fundamentals to position for long-term success.

**First, A Review of our Macro-economic Environment in 2019**

In 2019, the general election was successfully conducted to elect leaders at presidential, gubernatorial and parliamentary levels. In the keenly contested presidential elections, the incumbent President, Mohammadu Buhari, was re-elected to serve another four years in office. The successful conduct of the elections resulted in the dissipation of pre-election uncertainties and the ramping-up of business activities. To consolidate on the success of the election, the fiscal and monetary authorities focused on growth-oriented policies which moderately raised the economic growth rate, improved the ease of doing business, stabilised exchange rate and moderated the pace of inflation.

However, the gains from the policies were doused by headwinds in the global economy, which emanated from the heightened US-Sino trade feud and the escalation of Brexit-related uncertainties. The US increased tariffs on goods imported from China and placed some Chinese tech-companies on a blacklist that effectively bans them from doing business with US firms. Counteractively, China raised tariffs on US imports and devalued its currency to make its exports more competitive. Likewise, the deadlock in the UK parliament resulted in two extensions of the Brexit date. Resultantly, consumer spending, business confidence and investments declined to levels noted during the 2016 referendum.

As a result of these disputes, the fear of a global recession was ignited, as factory activities slowed in the US, Europe and Asia. This was more prominent in the US and China, with the inversion of the US treasury-bond yield curve and the slowdown in China's real GDP to its weakest pace in three decades. However, towards the end of the year, the protracted trade dispute between the two economic giants subsided, following the signing of the "Phase One" deal, which covers agreements around trade, technology transfer and currency conduct.

The mounting fears of a global recession and weakening manufacturing activities impacted the demand for crude oil, which exerted downward pressures on international crude oil prices. Crude oil price (Brent) declined to an average of $64.34pbl in 2019 from $71.06pbl in 2018. To abate the threats to growth, most Central Banks of advanced economies became more accommodative, which facilitated the increase in capital inflows to high-yielding emerging economies and portfolio allocations that favoured equities. Consequently, the global equities market (tracked by the MSCI World Index) recorded the strongest performance (26.3%) since the aftermath of the global financial crisis (2009) as the equity index of most advanced economies grew significantly during the year, with many indices breaching record highs.

In Nigeria, the real GDP growth rate improved to 2.27% in 2019 from 1.93% in the preceding year. The growth rate of the economy remains tepid with the weakening of crude prices and the rising spate of illegal bunkering activities in the Niger-Delta Region, which disrupts oil flow on pipelines that feed major export terminals. However, the Government's plan to diversify the economy from over-reliance on crude oil yielded results, as growth in the Non-Oil Sector outperformed the Oil-Sector by contributing 1.87% to real GDP growth, compared with a 0.4% contribution by the oil sector. Growth in the Non-Oil Sector was buoyed by the Telecommunication and Agricultural sectors. The growth in the Telecommunication Sector was propelled by the steady growth in subscriber numbers and investments in newer technology, while the Agricultural Sector expanded due to the sustained intervention of the Government in the agricultural value chain as well as the curtailment of the farmer-herder conflict in food-producing states and increased rainfall, which improved harvest.

The improvement in food production drove inflation downwards as average inflation declined to 11.39% in 2019 from an average of 12.14% in 2018. However, the closure of land borders which is aimed at checking smuggling activities reversed some of the gains achieved in price stability.

The slower pace of inflation provided headroom for the Central Bank to reduce the official monetary policy rate from 14% to 13.5% in the first quarter of the year. The Central Bank also turned to a more accommodative monetary stance, vide directives and regulations, to stimulate economic growth by minimising the crowding-out of the private sector and reducing the private and public cost of borrowing. The CBN prescribed a Loan-to-Funding ratio of 60% to be met in September 2019 and increased the ratio to 65% by December 2019. A punitive levy of an additional Cash Reserve Requirement (CRR) of 50% on the shortfall implied by the target Loan-to-Funding ratio was applied to defaulting banks.

Furthermore, the cost of borrowing trended downwards with the Apex Bank's directive to exclude individuals and local corporates from participating in Open Market Operations (OMO). Money market yields were also impacted by the policy to reduce the remunerable daily Standing Deposit Facility (SDF) to ₦2billion from ₦7.5billion.

The naira was relatively stable during the financial year, but exchange rate pressures intensified as weak oil revenues and slowdown in capital flows by foreign investors reduced the supply of foreign exchange. The Central Bank curtailed the exchange rate pressures by intensifying its intervention in all segments of the foreign exchange market and close monitoring of the liquidity in the banking system.

Correspondingly, the fiscal policy was aligned to stimulate economic growth, with the passage of the 2019 Finance Bill. The Bill seeks to reform domestic tax laws to align with global best practices by mitigating against double taxation and regressive taxation. The Bill is also expected to create tax incentives for small businesses and investments in infrastructure and capital markets. In addition, the Finance Bill will address the government's challenge of a low tax-revenue, by increasing VAT from 5% to 7.5% and by including non-resident companies with a significant economic presence in Nigeria, into the tax net.

Overall, the Nigerian economy recorded moderate improvements in the area of growth, price and exchange rate stability as well as fiscal stability.

**Growing our Pan-African Business**

In 2019, we added nearly 4 million new customers, significantly grew the number of individuals and businesses who benefit from our low-cost credit facilities, maintained our premier position as the major driver for e-payments in the country and continued to bolster our footprints across the continent. In the 2019 financial year, our subsidiaries achieved a Profit Before Tax of ₦34.5 billion representing a 32% growth over 2018 Profit Before Tax of ₦26.2 billion. This performance also represented 14.9% contribution to Group's profitability, up from 12.1% in 2018. This was achieved in spite of the tough and challenging operating environment coupled with heightened regulatory and macro-economic issues that were pervasive in these countries.

Guaranty Trust Bank (Côte D'Ivoire) Limited recorded an impressive 181% growth in Profit Before Tax (PBT) from ₦0.47billion in 2018 to ₦1.31billion in 2019, while balance sheet grew significantly by 31% from ₦23.1billion in 2018 to ₦30.3billion in the year under review. Customer deposits remained strong, growing by 29% from ₦15.7billion in 2018 to ₦20.3billion in 2019. Loan to Customers improved significantly by 48% from ₦5.4billion in 2018 to ₦8.1billion in 2019. Return on Assets (Pre-Tax ROA) and Return on Equity (Pre-Tax ROE) for 2019 were 5% and 19% respectively.

Guaranty Trust Bank (Ghana) Limited received four awards in 2019: "Best Digital Bank of the year", "Customer Experience Bank of the year", "Excellence in Innovation and Technology" and "Ghana Club 100 Awards". In terms of financial performance, the Bank grew its profit by 37% from ₦16.5billion in 2018 to ₦22.6billion in 2019, while the balance sheet remained strong with 27% growth in Total Assets, from ₦169.9billion in 2018 to ₦215.4billion in 2019. Loan to customers for the year stood at ₦37.5billion, which was a 19% growth from ₦31.6billion reported in 2018. Customer deposits grew by 14% from ₦123.8billion in 2018 to ₦141.5billion in 2019. Pre-Tax ROA and Pre-Tax ROE for 2019 were 12% and 47% respectively.

Guaranty Trust Bank (Kenya) Limited has both GTBank Uganda and GTBank Rwanda as its subsidiaries. The consolidated PBT figure for GTBank (Kenya) Ltd grew strongly by 101% from ₦1.48billion in 2018 to ₦2.97billion in 2019, while the Bank's balance sheet grew by 15% in Total Assets, from ₦133.7billion in 2018 to ₦153.1billion in 2019. Customer deposits grew by 9% from ₦101.2billion in 2018 to ₦110.6billion in 2019. Loan to customers grew by 7% from ₦69.4billion in 2018 to ₦74.4billion in 2019. Pre-Tax ROA and Pre-Tax ROE for the period under review were 2% and 10% respectively.

Guaranty Trust Bank (Gambia) Limited grew its PBT by 39% from ₦1.1billion in 2018 to ₦1.5billion in 2019 and balance sheet by 12% from ₦44.3billion in 2018 to ₦49.7billion in 2019. Customer deposits grew by 16% from ₦36.6billion in 2018 to ₦42.4billion in 2019 and Loan to customers grew by 51% from ₦5.1billion in 2018 to ₦7.7billion in the year under review. Pre-Tax ROA and Pre-Tax ROE for the period under review were 3% and 27% respectively. Guaranty Trust Bank (Liberia) Limited remained strong with a PBT growth of 12% from ₦1.74billion in 2018 to ₦1.95billion in 2019 and a 2% growth in Total Assets from ₦40.1billion in 2018 to ₦40.8billion in 2019. Loan to customers for the year stood at ₦24.3billion, which is a 14% decline from ₦27.8billion reported in 2018. Customer deposits grew by 6% from ₦27.7billion in 2018 to ₦29.5billion in 2019. Pre-Tax ROA and Pre-Tax ROE for the period under review were 5% and 21% respectively.

Guaranty Trust Bank (UK) Limited made a PBT of ₦0.98billion. Total assets declined by 5% from ₦213.6billion in 2018 to ₦202. 5billion in 2019. Customer deposits also declined by 6% from ₦69.8billion in 2018 to ₦65.8billion in 2019. Loan to customers for the year stood at ₦30.3billion, a 13% decline from ₦35. 01billion in 2018. Pre-Tax ROA and Pre-Tax ROE for the period under review were 0.5% and 6% respectively. Guaranty Trust Bank (Tanzania) commenced business operations in December 2017 and made a reduced loss of ₦0.57billion in 2019 compared to ₦0.67billion 2018. With the evident and concerted effort to grow the bank's business, we are optimistic of breaking even in the 2020 financial year.

Guaranty Trust Bank (Sierra Leone) Limited was named the "Fastest Growing Retail Bank Sierra Leone 2019" by Global Banking & Finance Awards, as well as "Best bank in Digital Innovation and Financial Inclusion Program" by The European Global Business Awards, "Best Mobile Initiative" by The Asian Banker and "Commercial Bank of the Year" and "Best Innovation in Retail Banking" awards by International Bankers. In terms of financial performance, the bank showed strength by recording a PBT of ₦3.7billion in the year. Balance sheet grew by 5% in Total Assets, from ₦42.8billion in 2018 to ₦45.16billion in 2019. Customer deposits for the year stood at ₦33.2billion, a 4% growth from ₦31.9billion reported in 2018. Loan to Customers declined by 1% from ₦16.91billion in 2018 to ₦16.78billion in 2019. Pre-Tax ROA and Pre-Tax ROE for the period under review were 8% and 38% respectively.

**Strengthening Customer Relationships**

The long-term success of any business depends on its ability to constantly add value to customers' lives. In today's dynamic environment, this requires a robust upscale of our digital capabilities as well as centering human experiences at the core of all our touchpoints. In 2019, we focused on pursuing both approaches; constantly fine-tuning our digital offerings to meet customers evolving needs and ensuring that wherever our customers turned to bank – online, on their mobile devices or in our banking halls – we had the right people to make it easy for them to bank with us. For example, alongside reducing the monthly interest rate on Quick Credit from 1.75% to 1.33% monthly so that more people can access our flagship digital-lending product, we also embedded our digital platforms with a new service, ***My Account Manager***, which allows customers instantly reach out to someone in the bank with the expertise and experience to assist them on issues regarding their accounts.

Strengthening customer relationships is also about reimagining the value we offer our customers in the long term. This means not only offering new products and services but also finding new and exciting ways to be there for customers at critical moments in their lives. That is why we have removed bank charges for our GTCrea8 Customers, effectively allowing young undergraduates to bank for free. We also extended access to education and health insurance for our Smart Kids Save (SKS) Accounts holder, thereby giving parents more options and greater flexibility around covering their child's education and wellbeing. For professionals and business leaders who bank with us, we are creating ambient meeting spaces in select branches where they can walk into any day and make use of to conduct their businesses. Taking together, this approach to increasing the quality and depth of our customer relationships is deepening our connection to those we serve and ensuring that they can turn to GTBank at all stages of their lives.

**Ensuring Organisational Health**

For any organisation, great management, as well as organisational health, is critical to long-term success. We have a management that is disciplined and rigorous in finding the balance between demanding service excellence and demonstrating empathy for their subordinates in a performance-driven environment. Our staff are dedicated to transparency, passionate about excellence and committed to the highest standards of ethical conduct — values that form the foundation of trust we have with our customers, our communities and each other. Together, we recognize the value of respectful and inclusive workplaces, where people can speak up for the good of GTBank, and in turn, contribute to the business and the brand in meaningful ways. It is the reason we champion open spaces both in the way our offices are set up, so as to ensure that there are no barriers to speaking up or engaging in civil and respectable discourse.

We are empowering our employees to achieve their long term career goals and ambitions. Our human resources group is constantly building relationships with leading institutions across the globe to give our staff greater access to opportunities for further learning. This, alongside a wide range of bank-sponsored career and personal development courses and training, is among our several significant investments to help our people be the best at what they do today and also stay fully prepared for the rapidly changing nature of work.

As a team, how we bond is just as important as how we work. Staff programmes such as our Orange League Football Tournaments and the Annual Bankwide Strategy Retreat, amongst several others, give employees ample avenues to have fun together, share ideas far beyond their desk duties and build up a strong sense of camaraderie and team spirit to drive our business forward. Our people also come together regularly to make a positive impact in the communities where they live and work. In 2019, for example, our staff raised funds to cover the cost of healthcare for sickle cell patients as part of the Staff Charity Initiative. They also actively participated in our Staff Responsibility Challenge wherein, coming together in groups, they undertook dozens of social projects across the communities where our branches are located. These employee-led social causes reflect the DNA of our bank as an organisation of globally-minded and socially conscious people inspired by the vision to be champions of progress and driven by an unflinching commitment to touching lives.

**Giving Back to Society**

Our vision of leading the continent in service excellence would be incomplete without our strong commitment to giving back to society in a way that helps people and communities thrive. That is why Corporate Social Responsibility (CSR) is hard-wired into our business strategy and a major lens through which we view our role in empowering communities, supporting sustainable development and bringing about a more inclusive and prosperous world. Over the past few years, we have radically transformed our approach to CSR; beyond championing causes in the areas of Community Development, Education, The Arts and The Environment, we are deepening our role in driving growth across key economic sectors where we see immense potential to improve the means of livelihood for our customers and host communities. A detailed summary of our Corporate Social Responsibility interventions for the year is contained in the CSR section of this annual report, however, I will cover a few key points about the impact of our support for small businesses in the food and fashion sectors of the economy.

When we created the GTBank Food and Drink Festival and the GTBank Fashion Weekend as part of our vision of promoting enterprise, we saw not only the immense potential of both sectors to drive shared economic growth but also the tough challenges — around access, markets and profitability — which small business owners, who make up the largest segment of our working population, faced. We understood that if we deployed the full strength of our expertise, networks and resources to address these key challenges we would not only be helping businesses grow, we would be enabling thousands of working families to achieve better living standards.

Five years down the line, the impact of our free business platforms has been phenomenal. By bringing hundreds of thousands of consumers to patronize indigenous ventures year on year, we have helped thousands of small businesses in the food and fashion sectors improve their client base and significantly grow their profits. Thanks to our entrepreneurial masterclasses, our local talents and budding entrepreneurs are gaining the exposure and expertise they need to build sustainable brands which can compete in the world stage. And by building enthralling consumer experiences that bring together some of the biggest and most exciting global personalities in food and fashion, we are putting our local industries, and the vibrant and innovative small businesses behind them, on the global map. This kind of impact is only possible because of the strength of our business and our unflinching commitment to living up to our purpose as a platform for enriching lives.

**LOOKING AHEAD:**
**2020 MACRO-ECONOMIC OUTLOOK**

The outbreak of the coronavirus **(Covid-19)** is expected to pose a significant threat to global growth and crude oil prices as public concerns over the virus will trigger travel restrictions and cause industrial activities and supply chains to shut down. International crude oil prices are expected to remain at record-low, except OPEC and its partners agree on reducing supply. The global financial market is projected to remain in turmoil, which will increase the preference for safe-haven currencies and dampen sentiments for emerging market economies. The outbreak of this virus has the potential to intensify exchange rates pressures and create disruptions to companies in the Oil & Gas, Manufacturing and Consumer Goods sectors.

In line with global practices, it is expected that the CBN will roll out monetary stimulus measures to ameliorate the effect of Covid-19 on the domestic economy. In spite of a stimulus, the effect of this epidemic is likely to pose a significant threat to the achievement of the projected GDP growth rate, which the International Monetary Fund (IMF) revised downwards to 2% from an earlier projection of 2.5%, owing to depressed crude oil prices. The state-owned oil company has positioned itself to compensate for the prevailing downturn in crude oil prices by increasing its Liquified Natural Gas (LNG) production from 22 million tonnes per annum (MTPA) to 30 MTPA, with the commencement of the $10billion 'train 7 project'. Growth from the Non-Oil sector is expected to be propelled by increased credit to the private sector and low-interest rates on commercial lending. Furthermore, we expect the implementation of the new national minimum wage to bolster consumer spending, which will, in turn, support economic growth, particularly in the trade and manufacturing sectors.

Despite the threats to growth, the Bank will take advantage of opportunities presented in the coming financial year, in order to sustain earnings and profitability, improve asset quality and deliver competitive returns to our esteemed shareholders. As a bank that is focused on ensuring the long-term success of our business, we will continue to build strong, value adding relationships with our customers, stakeholders and the communities in which we operate. This strategy has served us well throughout our three decades of existence, and I believe that it will continue to serve us well into the future.

# MANAGING DIRECTOR'S STATEMENT

## SEGUN AGBAJE

MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER

# 30 YEARS STRONG

> Thirty years since the founding of our organisation, we remain as passionate and committed to delivering the optimum value for all our stakeholders, as we were on the first day we opened for business.
>
> Segun Agbaje
> MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Dear Shareholders,

I am delighted to welcome you to the 30th Annual General Meeting of Guaranty Trust Bank Plc and present your Bank's scorecard for the 2019 financial year.

This is a symbolic year for our organisation. Thirty years ago, some of the brightest minds this country has ever produced came together to create an oasis of excellence in Africa's financial services sector. Young, dynamic, and driven by values that transcended individual cultures and beliefs, these pioneers disrupted banking as we knew it, enthroned the culture of innovation in the industry and built our organisation on the foundation of a single promise; to enrich lives through service.

Our performance in 2019 reflects the full strength of this promise. We are growing our business in a sustainable way so that we can continue to add immense value to society, whilst generating the returns that you, our shareholders, expect. We are digitally transforming our organisation to efficiently and effectively attend to the ever-evolving needs of our customers in their everyday lives. We are also lending ourselves more strongly than ever to causes within our home communities and beyond, in order to bring about a world that is inclusive, prosperous and environmentally sustainable. As we begin our fourth decade, we remain as passionate and committed to delivering the optimum value for all our stakeholders, as we were on the first day we opened for business.

A review of the results shows positive performance across all financial indices, reaffirming the Bank's position as one of the most profitable and well managed financial institutions in Nigeria. Profit before tax stood at ₦231.7billion, representing a growth of 7.5% over ₦215.6billion recorded in the corresponding year ended December 2018. The Bank's Loan Book grew by 19.0% from ₦1.262trillion in December 2018 to ₦1.502trillion in December 2019, while customers' deposits increased by 11.4% to ₦2.533trillion from ₦2.274trillion in December 2018.

The Bank maintained a well-structured and diversified balance sheet with Total assets and Shareholders' Funds closing at ₦3.759trillion and ₦687.3Billion respectively. Full Impact Capital Adequacy Ratio (CAR) remained very strong, closing at 22.5%. In terms of Asset quality, NPL ratio improved to 6.5% in December 2019 from 7.3% in December 2018 while Cost of Risk (COR) remained flat at 0.3%. Complementing the improvement noted in NPLs, the Bank maintained adequate Loan Loss coverage of 126.6% for Lifetime Credit Impaired Loans (NPLs) compared to 105.1% recorded in December 2018. The Bank is proposing a final dividend of ₦2.50k per unit of ordinary share held by shareholders in addition to interim dividend of 30k per unit of ordinary share bringing the total dividend for 2019 financial year to ₦2.80k per unit of ordinary share.

Underpinning our financial performance is the value that we create as a platform for enriching lives. Customers turn to GTBank when it matters most – to take care of their families and everyday needs or to pursue their dreams and grow their businesses. In 2019, we responded to our customers' needs with a commitment to serve them in a way that not only solves their real pain points but also leaves them better off with every interaction. We have fully digitized our retail loan product, Quick Credit, and recently reduced the interest rate from 1.75% monthly to 1.33% monthly (the most competitive rate in the market today), to make it easily accessible for customers. Our thinking here is simple; by making it easier for our customers to access Quick Credit, we are empowering them to not only get by better than ever before but also to take more control over their lives. Today, customers profiled for Quick Credit can get the money they need in real-time via USSD, our online banking channels or at any of our ATMs nationwide. Like all our products and services, Quick Credit continues to evolve with our customers' needs, and now, it includes a distinct offering of up to 10 million Naira for small business owners, who oftentimes have to contend with challenges of cash flows for their daily operations.

The needs of businesses, big and small, are very diverse, and so are the business solutions we offer. We remained the preferred banking partner for corporates by bringing our scale, data and people together to deliver more insights, personalized advice and meaningful solutions for our institutional customers. We continue to deepen the support that we offer small businesses; working with the Development Bank of Nigeria (DBN) to provide ₦25 billion financing to entrepreneurs in Nigeria's Micro, Small and Medium Enterprises (MSMEs) sector. We are also leveraging our industry-leading expertise, vast experience and extensive networks to deliver maximum value on the credit provided by the Central Bank of Nigeria (CBN) to entrepreneurs in the Creative Industry. Our goal, working with the CBN, is to bring about a thriving, indigenous creative industry by transforming the sector into a major driver of job creation and economic growth.

Our support for small businesses in the food and fashion sectors remains unrivalled. In many communities, these small businesses are the lifeblood of the economy, rendering essential services and serving as the major means of livelihood for thousands of families. Five years ago, we created free business platforms, the GTBank Food and Drink Festival and the GTBank Fashion Weekend, as part of our goal of promoting enterprise and to help these small businesses thrive. Since then, we have, through our yearly consumer-focused events, provided thousands of small business owners in food and fashion with the right kind of expertise, exposure and access to markets they need to increase their profitability and grow their business in a sustainable way.
In 2019 alone, during the 4th edition of the GTBank Food and Drink Festival and the GTBank Fashion Weekend, we brought together more than 700,000 guests to patronise over 500 small businesses, whilst also connecting them with globally renowned food and fashion business experts. Today, our free business platforms have become the premier meeting point for thousands of industry stakeholders from around the world, reflecting the invaluable role we are playing in championing our customers' endeavours and empowering small businesses to be pivots of societal growth. Understanding that entrepreneurs equally need quality advice and insights on how to grow their businesses, we created an SME Advisory Service to provide small business owners with the right kind of people they need to talk to in any area of their business.

Our customers do not live to bank, they bank to live. At GTBank, we know that when our customers walk through our doors, interact with us online or rely on any of our digital services during the course of their day, they are putting their trust in our ability to add value to their lives. In 2019, we sought not only to earn that trust but to make it worth their while by constantly driving frictionless banking experiences across all our channels. In our branches, we are shortening the turnaround time for on-desk requests so that customers spend little to no time picking up their banking essentials. Online, we are constantly updating our web and mobile banking channels with innovative services that give customers more benefits beyond banking, such as access to low-cost insurance packages, as well as the ability to process visa applications, amongst others. For our customers on the go, we have upgraded our ATMs to include biometric authentication so that they can always have access to all our banking services with just their fingerprints.

Banking is changing, and with it what our customers expect from us. The fastest-growing segment of our customer base is made up of young, mobile-first and increasingly tech-savvy customers who are constantly in search of simple and smart solutions to legacy challenges around payments, commerce and access to services. Understanding that efficiently serving this rapidly growing group of customers would take a full-scale reimagining of the value we create, we continued to build partnerships and collaborations to offer more essential products and services than a traditional bank can. For example, our digital platform, Habari, is bringing together service providers and consumers across entertainment, e-commerce and other retail services, to create more value for everyone. Ultimately our goal with Habari and the digital transformation of our services is to design and deploy solutions that connect people to the entire value chain of their everyday needs but also delivers the best in customer experience. We are excited by how this can transform our business in the future, positioning us at the centre of our customer's most important digital interactions, and, thereby, ensuring that we become even more relevant to them in the long-term.

Building up our digital capabilities is only one part of delivering the utmost in customer experience. How we listen to, relate with and learn from our customers is even more crucial. That is why we are embedding the human touch at the heart of all our digital touchpoints in order to constantly grow our interactions with our customers. The "My Account Manager" service is a great example of our efforts to create this fusion of our digital channels and human experience. Built-in on our mobile banking application, "My Account Manager" gives customers a direct line to speak with someone in the bank who has the expertise and experience to offer sound financial advice. We are also leveraging the WhatsApp platform to grow our interactions with our customers, yes to speed up how quickly we treat their service requests, but also to build trust and improve how we serve them.

Delivering the utmost in customer experience is also about designing services that reflect the individual motivations, expectations and needs of those we serve, even when they are children with accounts held in trust by their parents. During the year, we launched a digital playground for kids—the first in Africa—to help them build better communication and problem-solving skills, whilst exposing them to new and emerging digital technologies. We also expanded the benefits of the children's Smart Kids Save (SKS) Account to include discounted health and educational insurance for kids, as well as a multi-currency savings option. The banking experience we are providing for young adults is even more transformational. In October, we removed all bank charges for young undergraduates on our GTCRea8 Accounts package, thereby enabling them to bank for free. The reason for doing this is two-fold; first to expand access to the financial services sector for young people, who form the largest segment of our unbanked population, and more importantly to create a new kind of banking experience that enables us to seamlessly onboard new customers, provide them with personalized value-added services and enrich every aspect of their lives.

No organisation succeeds in the long term without recognizing the integral role it plays in society. At GTBank we take this role seriously, and in the same way in which we champion our customers' ambitions and work every day to provide them with first-class service, so too do we constantly look for new and impactful ways to touch lives and uplift communities, especially those on the margins of society. During the year, we continued to expand on our longstanding CSR initiatives, such as the Orange Ribbon

Initiative, which, for a decade, has been at the forefront of the campaign to bring about a world devoid of stigma and filled with support for people living with Autism. One of the great things about our support for people living with autism is that it continues to evolve with every stage of their lives. For example, our latest focus has been on the challenges children living with autism face as they transition to adulthood, and during the year we brought together medical experts and caregivers from around the world to brainstorm, share ideas and proffer solutions on how to help these soon-to-be adults develop critical life skills for leading independent and productive lives.

Our commitment to ensuring that every child has access to quality education remains just as strong. Every year, we pursue our goal around improving educational outcomes for disadvantaged children, and in 2019, our focus was on easing the difficulties children in rural communities face with mobility to school and back. Through our campaign, tagged #BeatTheDistance, we provided children in communities across the country with bicycles to ease the difficulties they face going to school and back. By doing this, we are empowering these children to beat the distance, not just to school, but between their present realities and their immense potential.

In a world where change is constant, having the right people in the right roles is key to how we create more value for all our stakeholders. Our success in 2019 and over the years is down to the hard work of thousands of incredibly talented and totally dedicated GTBank staff. Their hard work, rooted in our values of excellence and integrity, and informed by our mission of building an oasis in Africa's financial services sector, is a big part of the reason we are a driver of prosperity, an enabler of economic transformation, and a key stakeholder in societal development. Throughout the year, we remained focused on building an inclusive bank where every colleague feels welcome and able to thrive. These efforts allow us to create a culture of empowerment in which our employees can acquire the skills they need to thrive in a changing world.

In recognition of our collective efforts at building a Proudly African and Truly International Bank, we received numerous International awards from reputable organisations for product and service innovation and sound corporate governance principles. During the year, we were named the "Best Bank in Africa" and "Best Bank in Nigeria" at the 2019 Euromoney Awards, becoming the first bank in the country to win both awards in a calendar year. We were also recognised as the Best Banking Group and Best Retail Bank in Nigeria by the World Finance Magazine and, for the third year in a row, we dominated the Central Bank of Nigeria's Electronic Payment Incentive Scheme (EPIS) Efficiency Awards, taking home 8 of the 12 awards available for banks.

Looking ahead. We have a brand that stands apart and a business that is built to deliver sustainable growth for decades to come. Our long-term commitment to supporting our customers, opening doors to new opportunities for our communities and enabling businesses to thrive remains just as strong. That said, we expect this year to be our toughest yet; whilst in the past, we had to contend with a difficult operating environment, regulatory headwinds and political uncertainties, we now have in addition to these perennial worries, a new competitive landscape. However, armed with the exceptional talents and total dedication of our staff, the trust and loyalty of our customers and your continued support, I remain optimistic about our future and the opportunities for us, even in the midst of these challenges.

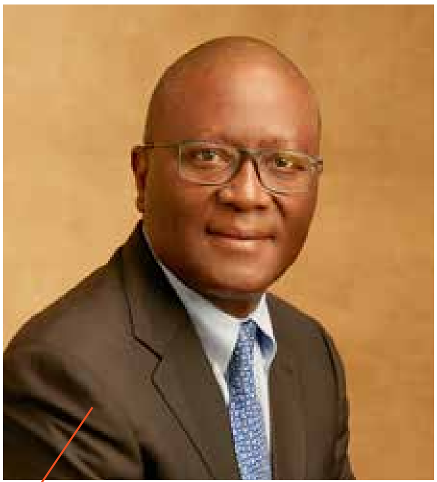
I believe in the resilience of our organisation and its ability to achieve great things, and as we begin a new decade in the life of Guaranty Trust Bank Plc, I am more convinced looking at our progress over the past 30 years, that we will lead the future of banking.

Thank you.

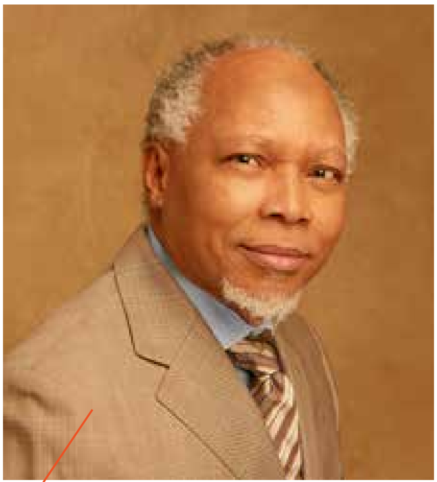
# DIRECTORS' REPORT

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

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

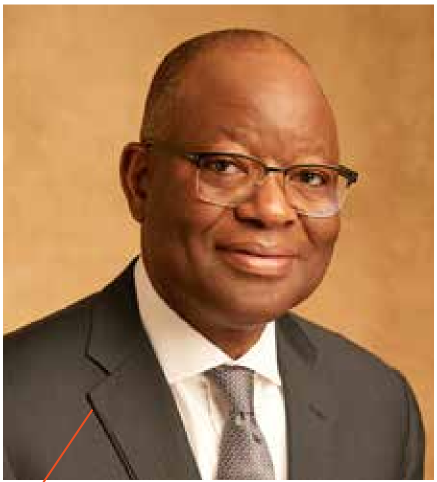


Mr. O.M. Agusto
NON-EXECUTIVE DIRECTOR



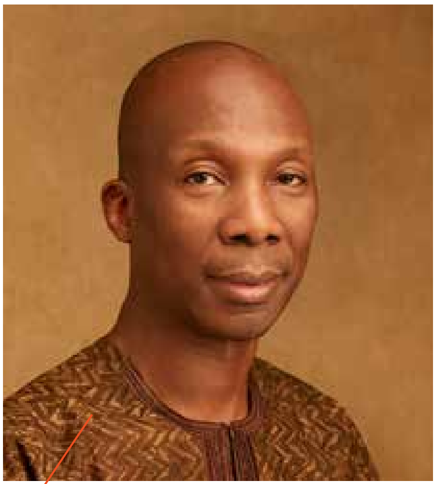
Mr. K.A Adeola
NON-EXECUTIVE DIRECTOR

Mr. I. Hassan
NON-EXECUTIVE DIRECTOR

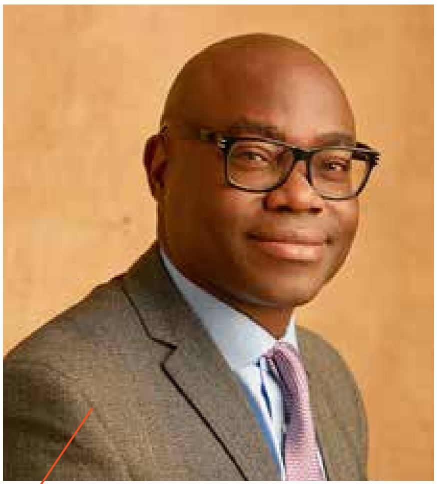


Mr. H.A. Oyinlola
NON-EXECUTIVE DIRECTOR

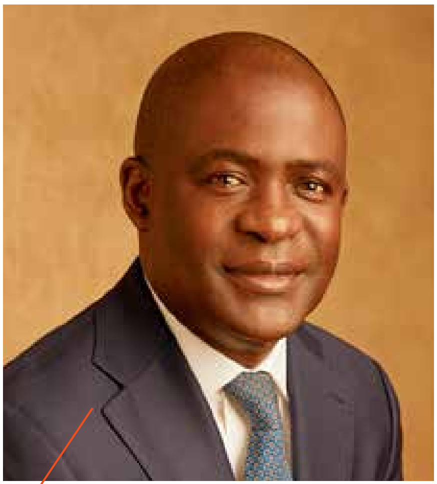

Ms. I. L. Akpofure
NON-EXECUTIVE (INDEPENDENT) DIRECTOR


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


Mr. B. G. Okuntola
EXECUTIVE DIRECTOR


Mr. E. E. Obebeduo
COMPANY SECRETARY

## For the financial year ended December 31, 2019

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 year ended December 31, 2019.

## 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 (Ivory Coast) Limited, Guaranty Trust Bank (Kenya) Limited, Guaranty Trust Bank (Rwanda) Limited, Guaranty Trust Bank (Uganda) Limited and Guaranty Trust Bank (Tanzania) Limited.

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

## Operating results

The snapshot of the Group's operating results for the year ended December 31, 2019, are shown below:

| | Group Dec-19 ₦'000 | Group Dec-18 ₦'000 | Parent Dec-19 ₦'000 | Parent Dec-18 ₦'000 |
|---|---|---|---|---|
| Gross Earnings | 435,306,541 | 434,698,969 | 350,926,907 | 356,380,233 |
| Profit before income tax | 231,707,834 | 215,586,770 | 200,177,890 | 189,971,170 |
| Income tax expense | (34,842,168) | (30,875,741) | (25,052,609) | (23,218,086) |
| Profit for the year from continuing operation | 196,865,666 | 184,711,029 | 175,125,281 | 166,753,084 |
| Loss for the year from discontinuing operation | (16,385) | - | - | - |
| Profit for the year | 196,849,281 | 184,711,029 | 175,125,281 | 166,753,084 |
| Profit attributable to: | | | | |
| Equity holders of the parent entity | 195,382,285 | 183,922,718 | 175,125,281 | 166,753,084 |
| Non-controlling interests | 1,466,996 | 788,311 | - | - |
| Earnings Per Share (Kobo) - Basic | 696 | 654 | 595 | 567 |
| Earnings Per Share (Kobo) - Diluted | 696 | 654 | 595 | 567 |

## Dividends

During the 2019 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, for the half-year period ended June 30, 2019.

The Directors recommend the payment of a final dividend of ₦2.50k (Two Naira, Fifty Kobo Only) per ordinary share of 50 Kobo bringing the total dividend for the financial year ended December 31, 2019 to ₦2.80k (2018: ₦2.75k per share). Withholding tax would be deducted at the point of payment.

## 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.

## 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 2019 | *Indirect Holding December 2019 | Direct Holding December 2018 | *Indirect Holding December 2018 |
|---|---|---|---|---|---|
| | | Shares of 50k each | | Shares of 50k each | |
| 1 | Mrs. O. A. Demuren | 868,295 | - | 356,581 | - |
| 2 | Mr. Olusegun Agbaje | 32,146,651 | 9,481,350 | 32,146,651 | 9,481,350 |
| 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 | Mr. Demola Odeyemi | 7,661,601 | 1,688,550 | 7,661,601 | 1,688,550 |
| 11 | Mr. Haruna Musa | 102,875 | 12,500 | 2,875 | 12,500 |
| 12 | Mr. Bolaji Lawal | 137,382 | 116,400 | 137,382 | 116,400 |
| 13 | Mrs. Miriam Olusanya | 247,866 | 234,350 | 247,866 | 234,350 |
| 14 | Mr. Babajide Okuntola | - | - | - | - |

*Indirect shareholding includes underlying shares of GDRs (Global Depository Receipts)
There has been no material changes to Directors' shareholdings within the year under review.

### Directors' Remuneration

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

In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by 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.<br>• 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.<br>• 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 |
| Director fees | • Paid annually on the day of the Annual General Meeting ('AGM') to Non-Executive Directors only | Paid annually on the day of the AGM |
| Sitting allowances | • Allowances paid to Non-Executive Directors only for attending Board and Board Committee Meetings. | Paid after each Meeting |

### Changes on the Board

In the course of the financial year ended December 31, 2019, there was no change on the Board of the Bank.

### Retirement by Rotation

The provisions of Article 84(b) of the Articles of Association of the Bank provides that one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, should retire from office at each biennial Annual General Meeting. In view of the fact that we had two Directors retire by rotation at the 29th Annual General Meeting, in compliance with this section, no Director would be retiring by rotation at the 30th Annual General Meeting.

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at December 31, 2019, is as follows:

| | | | Number of Shareholders | % of Shareholder | Number of Holdings | % Shareholding |
|---|---|---|---|---|---|---|
| 1 | - | 10,000 | 250,078 | 77.0125 | 748,308,663 | 2.54 |
| 10,001 | - | 50,000 | 56,422 | 17.3754 | 1,215,448,657 | 4.13 |
| 50,001 | - | 100,000 | 8,726 | 2.6872 | 612,918,252 | 2.08 |
| 100,001 | - | 500,000 | 7,444 | 2.2924 | 1,517,706,588 | 5.16 |
| 500,001 | - | 1,000,000 | 891 | 0.2744 | 617,206,536 | 2.10 |
| 1,000,001 | - | 5,000,000 | 852 | 0.2624 | 1,758,230,238 | 5.97 |
| 5,000,001 | - | 10,000,000 | 111 | 0.0342 | 751,103,167 | 2.55 |
| 10,000,001 | - | 50,000,000 | 133 | 0.0410 | 3,084,319,225 | 10.48 |
| 50,000,001 | - | 100,000,000 | 32 | 0.0099 | 2,317,186,487 | 7.87 |
| 100,000,001 | - | 500,000,000 | 26 | 0.0080 | 5,221,904,075 | 17.74 |
| 500,000,001 | - | 1,000,000,000 | 4 | 0.0012 | 2,570,150,109 | 8.73 |
| 1,000,000,001 | - | 2,000,000,000 | 3 | 0.0009 | 4,415,581,483 | 15.00 |
| 2,000,000,001 | - | 5,000,000,000 | 1 | 0.0003 | 2,480,508,657 | 8.42 |
| SUB TOTAL :- | | | 324,723 | 99.9997 | 27,310,572,137 | 92.79 |
| GTBANK GDR UNDERLYING SHARES | | | 1 | 0.0003 | 2,120,607,087 | 7.21 |
| | | | | | | |
| TOTAL | | | 324,724 | 100.0000 | 29,431,179,224 | 100.00 |

According to the Register of Members as at December 31, 2019, 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) | 2,120,607,087 | 7.21 |
| Stanbic Nominees Nigeria Limited | 7,726,815,691 | 26.25 |

Citibank Nigeria Limited ("Citibank") held the 2,120,607,087 units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. 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 26.25% of the Bank's shares largely in trading accounts on behalf of various investors.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of ₦505,365,414 (December 31 2018: ₦928,078,323) as donations and charitable contributions during the year. It comprises contributions to Educational organisations, Art and Cultural organisations amongst others.

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

| SECTOR | BENEFICIARY/PROJECT | AMOUNT (N) |
|---|---|---|
| Arts | Art 635 Gallery | 500,000 |
| Community Development | Maternal & Child Health Support | 2,282,500 |
| | Orange Cycle Initiative | 18,618,628 |
| | Orange Heart Initiative - Sickle Cell | 88,100 |
| | Orange Ribbon - Autism Project | 92,991,610 |
| | Simple Change | 422,200 |
| | Touching Lives | 3,469,580 |
| | You Read Initiative | 554,400 |
| | LASG Women Economic Empowerment | 500,000 |
| | Red Cross Partnership | 74,348,469 |
| | Nigerian Police | 3,132,000 |
| | Health Care Support | 2,100,000 |
| | Sketch To Fame | 300,000 |
| | Nigerian Girls Guide | 200,000 |
| | Rotary Club | 50,000 |
| | Africa Centre Development | 75,000,000 |
| | NCF Corporate Membership | 500,000 |
| | Medical Womens Association | 100,000 |
| | Lagos State Security Trust Fund | 100,000,000 |
| | Massey Hospital Support | 833,000 |
| Education | Adopt-a-School | 1,896,500 |
| | Financial Literacy | 9,464,136 |
| | Masters Cup | 66,917,668 |
| | School Support | 27,053,022 |
| | You Read Initiative | 559,500 |
| | CIBN | 10,000,000 |
| | World Savings Day | 1,005,000 |
| | Sport Support | 500,000 |
| Others | CSR Report | 735,000 |
| | UNEP FI Membership | 10,951,676 |
| | Others | 292,425 |
| **Grand Total** | | **505,365,414** |

### 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, 2019 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 number and percentage of males and females employed as at December 31, 2019 vis-a-vis total workforce is as follows:

| | Male | Female | Total | Male | Female |
|---|---|---|---|---|---|
| | | Number | | | Percentage |
| Employees | 1,907 | 1,602 | 3,509 | 54% | 46% |

Gender analysis in terms of Board and Top Management as at December 31, 2019 is as follows:

| | Male | Female | Total | Male | Female |
|---|---|---|---|---|---|
| | | Number | | | Percentage |
| Board | 10 | 4 | 14 | 71% | 29% |
| Top Management (AGM - GM) | 34 | 22 | 56 | 61% | 39% |
| **Total** | **44** | **26** | **70** | **63%** | **37%** |

Detailed Gender analysis in terms of Board and Top Management as at December 31, 2019 is as follows:

| | Male | Female | Total | Male | Female |
|---|---|---|---|---|---|
| | | Number | | | Percentage |
| Assistant General Manager | 14 | 11 | 25 | 56% | 44% |
| Deputy General Manager | 11 | 9 | 20 | 55% | 45% |
| General Manager | 9 | 2 | 11 | 82% | 18% |
| Executive Director | 4 | 1 | 5 | 80% | 20% |
| Managing Director | 1 | 0 | 1 | 100% | 0% |
| Non-Executive Directors | 5 | 3 | 8 | 63% | 37% |
| **Total** | **44** | **26** | **70** | **63%** | **37%** |

## Human Resources Policy

### (1) Recruitment

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

### (2) Diversity and Inclusion

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

The Bank seeks to achieve a minimum of 30% and 40% female representation at Board and Top Management levels respectively, subject to identification of candidates with appropriate skills. For the purpose of this statement, "Board" refers to Managing Director/CEO, Executive Directors and Non-Executive Directors while "Top Management" refers to General Manager, Deputy General Manager and Assistant General Manager grades.

### (3) Employment of Physically Challenged Persons

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

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

### (4) Employee Involvement and Training

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

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

### (5) Health, Safety and Welfare of Employees

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

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

The Bank operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance 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
February 18, 2020

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

**Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended December 31, 2019**

The Directors accept responsibility for the preparation of the financial statements set out from pages 76 – 315 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 financial statements.

**SIGNED ON BEHALF OF THE DIRECTORS BY:**

**HARUNA MUSA**
FRC/2017/CIBN/00000016515
18 February, 2020

**SEGUN AGBAJE**
FRC/2013/CIBN/00000001782
18 February, 2020

## For the year ended December 31, 2019

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, 2019 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 N155,615,000 (31 December, 2018: N179,316,000) was outstanding as at 31 December, 2019. The status of performance of insider related credits is as disclosed in Note 46d.
- 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.

**Mrs. Sandra Mbagwu-Fagbemi**
Chairman, Audit Committee
February 18, 2020
FRC/2020/002/00000020305

## Members of the Audit Committee are:

1. Mrs. Sandra Mbagwu-Fagbemi[1] - Chairman
2. Alhaji M.A. Usman [2]
3. Mrs. A. Kuye

Shareholder's Representatives

4. Mr. Bode Agusto
5. Ibrahim Hassan
6. Ms. Imoni Akpofure

[1] Appointed as the Chairman of the Committee at the Meeting which held in July, 2019
[2] Stepped down from the chairmanship position in July 2019, however remains a member of the Committee

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 Shareholders 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, 2019 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, 2019.

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, Director Trainings, and Board Committee composition.

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

**For: Ernst & Young**

**Benson Uwheru**
**Partner, Advisory Services**
**FRC/2013/CIBN/00000001554**

# *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 2019, 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 2019;
- 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 Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

## *Key audit matters*

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment of loans and advances to customers (N67.19billion)***<br><br>We focused on this area due to the size of the loans and advances balance net of impairment (N1.50trillion) and because it requires significant judgement in terms of the timing and amount recognised.<br><br>We also focused on this area because IFRS 9 expected credit loss (ECL) model required significant judgement in measuring credit risk of loans and advances. Key areas of judgement include:<br><br>• Determination of the default definition against the 90 days past due rebuttable presumption;<br><br>• Determination of the credit quality of facilities and measurement of the default risk of obligors;<br><br>• Assessment of significant increase in credit risk (SICR);<br><br>• 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;<br><br>• Determination of the 12 month and Lifetime probability of default (PD) used in the ECL model;<br><br>• Determination of the Exposure at Default (EAD) by discounting all future cashflows at the reporting date with the effective interest rate, as well as assessing the Credit Conversion Factor (CCF) for off-balance sheet facilities; and<br><br>• Estimation of the Loss Given Default (LGD) by considering collateral values having adjusted for haircut and time value<br><br>See notes 3(b(j)), 4(f), 6, 11 and 29 to the consolidated and separate financial statements.<br>This is considered a key audit matter in the consolidated and separate financial statements. | We adopted a combined controls and substantive approach in assessing the loan loss impairment made by management.<br><br>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.<br><br>We evaluated and tested the design and operating effectiveness of the controls that management has established in respect of ECL model governance particularly restriction of access to modify the ECL algorithm.<br><br>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.<br><br>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.<br><br>Using our credit modelling experts, we checked the calculation of the EAD, PD and LGD in the ECL model .<br><br>Our other audit procedures around the ECL model included:<br><br>• Assessing the ECL model source code to evaluate the model calculations against our understanding of the ECL model;<br><br>• Evaluating the multiple economic scenarios chosen as well as the weightings applied to non-linear losses by reviewing the robustness of the methodology used in establishing probability weights/economic |

scenarios and benchmarking the probability weights with industry average; and

- Re-performing certain model calculations for PD, LGD and EAD to confirm the risk parameter outputs.
- We reviewed the CCF applied in modelling the EAD for undrawn commitments, as well as the uncrystallised exposures for other off-balance facilities.

We tested the valuation of collaterals and other evidence of future cash flows by assessing the reasonableness of the assumptions applied in determining the collateral valuations. We considered the market values of comparative assets within similar locations, the state of the assets held as collateral and the recovery period of one year applied in assessing the realizable period of disposed collaterals.

We reviewed the IFRS 9 disclosures for reasonableness.

## *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 combating 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 2019 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 2019 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 46 to the consolidated and separate financial statements; and

v) as disclosed in Note 47 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 2019.

Obioma Ubah

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


28 February 2020

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

# FINANCIALS

## Statements of financial position
As at 31 December 2019

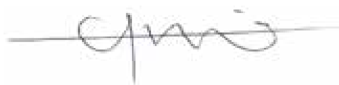
| In thousands of Nigerian Naira | Notes | Group Dec-2019 | Restated[1] Group Dec-2018 | Restated[1] Group Jan-2018 | Parent Dec-2019 | Restated[1] Parent Dec-2018 | Restated[1] Parent Jan-2018 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and bank balances | 23 | 593,551,117 | 676,989,012 | 641,973,784 | 396,915,777 | 457,497,929 | 455,296,196 |
| Financial assets at fair value through profit or loss | 24 | 73,486,101 | 11,314,814 | 23,945,661 | 44,717,688 | 8,920,153 | 16,652,356 |
| Derivative financial assets | 25 | 26,011,823 | 3,854,921 | 2,839,078 | 26,011,823 | 3,854,921 | 2,839,078 |
| Investment securities: | | | | | | | |
| – Fair Value through profit or loss | 26 | 33,084,367 | 2,620,200 | - | 33,084,367 | 2,620,200 | - |
| – Fair Value through other comprehensive income | 26 | 585,392,248 | 536,084,955 | 517,492,733 | 495,731,932 | 459,629,259 | 453,089,625 |
| – Held at amortised cost | 26 | 145,561,232 | 98,619,509 | 96,466,598 | 2,003,583 | 2,003,272 | 2,007,253 |
| Assets pledged as collateral | 27 | 58,036,855 | 56,777,170 | 58,976,175 | 57,790,749 | 56,291,739 | 58,961,722 |
| Loans and advances to banks | 28 | 1,513,310 | 2,994,642 | 750,361 | 72,451 | 46,074 | 43,480 |
| Loans and advances to customers | 29 | 1,500,572,046 | 1,259,010,359 | 1,448,533,430 | 1,300,820,647 | 1,067,999,019 | 1,265,971,688 |
| Restricted deposits and other assets | 34 | 577,433,006 | 508,678,702 | 444,946,897 | 552,105,755 | 494,969,807 | 433,528,669 |
| Investment in subsidiaries | 30 | - | - | - | 55,814,032 | 55,814,032 | 46,207,004 |
| Property and equipment | 31 | 141,774,863 | 111,825,917 | 98,669,998 | 122,633,438 | 96,300,538 | 84,979,798 |
| Intangible assets | 32 | 20,245,232 | 16,402,621 | 14,834,954 | 9,546,253 | 5,635,606 | 4,501,296 |
| Deferred tax assets | 33 | 2,256,570 | 2,169,819 | 1,666,990 | - | - | - |
| | | **3,758,918,770** | **3,287,342,641** | **3,351,096,659** | **3,097,248,495** | **2,711,582,549** | **2,824,078,165** |
| Assets classified as held for sale and discontinued operations | 34(b) | - | - | - | - | 938,945 | 850,820 |
| **Total assets** | | **3,758,918,770** | **3,287,342,641** | **3,351,096,659** | **3,097,248,495** | **2,712,521,494** | **2,824,928,985** |
| **Liabilities** | | | | | | | |
| Deposits from banks | 35 | 107,518,398 | 82,803,047 | 85,430,514 | 15,200 | 735,929 | 42,360 |
| Deposits from customers | 36 | 2,532,540,384 | 2,273,903,143 | 2,062,047,633 | 2,086,810,070 | 1,865,816,172 | 1,697,560,947 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 1,865,419 | 2,647,469 | 1,615,735 | 1,865,419 | 2,647,469 |
| Derivative financial liabilities | 25 | 2,315,541 | 3,752,666 | 2,606,586 | 2,315,541 | 3,752,666 | 2,606,586 |
| Other liabilities | 38 | 233,425,713 | 140,447,508 | 224,116,829 | 205,817,828 | 122,178,733 | 205,147,602 |
| Current income tax liabilities | 21 | 20,597,088 | 22,650,861 | 24,147,356 | 19,748,074 | 22,511,233 | 24,009,770 |
| Debt securities issued | | - | - | 92,131,923 | - | - | 92,131,923 |
| Other borrowed funds | 40 | 162,999,909 | 178,566,800 | 220,491,914 | 162,742,565 | 177,361,218 | 210,671,384 |
| Deferred tax liabilities | 33 | 10,568,534 | 7,075,956 | 17,437,766 | 12,293,886 | 7,178,560 | 12,176,307 |
| | | **3,071,581,302** | **2,711,065,400** | **2,731,057,990** | **2,491,358,899** | **2,201,399,930** | **2,246,994,348** |
| Liabilities classified as held for sale and discontinued operations | 34(b) | - | - | - | - | 935,725 | 847,600 |
| **Total liabilities** | | **3,071,581,302** | **2,711,065,400** | **2,731,057,990** | **2,491,358,899** | **2,202,335,655** | **2,247,841,948** |

## Statements of financial position (Continued)
As at 31 December 2019

| In thousands of Nigerian Naira | Notes | Group Dec-2019 | Restated[1] Group Dec-2018 | Restated[1] Group Jan-2018 | Parent Dec-2019 | Restated[1] Parent Dec-2018 | Restated[1] Parent Jan-2018 |
|---|---|---|---|---|---|---|---|
| **Capital and reserves attributable to equity holders of the parent entity** | **41** | | | | | | |
| 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 | | (6,531,749) | (5,583,635) | (5,291,245) | - | - | - |
| Retained earnings | | 119,247,653 | 107,248,944 | 123,257,080 | 78,110,906 | 78,012,269 | 108,104,500 |
| Other components of equity | | 422,704,836 | 323,991,767 | 352,403,527 | 389,591,986 | 293,986,866 | 330,795,833 |
| **Capital and reserves attributable to equity holders of the parent entity** | | **673,607,444** | **563,843,780** | **608,556,066** | **605,889,596** | **510,185,839** | **577,087,037** |
| Non-controlling interests in equity | | 13,730,024 | 12,433,461 | 11,482,603 | - | - | - |
| **Total equity** | | **687,337,468** | **576,277,241** | **620,038,669** | **605,889,596** | **510,185,839** | **577,087,037** |
| **Total equity and liabilities** | | **3,758,918,770** | **3,287,342,641** | **3,351,096,659** | **3,097,248,495** | **2,712,521,494** | **2,824,928,985** |

Approved by the Board of Directors on 18 February 2020:

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 50

## Income statement
For the Year ended 31 December 2019

| In thousands of Nigerian Naira | Notes | Group Dec-2019 | Restated[1] Group Dec-2018 | Parent Dec-2019 | Restated[1] Parent Dec-2018 |
|---|---|---|---|---|---|
| Interest income calculated using effective interest rate | 9 | 291,658,237 | 303,435,736 | 238,302,860 | 255,887,904 |
| Interest income on financial assets at fair value through profit or loss | 9 | 4,546,462 | 3,527,746 | 2,874,753 | 2,123,082 |
| Interest expense | 10 | (64,841,597) | (84,529,681) | (51,859,584) | (69,655,064) |
| **Net interest income** | | **231,363,102** | **222,433,801** | **189,318,029** | **188,355,922** |
| Loan impairment charges | 11 | (4,911,666) | (4,906,485) | (2,221,501) | (1,504,303) |
| **Net interest income after loan impairment charges** | | **226,451,436** | **217,527,316** | **187,096,528** | **186,851,619** |
| Fee and commission income | 12 | 62,418,779 | 52,367,605 | 44,919,113 | 36,110,550 |
| Fee and commission expense | 13 | (2,975,272) | (1,897,532) | (1,788,175) | (957,708) |
| **Net fee and commission income** | | **59,443,507** | **50,470,073** | **43,130,938** | **35,152,842** |
| Net gains on financial instruments held at fair value through profit or loss | 14 | 20,889,849 | 24,583,974 | 9,971,086 | 16,652,294 |
| Other income | 15 | 55,793,214 | 50,783,908 | 54,859,095 | 45,606,403 |
| Net impairment reversal/(charge) on other financial assets | 16 | 100,473 | (650,015) | 362,254 | 120,299 |
| Personnel expenses | 17 | (37,284,204) | (36,856,121) | (23,330,656) | (23,681,401) |
| Right-of-use asset amortisation | 18 | (2,114,007) | - | (921,610) | - |
| Operating lease expenses | 18 | - | (2,085,035) | - | (663,998) |
| Depreciation and amortization | 19 | (22,692,637) | (17,629,276) | (18,640,546) | (14,255,334) |
| Other operating expenses | 20 | (68,879,797) | (70,558,054) | (52,349,199) | (55,811,554) |
| **Profit before income tax** | | **231,707,834** | **215,586,770** | **200,177,890** | **189,971,170** |
| Income tax expense | 21 | (34,842,168) | (30,875,741) | (25,052,609) | (23,218,086) |
| Profit for the year from continuing operations | | 196,865,666 | 184,711,029 | 175,125,281 | 166,753,084 |
| Loss for the year from discontinued operations | 34(b) | (16,385) | | | |
| **Profit for the year** | | **196,849,281** | **184,711,029** | **175,125,281** | **166,753,084** |
| | | | | | |
| **Profit attributable to:** | | | | | |
| Equity holders of the parent entity | | 195,382,285 | 183,922,718 | 175,125,281 | 166,753,084 |
| Non-controlling interests | | 1,466,996 | 788,311 | - | - |
| | | **196,849,281** | **184,711,029** | **175,125,281** | **166,753,084** |

**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 | 6.96 | 6.54 | 5.95 | 5.67 |
| – Diluted | 22 | 6.96 | 6.54 | 5.95 | 5.67 |

The accompanying notes are an integral part of these financial statements
[1]See Note 50

## Statements of other comprehensive income
For the Year ended 31 December 2019

| In thousands of Nigerian Naira | Notes | Group Dec-2019 | Restated Group Dec-2018 | Parent Dec-2019 | Restated Parent Dec-2018 |
|---|---|---|---|---|---|
| **Profit for the year** | | **196,849,281** | **184,711,029** | **175,125,281** | **166,753,084** |

Other comprehensive income not to be reclassified to profit or loss in subsequent years:

| | | | | | |
|---|---|---|---|---|---|
| Net change in fair value of equity investments FVOCI | | 54,313 | 71,341 | 54,313 | 71,341 |
| | | 54,313 | 71,341 | 54,313 | 71,341 |

| | | | | | |
|---|---|---|---|---|---|
| Remeasurements of post-employment benefit obligations | | (2,093,871) | (238,929) | (2,093,871) | (238,929) |
| Income tax relating to remeasurements of post-employment benefit obligations | | 628,161 | 71,679 | 628,161 | 71,679 |
| | | (1,465,710) | (167,250) | (1,465,710) | (167,250) |

Other comprehensive income to be reclassified to profit or loss in subsequent years:

| | | | | | |
|---|---|---|---|---|---|
| Foreign currency translation differences for foreign operations | | (7,322,939) | 11,698,406 | - | - |
| Income tax relating to foreign currency translation differences for foreign operations | 21 | 2,196,882 | (3,509,522) | - | - |
| Net change in fair value of other financial assets FVOCI | | 4,795,881 | (7,270,448) | 4,257,580 | (7,691,996) |
| Income tax relating to change in fair value of other financial assets FVOCI | 21 | (1,438,764) | 2,103,633 | (1,277,274) | 2,230,097 |
| | | (1,768,940) | 3,022,069 | 2,980,306 | (5,461,899) |
| Other comprehensive income for the year, net of tax | | (3,180,337) | 2,926,160 | 1,568,909 | (5,557,808) |
| **Total comprehensive income for the year** | | **193,668,944** | **187,637,189** | **176,694,190** | **161,195,276** |
| | | | | | |
| **Profit attributable to:** | | | | | |
| **Equity holders of the parent entity** | | **192,301,083** | **186,140,517** | **176,694,190** | **161,195,276** |
| – Profit for the year from continuing operations | | 192,317,468 | 186,140,517 | 176,694,190 | 161,195,276 |
| – Loss for the year from discontinued operations | | (16,385) | - | - | - |
| | | | | | |
| **Non-controlling interests** | | **1,367,861** | **1,496,672** | **-** | **-** |
| – Profit for the year from continuing operations | | 1,367,861 | 1,496,672 | - | - |
| – Profit for the year from discontinued operations | | - | - | - | - |
| **Total comprehensive income for the year** | | **193,668,944** | **187,637,189** | **176,694,190** | **161,195,276** |

The accompanying notes are an integral part of these financial statements

## Consolidated Statement of Changes in Equity

**December 2019**
**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 2019** | **14,715,590** | **123,471,114** | **4,429,116** | **302,556,994** | **(5,583,635)** | **(1,262,254)** | **18,267,911** | **107,248,944** | **563,843,780** | **12,433,461** | **576,277,241** |
| Opening Adjustment | - | - | - | - | - | - | - | (653,562) | (653,562) | - | (653,562) |
| **Restated Balance as at 1 January 2019** | **14,715,590** | **123,471,114** | **4,429,116** | **302,556,994** | **(5,583,635)** | **(1,262,254)** | **18,267,911** | **106,595,382** | **563,190,218** | **12,433,461** | **575,623,679** |
| **Total comprehensive income for the year:** | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 195,382,285 | 195,382,285 | 1,466,996 | 196,849,281 |
| **Other comprehensive income, net of tax** | | | | | | | | | | | |
| Foreign currency translation difference | - | - | - | - | - | - | (4,857,461) | - | (4,857,461) | (268,596) | (5,126,057) |
| Actuarial loss | - | - | - | - | - | - | - | (1,465,710) | (1,465,710) | - | (1,465,710) |
| Fair value adjustment | - | - | - | - | - | 3,241,969 | - | - | 3,241,969 | 169,461 | 3,411,430 |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **-** | **3,241,969** | **(4,857,461)** | **(1,465,710)** | **(3,081,202)** | **(99,135)** | **(3,180,337)** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **3,241,969** | **(4,857,461)** | **193,916,575** | **192,301,083** | **1,367,861** | **193,668,944** |
| Transactions with equity holders, recorded directly in equity: | | | | | | | | | | | |
| Transfers for the year | - | - | 57,999,039 | 42,329,522 | - | - | - | (100,328,561) | - | - | - |
| Acquisition/disposal of own shares | - | - | - | - | (948,114) | - | - | - | (948,114) | - | (948,114) |
| Dividend to equity holders | - | - | - | - | - | - | - | (80,935,743) | (80,935,743) | (71,298) | (81,007,041) |
| | **-** | **-** | **57,999,039** | **42,329,522** | **(948,114)** | **-** | **-** | **(181,264,304)** | **(81,883,857)** | **(71,298)** | **(81,955,155)** |
| **Balance at 31 December 2019** | **14,715,590** | **123,471,114** | **62,428,155** | **344,886,516** | **(6,531,749)** | **1,979,715** | **13,410,450** | **119,247,653** | **673,607,444** | **13,730,024** | **687,337,468** |

## Consolidated Statements of Changes in Equity

**Dec-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 | Restated 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** | **123,257,080** | **608,556,066** | **11,482,603** | **620,038,669** |
| Changes on initial application of IFRS 9 | - | - | (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** | **37,393,234** | **457,459,837** | **10,699,948** | **468,159,785** |
| **Total comprehensive income for the year:** | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 183,922,718 | 183,922,718 | 788,311 | 184,711,029 |
| **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** | **183,755,468** | **186,140,517** | **1,496,672** | **187,637,189** |
| **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** | **107,248,944** | **563,843,780** | **12,433,461** | **576,277,241** |

## Consolidated Statement of Changes in Equity

**December 2019**
**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 2019** | **14,715,590** | **123,471,114** | **4,361,913** | **291,247,595** | **(1,622,642)** | **78,012,269** | **510,185,839** |
| Opening Adjustment[2] | - | - | - | - | - | (54,690) | (54,690) |
| **Restated Balance as at 1 January 2019** | **14,715,590** | **123,471,114** | **4,361,913** | **291,247,595** | **(1,622,642)** | **77,957,579** | **510,131,149** |
| **Total comprehensive income for the year:** | | | | | | | |
| Profit for the year | - | - | - | - | - | 175,125,281 | 175,125,281 |
| **Other comprehensive income, net of tax** | | | | | | | |
| Actuarial loss | - | - | - | - | - | (1,465,710) | (1,465,710) |
| Fair value adjustment | - | - | - | - | 3,034,619 | - | 3,034,619 |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **3,034,619** | **(1,465,710)** | **1,568,909** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **3,034,619** | **173,659,571** | **176,694,190** |
| **Transactions with equity holders, recorded directly in equity:** | | | | | | | |
| Transfers for the year | - | - | 57,955,721 | 34,614,780 | - | (92,570,501) | - |
| Dividend to equity holders | - | - | - | - | - | (80,935,743) | (80,935,743) |
| | **-** | **-** | **57,955,721** | **34,614,780** | **-** | **(173,506,244)** | **(80,935,743)** |
| **Balance at 31 December 2019** | **14,715,590** | **123,471,114** | **62,317,634** | **325,862,375** | **1,411,977** | **78,110,906** | **605,889,596** |

[1] Please refer to Note 41
[2] Please refer to Note 49

## Statement of Changes in Equity

**Dec-2018**
**Parent**

| In thousands of Nigerian Naira | Share capital | Share premium | Regulatory risk reserve | Other regulatory reserves | Fair value reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2018** | **14,715,590** | **123,471,114** | **67,762,679** | **258,145,396** | **4,887,758** | **108,104,500** | **577,087,037** |
| | | | | | | | |
| Changes on initial application of IFRS 9 | - | - | (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** | **24,704,593** | **428,454,747** |
| | | | | | | | |
| **Total comprehensive income for the year:** | | | | | | | |
| Profit for the year | - | - | - | - | - | 166,753,084 | 166,753,084 |
| | | | | | | | |
| **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)** | **166,585,834** | **161,195,276** |
| | | | | | | | |
| **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)** | **78,012,269** | **510,185,839** |

## Statement of Cash Flows
For the Year ended 31 December 2019

| In thousands of Nigerian Naira | Notes | Group Dec-2019 | Restated Group Dec-2018 | Parent Dec-2019 | Restated Parent Dec-2018 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit for the year | | 196,849,281 | 184,711,029 | 175,125,281 | 166,753,084 |
| Adjustments for: | | | | | |
| Depreciation of property and equipment | 19, 31 | 19,831,807 | 15,327,097 | 16,340,414 | 12,454,757 |
| Amortisation of Intangibles | | 2,860,830 | 2,302,179 | 2,300,132 | 1,800,577 |
| Gain on disposal of property and equipment | | (112,647) | (230,429) | (82,057) | (103,934) |
| Impairment on financial assets | | 4,811,193 | 5,556,500 | 1,859,247 | 1,384,004 |
| Net interest income | | (231,363,102) | (222,433,801) | (189,318,029) | (188,355,922) |
| Foreign exchange gains | 15 | (17,065,559) | (31,082,991) | (15,229,721) | (29,879,043) |
| Fair value changes for FVTPL | | (3,304,284) | (617,646) | (3,304,284) | (617,646) |
| Derivatives fair value changes | | (23,594,027) | 130,237 | (23,594,027) | 130,237 |
| Dividend income | | (246,948) | (224,631) | (3,257,195) | (224,631) |
| Income tax expense | 21, 34(b) | 34,842,168 | 30,875,741 | 25,052,609 | 23,218,086 |
| Other non-cash items | | (671,670) | 389,264 | (671,670) | 389,264 |
| | | (17,162,958) | (15,297,451) | (14,779,300) | (13,051,167) |
| Net changes in: | | | | | |
| Financial assets held for trading | | (59,142,598) | 13,191,742 | (32,493,251) | 8,349,849 |
| Assets pledged as collateral | | (1,251,336) | 2,199,535 | (1,499,010) | 2,669,983 |
| Loans and advances to banks and placements with banks | | 54,845,300 | (31,761,575) | 47,897,811 | (21,458,415) |
| Loans and advances to customers | | (234,714,918) | 91,424,381 | (220,908,991) | 97,093,592 |
| Restricted deposits and other assets | | (47,646,648) | (68,596,377) | (38,139,332) | (67,906,034) |
| Deposits from banks | | 18,532,417 | (5,407,368) | (720,729) | 693,569 |
| Deposits from customers | | 264,392,988 | 164,535,362 | 212,967,526 | 133,628,967 |
| Financial liabilities held for trading | | (249,684) | (782,050) | (249,684) | (782,050) |
| Other liabilities | | 92,801,268 | (90,394,972) | 83,247,310 | (89,664,434) |
| | | 87,566,789 | 74,408,678 | 50,101,650 | 62,625,027 |
| Interest received | | 293,128,840 | 321,441,161 | 238,101,755 | 272,488,665 |
| Interest paid | | (65,226,334) | (85,781,718) | (52,244,321) | (70,821,116) |
| | | 227,902,506 | 235,659,443 | 185,857,434 | 201,667,549 |
| | | 298,306,337 | 294,770,670 | 221,179,784 | 251,241,409 |
| Income tax paid | | (31,178,390) | (33,709,152) | (23,326,117) | (26,615,745) |
| **Net cash provided by operating activities** | | **267,127,947** | **261,061,518** | **197,853,667** | **224,625,664** |

## Statements of Cash Flows

For the Year ended 31 December 2019

| In thousands of Nigerian Naira | Notes | Group Dec-2019 | Restated Group Dec-2018 | Parent Dec-2019 | Restated Parent Dec-2018 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Redemption of investment securities | | 675,242,356 | 1,333,581,618 | 695,568,182 | 1,340,111,269 |
| Purchase of investment securities | | (804,052,239) | (1,360,098,030) | (757,041,339) | (1,357,601,773) |
| Dividends received | | 246,948 | 224,631 | 3,257,195 | 224,631 |
| Purchase of property and equipment | 31 | (64,709,366) | (28,350,669) | (56,010,194) | (23,787,592) |
| Proceeds from the sale of property and equipment | | 470,129 | 675,278 | 124,951 | 116,029 |
| Purchase of intangible assets | 32 | (6,692,435) | (3,733,759) | (6,210,780) | (2,934,888) |
| Additional investment in subsidiary | 30 | - | - | - | (9,607,028) |
| **Net cash used in investing activities** | | **(199,494,607)** | **(57,700,931)** | **(120,311,985)** | **(53,479,352)** |
| **Cash Flows from Financing activities** | | | | | |
| Repayment of debt securities issued | | - | (99,008,757) | - | (99,008,757) |
| Repayment of long term borrowings | | (48,447,620) | (65,370,563) | (47,539,163) | (56,015,226) |
| Proceeds from long term borrowings | | 31,780,731 | 14,450,000 | 31,780,731 | 14,450,000 |
| Finance lease repayments | | - | (284,509) | - | (284,509) |
| Purchase of treasury shares | | (948,114) | (292,390) | - | - |
| Dividends paid to owners | 42 | (80,935,743) | (79,464,184) | (80,935,743) | (79,464,184) |
| Dividends paid to non-controlling interest | | (71,298) | - | - | - |
| Increase in non-controlling interest | | - | 236,841 | - | - |
| **Net cash used in financing activities** | | **(98,622,044)** | **(229,733,562)** | **(96,694,175)** | **(220,322,676)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(30,988,704)** | **(26,372,975)** | **(19,152,493)** | **(49,176,364)** |
| Cash and cash equivalents at beginning of the year | | 614,963,180 | 609,174,897 | 407,468,242 | 426,425,496 |
| Effect of exchange rate fluctuations on cash held | | 1,181,545 | 32,161,258 | 6,762,030 | 30,219,110 |
| **Cash and cash equivalents at end of the year** | **23(b)** | **585,156,021** | **614,963,180** | **395,077,779** | **407,468,242** |

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 incorporated 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 2019, 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 Standard Board (IASB), the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

The Consolidated and Separate Financial Statements have been audited and were authorized for issue by the directors on 18th February 2020.

## 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 accounting policies adopted are consistent with those of the previous financial period except for IFRS 16 (Lease) which became effective January 2019. Adoption of the standard did not result in changes in the amounts previously recognised in the financial statements. However the standard affected disclosures of the Group.

#### 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 16 – Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The 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 became effective 1 January 2019. The Group has appropriately disclosed its lease in line with the requirements of the amendment.

### Amendments to IAS 19

This amendment was issued 7 February 2018 and became effective 1 January 2019. It prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

This Standard has no impact on the Group and Parent.

### IFRIC 23 – Uncertainty over Income Tax Treatments

This standard which became effective 1 January 2019, clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit(tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over tax treatments under IAS 12. The Group has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on the Group

### Amendments to IFRS 2 - Share Based Payment - Classification and measurment of share based payment transactions

This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an 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.

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 2019:

| Standard | Content | Effective Date |
|---|---|---|
| IFRS 3 | Business Combination | 1-Jan-20 |
| IAS 1 & IAS 8 | Definition of Material | 1-Jan-20 |

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.

### Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business.

They include:

- That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The effective date is on or after 1st January 2020. This amendment does not have any impact on the Group.

### Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of 'material'. The amendments are intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. in IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

"An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity"

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for annual reporting periods beginning on or after 1st January 2020. The Group has taken into consideration the new definition in the preparation of its annual account.

### 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:

- o power over the investee;
- o exposure, or rights, to variable returns from its involvement with the investee; and
- o 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 liquidated the Entity.

#### (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

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of the accounting policy under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of the changes is disclosed in SOCE as adjustment to opening retained earnings on 1 January 2019.

Leases (right-of-use asset) are accounted for in accordance with IFRS 16 and are accounted for in line with the following based on whether the Group is the Lessor or the Lessee:

#### (i) The Group is the lessee

At the commencement date, the Group recognises a right-of-use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The corresponding lease liabilities, where applicable, are included in other liabilities. The interest element of the lease liabilities 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.

#### (ii) 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.

### (l) Income Tax

#### (i) 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 Declared, 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.

#### (ii) 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 FVPL 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 assessment 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 142.

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.

### 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 (q) 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

# FINANCIAL RISK MANAGEMENT

## (a) Introduction and overview

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

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

This involves the application of risk management principles and processes in every business activity to determine potential threats, and adopt appropriate control measures, to contain risks in achieving the cherished 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 fittingly 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 Africa continent, contain its operating cost whilst leveraging on technology and remain the most profitable, without taking unnecessary risks."

The bank's risk appetite statement expresses the 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.

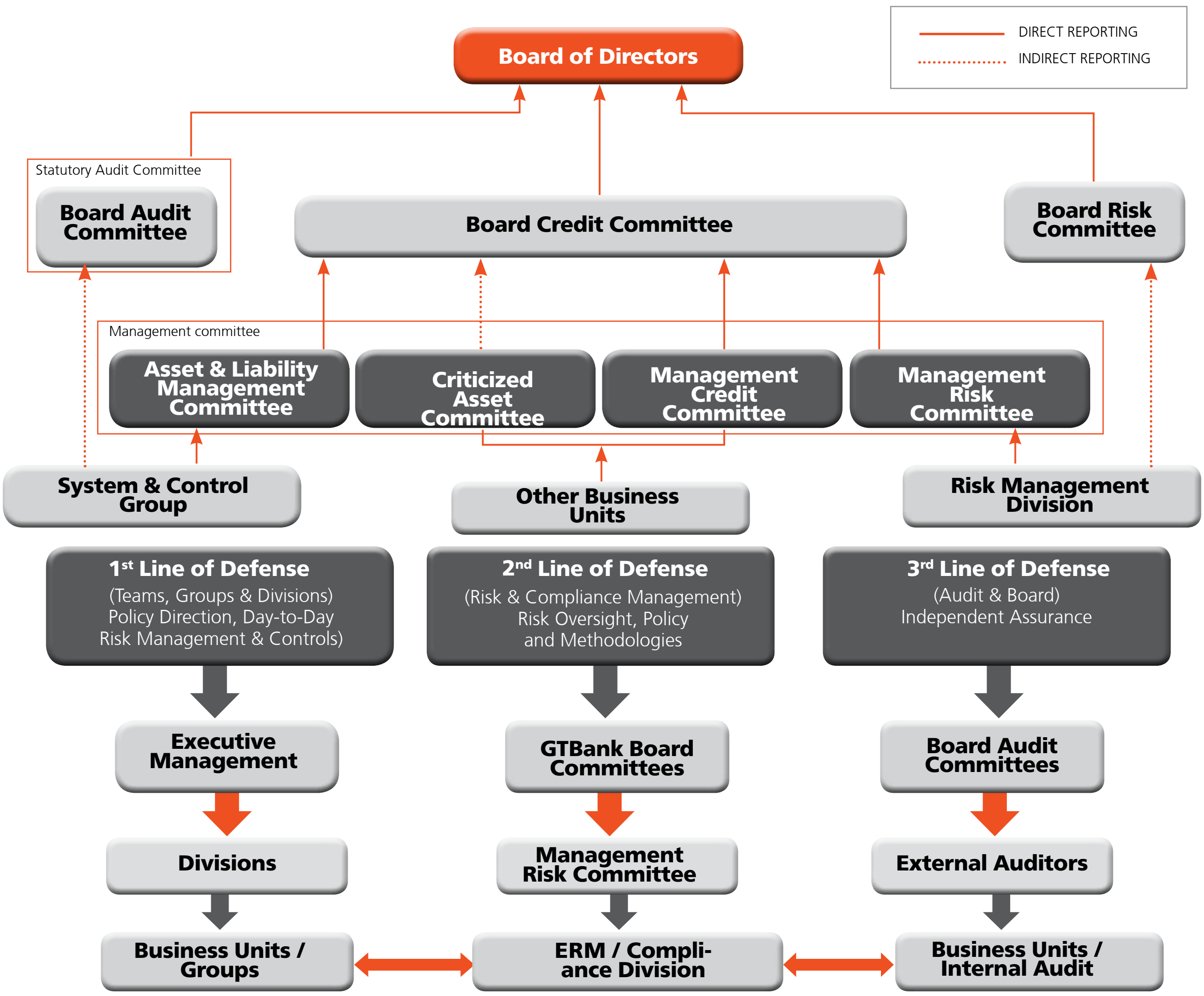
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees 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 the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Performance Review
- Annual Bank-wide performance appraisal systems
- Monthly Expense Control Monitoring Report
- Criticized Asset Committee Report

### (e) Risk Management Overview

The Enterprise-wide Risk Management Division is responsible for optimising the risks and returns inherent in the business through the effective collaboration with the business facing units. The risk management infrastructure encompasses a comprehensive approach to identifying, managing, monitoring and reporting risks with focus on the following:

(i) Inherent Risk Groups – Credit, Market, Operational, Liquidity and Information Security.

(ii) Other Risk Areas – Reputational and Strategic Risk

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

### (f) Credit risk

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

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

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

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

The Bank continues to focus attention on intrinsic and concentration risks inherent in its businesses in order to effectively manage the portfolio risk. The credit portfolio concentration limits 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<br>• Obligors with overwhelming capacity to meet obligation<br>• Top multinationals / corporations<br>• Good track record<br>• Strong brand name<br>• Strong equity and assets<br>• Strong cash flows<br>• Full cash coverage |
| 2 (AA) | Superior Credit | • Very high credit quality<br>• Exceptionally high cash flow coverage (historical and projected)<br>• Very strong balance sheets with high liquid assets<br>• Excellent asset quality<br>• Access to global capital markets<br>• Typically large national corporate in stable industries and with significant market share |
| 3 (A) | Minimal Risk | • High quality borrowers<br>• Good asset quality and liquidity position<br>• Strong debt repayment capacity and coverage<br>• Very good management<br>• Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected<br>• Typically in stable industries |

| | | |
|---|---|---|
| 4 (BBB) | Above Average | • Good asset quality and liquidity<br>• Very good debt capacity but smaller margins of debt service coverage<br>• Good management in key areas<br>• Temporary difficulties can be overcome to meet debt obligations<br>• Good management but depth may be an issue<br>• Good character of owner<br>• Typically good companies in cyclical industries |
| 5 (BB) | Average | • Satisfactory asset quality and liquidity<br>• Good debt capacity but smaller margins of debt service coverage<br>• Reasonable management in key areas<br>• Temporary difficulties can be overcome to meet debt obligations<br>• Good management but depth may be an issue<br>• Satisfactory character of owner<br>• Typically good companies in cyclical industries |
| 6 (B) | Acceptable Risk | • Limited debt capacity and modest debt service coverage<br>• Could be currently performing but susceptible to poor industry conditions and operational difficulties<br>• Declining collateral quality<br>• Management and owners are good or passable<br>• 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<br>• Typically start- ups / declining markets/deteriorating industries with high industry risk<br>• Financial fundamentals below average<br>• Weak management<br>• Poor information disclosure |
| 8 (CC) | Substandard Risk | • Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat<br>• Continued strength is on collateral or residual repayment capacity of obligor<br>• Partial losses of principal and interest possible if weaknesses are not promptly rectified<br>• Questionable management skills |
| 9 (C) | Doubtful Risk | • High probability of partial loss<br>• Very weak credit fundamentals which make full debt repayment in serious doubt<br>• Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status<br>• Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile |
| 10 (D) | Lost | • A definite loss of principal and interest<br>• Lack of capacity to repay unsecured debt<br>• Bleak economic prospects<br>• 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 back-tested 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 the following other financial instruments:

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 N300 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 issue where it has full cash collateral or a counter guarantee from a first class bank, or any other acceptable security.

### Contingencies

Contingent assets/liabilities which include transaction related 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 2019 and 31 December 2018.

**Credit risk exposure relating to On-Balance Sheet**

| In thousands of Nigerian Naira | Maximum exposure Group | | Maximum exposure Parent | |
|---|---|---|---|---|
| **Classification** | **Dec-2019** | **Dec-2018** | **Dec-2019** | **Dec-2018** |
| Cash and bank balances: | | | | |
| - Unrestricted balances with central banks | 131,090,460 | 72,552,069 | 87,429,812 | 47,484,035 |
| - Balances held with other banks | 212,812,153 | 208,289,218 | 87,974,144 | 75,142,158 |
| - Money market placements | 189,374,679 | 331,989,039 | 182,861,861 | 291,334,276 |
| Loans and advances to banks | 1,513,310 | 2,994,642 | 72,451 | 46,074 |
| Loans and advances to customers [1]: | | | | |
| - Loans to individuals | 197,560,417 | 147,603,603 | 148,997,894 | 97,756,079 |
| - Loans to non-individuals | 1,303,011,629 | 1,111,406,756 | 1,151,822,753 | 970,242,940 |
| Financial assets held for trading: | | | | |
| - Debt securities | 73,486,101 | 11,314,814 | 44,717,688 | 8,920,153 |
| - Derivative financial instruments | 26,011,823 | 3,854,921 | 26,011,823 | 3,854,921 |
| Investment securities: | | | | |
| - Debt securities | 759,592,990 | 633,613,868 | 526,384,355 | 460,551,315 |
| Assets pledged as collateral: | | | | |
| - Debt securities | 58,036,855 | 56,777,170 | 57,790,749 | 56,291,739 |
| Restricted deposits and other assets [2] | 507,475,557 | 473,570,394 | 497,181,604 | 472,130,644 |
| **Total** | **3,459,965,974** | **3,053,966,494** | **2,811,245,134** | **2,483,754,334** |
| Loans exposure to total exposure | 43% | 41% | 46% | 43% |
| Debt securities exposure to total exposure | 26% | 23% | 22% | 21% |
| Other exposures to total exposure | 31% | 36% | 32% | 36% |

As shown above, 43% (Parent: 46% ) of the total maximum exposures is derived from loans and advances to banks and customers (2018: 41% ; Parent: 43% ); while 26% (Parent: 22% ) represents exposure to investments in debt securities (2018: 23% ; Parent: 21%). 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

| In thousands of Nigerian Naira | Maximum exposure Group | | Maximum exposure Parent | |
|---|---|---|---|---|
| | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| | | | | |
| Financial guarantees | 351,764,791 | 386,386,612 | 320,056,325 | 362,816,565 |
| Other contingents | 61,576,798 | 54,664,913 | 22,753,615 | 22,059,650 |
| **Total** | **413,341,589** | **441,051,525** | **342,809,940** | **384,876,215** |

Contingencies are disclosed on Note 43

### Classification of Maximum Exposure on Loans to Customers by Product

Loans and advances have been classified into Overdraft, Loans and Others throughout the Financials Statement.

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

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

| | Group | | Parent | |
|---|---|---|---|---|
| | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| | | | | |
| Loans to individuals: | | | | |
| Overdraft | 11,854,656 | 10,072,957 | 10,683,684 | 8,486,883 |
| Loans | 185,636,521 | 137,478,680 | 138,314,210 | 89,269,196 |
| Others | 69,240 | 51,966 | - | - |
| | **197,560,417** | **147,603,603** | **148,997,894** | **97,756,079** |
| Loans to non-individuals: | | | | |
| Overdraft | 94,888,966 | 109,885,323 | 51,492,269 | 82,146,104 |
| Loans | 1,171,580,625 | 953,126,794 | 1,064,290,318 | 839,702,197 |
| Others | 36,542,038 | 48,394,639 | 36,040,166 | 48,394,639 |
| | **1,303,011,629** | **1,111,406,756** | **1,151,822,753** | **970,242,940** |

### 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.

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|---|---|---|---|---|
| | **Dec-2019** | **Dec-2018** | **Dec-2019** | **Dec-2018** |
| **Sovereign Ratings** | | | | |
| | | | | |
| **Nigeria (B) S&P** | 87,429,812 | 47,484,035 | 87,429,812 | 47,484,035 |
| **Fitch:** | | | | |
| **B+** | 7,795,597 | - | - | - |
| **B** | 23,426,424 | - | - | - |
| **unrated** | 12,438,627 | 25,068,034 | - | - |
| | **131,090,460** | **72,552,069** | **87,429,812** | **47,484,035** |

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 counter-party default rates.

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|---|---|---|---|---|
| | **Dec-2019** | **Dec-2018** | **Dec-2019** | **Dec-2018** |
| **Counterparties with external credit rating (S&P)** | | | | |
| **AAA** | 12,695,167 | - | - | - |
| **AA+** | 359,155 | 430,548 | 437,412 | 430,548 |
| **AA** | 36,990,905 | 8,759,168 | - | - |
| **AA-** | 5,945,878 | 36,539 | 37,122 | 36,539 |
| **A+** | 84,371,341 | 57,110,516 | 70,616,217 | 50,815,129 |
| **A** | 23,219,149 | 19,038,477 | 998,982 | 1,110,811 |
| **A-1** | - | 1,081,566 | - | - |
| **A-** | 25,929,422 | 760,117 | 3,609,757 | 33,660 |
| **BBB+** | 1,047,992 | 9,261,474 | - | - |
| **BBB** | 7,425,018 | 1,901,878 | 2,526,391 | 1,901,878 |
| **BBB-** | 8,123,002 | 8,620,295 | - | - |
| **BB+** | 1,369,174 | 8,622,922 | 928 | 4,378 |
| **B+** | 497,366 | 83,131 | - | - |
| **B** | 520,592 | 1,101,482 | - | - |
| **Unrated** | 4,317,992 | 33,627,560 | 9,747,335 | 20,809,215 |
| | | | | |
| **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 | - | - |
| | **212,812,153** | **208,289,218** | **87,974,144** | **75,142,158** |

### Money Market placements

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

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|---|---|---|---|---|
| | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| **Counterparties with external credit rating (S&P)** | | | | |
| **A** | - | 4,305,480 | - | - |
| **A-1+** | 1,825,841 | 17,976,425 | 1,825,841 | 17,976,425 |
| **A-1** | 107,225,738 | 220,443,523 | 107,225,738 | 220,443,523 |
| **A-** | 1,093,530 | - | - | - |
| **A-2** | 61,117,517 | 42,238,966 | 61,117,517 | 42,238,966 |
| **BBB+** | 2,167,193 | - | - | - |
| **BB+** | 2,554,517 | - | - | - |
| **B+** | 255,157 | - | - | - |
| **B** | 6,953,335 | 46,396,933 | - | - |
| | **183,192,828** | **331,361,327** | **170,169,096** | **280,658,914** |
| **Sovereign Ratings** | | | | |
| | | | | |
| **Nigeria (B) S&P** | 2,000,466 | - | 2,000,466 | - |
| | **2,000,466** | **-** | **2,000,466** | **-** |
| | | | | |
| **Counterparties without external credit rating** | | | | |
| | | | | |
| **Unrated** | 4,181,385 | 627,712 | - | - |
| **Foreign Subsidiaries** | - | - | 10,692,299 | 10,675,362 |
| | **4,181,385** | **627,712** | **10,692,299** | **10,675,362** |
| | **189,374,679** | **331,989,039** | **182,861,861** | **291,334,276** |

### Financial Assets Held for trading

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

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|---|---|---|---|---|
| | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| **Soverign Ratings** | | | | |
| **Other Sovereign (B) S&P** | 28,768,413 | 2,394,661 | - | - |
| **Nigeria (B) S&P** | 44,717,688 | 8,920,153 | 44,717,688 | 8,920,153 |
| | **73,486,101** | **11,314,814** | **44,717,688** | **8,920,153** |

### Investment Securities

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

| In thousands of Nigerian Naira | Credit quality Group | | Credit quality Parent | |
|---|---|---|---|---|
| | **Dec-2019** | **Dec-2018** | **Dec-2019** | **Dec-2018** |
| **Sovereign Ratings:** | | | | |
| **AA** | 35,265,886 | 34,274,921 | - | - |
| **B+** | 56,035,752 | 44,011,235 | - | - |
| **Nigeria (B) S&P** | 494,546,406 | 451,167,653 | 494,546,406 | 451,167,653 |
| **Other Sovereign Rating (B) S&P** | 104,830,946 | 65,158,706 | - | - |
| | | | | |
| **Counterparties with external credit rating (S&P):** | | | | |
| **A-1** | 29,834,367 | - | 29,834,367 | - |
| **B-** | - | 7,380,390 | - | 7,380,390 |
| **unrated** | 37,076,051 | 29,617,691 | - | - |
| | | | | |
| **Counterparties with external credit rating (Agusto):** | | | | |
| **Aa-** | 2,003,582 | 2,003,272 | 2,003,582 | 2,003,272 |
| | **759,592,990** | **633,613,868** | **526,384,355** | **460,551,315** |

Of the Parent's Investment Securities of N526,384,355,000 (Dec 2018: N460,551,315,000) the sum of N494,546,406,000 (2018: N451,167,653,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of B (S&P).

### Assets pledged as collateral

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

| In thousands of Nigerian Naira | Group | | Parent | |
|---|---|---|---|---|
| | **Dec-2019** | **Dec-2018** | **Dec-2019** | **Dec-2018** |
| **Soverign Ratings** | | | | |
| | | | | |
| **Nigeria (B) S&P** | 57,790,749 | 56,291,739 | 57,790,749 | 56,291,739 |
| **B+** | 246,106 | 485,431 | - | - |
| | **58,036,855** | **56,777,170** | **57,790,749** | **56,291,739** |

### Restricted deposits and other assets

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

| In thousands of Nigerian Naira | Group | | Parent | |
|---|---|---|---|---|
| | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| **Soverign Ratings** | | | | |
| **Other Sovereign Rating (B+) S&P** | 10,293,953 | 1,439,750 | - | - |
| **Nigeria (B) S&P** | 466,389,023 | 429,073,791 | 466,389,023 | 429,073,791 |
| | | | | |
| **Counterparties with external credit rating (S&P)** | | | | |
| | | | | |
| **A-1** | 7,481,723 | 6,899,318 | 7,481,723 | 6,899,318 |
| **A-1+** | 4,016,660 | 214,484 | 4,016,660 | 214,484 |
| **A-2** | 2,444,354 | 1,989,358 | 2,444,354 | 1,989,358 |
| **Unrated** | 16,849,844 | 33,953,693 | 16,849,844 | 33,953,693 |
| | **507,475,557** | **473,570,394** | **497,181,604** | **472,130,644** |

**Rating Legend:**

| **External credit rating (S&P)** | **External credit rating (S&P)** | **External credit rating (Agusto):** |
|---|---|---|
| AA+:Very Strong Capacity to Repay | BB+:Moderate Capacity to Repay | A- : Strong capacity to meet obligations |
| AA:Very Strong Capacity to Repay | BB: Speculative credit rating | B: Weak Financial condition but obligations are still being met as and when they fall due |
| AA-:Very Strong Capacity to Repay | B+: Highly Speculative Credit Rating | |
| A+: Strong Capacity to Repay | B: Highly Speculative Credit Rating | **External credit rating (Fitch)** |
| A: Strong Capacity to Repay | B-: Highly Speculative Credit Rating | AA-: High grade |
| A-: Strong Capacity to Repay | C: Speculative Credit Rating | A: High grade |
| A-1+ : Prime Rating | **External credit rating (Moody's)** | A-: Upper medium grade |
| A-1 : Upper Medium Credit Rating | P-3: Moderate Capacity to Repay | BBB+: Lower medium grade |
| A-2 : Upper Medium Credit Rating | F1+:Strong capacity to repay | BBB-: Lower medium grade |
| A-3 : Lower Medium Credit Rating | F1:Strong capacity to repay | BB: Non investment grade speculative |
| BBB+:Adequate Capacity to Repay | **External credit rating (Agusto):** | BB-: Non investment grade speculative |
| BBB:Adequate Capacity to Repay | Aa- : Very strong capacity to repay | B: Speculative credit rating |
| BBB-:Adequate Capacity to Repay | A : Strong capacity to repay | 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-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Classification** | **Nigeria** | **Rest of Africa** | **Outside Africa** | **Total** |
| | | | | |
| Cash and bank balances: | | | | |
| - Unrestricted balances with central banks | 87,429,812 | 43,660,648 | - | 131,090,460 |
| - Balances held with other banks | 1,027,617 | 15,708,340 | 196,076,196 | 212,812,153 |
| - Money market placements | 11,624,524 | 19,407,447 | 158,342,708 | 189,374,679 |
| | | | | |
| Loans and advances to banks | 72,451 | 1,224,333 | 216,526 | 1,513,310 |
| | | | | |
| Loans and advances to customers[1]: | | | | |
| - Loans to individuals | 148,997,894 | 18,232,653 | 30,329,870 | 197,560,417 |
| - Loans to non-individuals | 1,151,822,816 | 151,188,813 | - | 1,303,011,629 |
| | | | | |
| Financial assets held for trading: | | | | |
| - Debt securities | 44,717,688 | 28,768,413 | - | 73,486,101 |
| - Derivative financial instruments | 26,011,823 | - | - | 26,011,823 |
| | | | | |
| Investment securities: | | | | |
| - Debt securities | 526,384,355 | 197,943,123 | 35,265,512 | 759,592,990 |
| | | | | |
| Assets pledged as collateral: | | | | |
| - Debt securities | 57,790,749 | 246,106 | - | 58,036,855 |
| Restricted deposits and other assets[2] | 477,631,321 | 17,866,738 | 11,977,498 | 507,475,557 |
| | **2,533,511,050** | **494,246,614** | **432,208,310** | **3,459,965,974** |

[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, 18% relates to exposures in United States of America, 81% 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-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Classification** | **Nigeria** | **Rest of Africa** | **Outside Africa** | **Total** |
| | | | | |
| Financial guarantees | 320,056,325 | 29,174,871 | 2,533,595 | 351,764,791 |
| Other contingents | 22,753,615 | 32,506,559 | 6,316,624 | 61,576,798 |
| | **342,809,940** | **61,681,430** | **8,850,219** | **413,341,589** |

Contingencies are disclosed on Note 43

### 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-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Classification** | **Nigeria** | **Rest of Africa** | **Outside Africa** | **Total** |
| | | | | |
| Loans to individuals: | | | | |
| Overdraft | 10,683,684 | 1,152,558 | 18,414 | 11,854,656 |
| Loans | 138,314,210 | 17,071,299 | 30,251,012 | 185,636,521 |
| Others | - | 8,796 | 60,444 | 69,240 |
| | **148,997,894** | **18,232,653** | **30,329,870** | **197,560,417** |
| | | | | |
| Loans to non-individuals: | | | | |
| Overdraft | 51,492,332 | 43,396,634 | - | 94,888,966 |
| Loans | 1,064,290,318 | 107,290,307 | - | 1,171,580,625 |
| Others# | 36,040,166 | 501,872 | - | 36,542,038 |
| | **1,151,822,816** | **151,188,813** | **-** | **1,303,011,629** |

# Others include Usances and Usance Settlement.

### 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 | 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 43

### 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-2018**

| In thousands of Nigerian Naira<br>**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[1] | 48,394,639 | - | - | 48,394,639 |
| | **969,525,601** | **141,881,155** | **-** | **1,111,406,756** |

[1] Others include Usances and Usance Settlement.

### Credit risk exposure relating to On-Balance Sheet

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Classification** | **Nigeria** | **Rest of Africa** | **Outside Africa** | **Total** |
| | | | | |
| Cash and bank balances: | | | | |
| - Unrestricted balances with central banks | 87,429,812 | - | - | 87,429,812 |
| - Balances held with other banks | 791,158 | 438,340 | 86,744,646 | 87,974,144 |
| - Money market placements | 11,624,524 | 1,825,841 | 169,411,496 | 182,861,861 |
| | | | | |
| Loans and advances to banks | 72,451 | - | - | 72,451 |
| | | | | |
| Loans and advances to customers[1]: | | | | |
| - Loans to individuals | 148,997,894 | - | - | 148,997,894 |
| - Loans to non-individuals | 1,151,822,753 | - | - | 1,151,822,753 |
| | | | | |
| Financial assets held for trading: | | | | |
| - Debt securities | 44,717,688 | - | - | 44,717,688 |
| - Derivative financial instruments | 26,011,823 | - | - | 26,011,823 |
| | | | | |
| Investment securities: | | | | |
| - Debt securities | 526,384,355 | - | - | 526,384,355 |
| | | | | |
| Assets pledged as collateral: | | | | |
| - Debt securities | 57,790,749 | - | - | 57,790,749 |
| | | | | |
| Restricted deposits and other assets[2] | 481,264,731 | 3,939,375 | 11,977,498 | 497,181,604 |
| | **2,536,907,938** | **6,203,556** | **268,133,640** | **2,811,245,134** |

[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, 24% relates to exposures in United States of America, 74% relates to exposures in United Kingdom and 2% relates to exposures in other countries.

### Credit risk exposure relating to Off-Balance Sheet

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| | **Nigeria** | **Rest of Africa** | **Outside Africa** | **Total** |
| | | | | |
| Financial guarantees | 320,056,325 | - | - | 320,056,325 |
| Other contingents | 22,753,615 | - | - | 22,753,615 |
| | **342,809,940** | **-** | **-** | **342,809,940** |

Contingencies are disclosed on Note 43

### 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-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Classification** | **Nigeria** | **Rest of Africa** | **Outside Africa** | **Total** |
| | | | | |
| Loans to individuals: | | | | |
| Overdraft | 10,683,684 | - | - | 10,683,684 |
| Loans | 138,314,210 | - | - | 138,314,210 |
| | **148,997,894** | **-** | **-** | **148,997,894** |
| Loans to non-individuals: | | | | |
| Overdraft | 51,492,269 | - | - | 51,492,269 |
| Loans | 1,064,290,318 | - | - | 1,064,290,318 |
| Others[1] | 36,040,166 | - | - | 36,040,166 |
| | **1,151,822,753** | **-** | **-** | **1,151,822,753** |

[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

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

**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 43

### 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<br>**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.

## (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-2019**
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 | - | - | - | - | - | 131,090,460 | - | - | - | - | - | 131,090,460 |
| - Balances held with other banks | - | 212,812,153 | - | - | - | - | - | - | - | - | - | 212,812,153 |
| - Money market placements | - | 187,374,213 | - | - | - | 2,000,466 | - | - | - | - | - | 189,374,679 |
| Loans and advances to banks | - | 1,513,310 | - | - | - | - | - | - | - | - | - | 1,513,310 |
| Loans and advances to customers [3]: | | | | | | | | | | | | |
| - Loans to individuals | - | - | - | - | - | - | - | - | - | 197,560,417 | - | 197,560,417 |
| - Loans to non-individuals | 19,591,230 | 47,847,203 | 36,345,826 | 8,284,634 | 87,044,319 | 72,077,669 | 280,022,708 | 606,738,500 | 79,144,496 | - | 65,915,044 | 1,303,011,629 |
| Financial assets held for trading: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | - | 73,486,101 | - | - | - | - | - | 73,486,101 |
| - Derivative financial instruments | - | 25,759,520 | - | - | 5,021 | - | 110,802 | - | 136,480 | - | - | 26,011,823 |
| Investment securities: | | | | | | | | | | | | |
| - Debt securities | - | 29,834,367 | - | - | - | 729,758,623 | - | - | - | - | - | 759,592,990 |
| Assets pledged as collateral: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | - | 58,036,855 | - | - | - | - | - | 58,036,855 |
| Restricted deposits and other assets [4] | - | - | - | - | - | 466,404,945 | - | - | - | - | 41,070,612 | 507,475,557 |
| | **19,591,230** | **505,140,766** | **36,345,826** | **8,284,634** | **87,049,340** | **1,532,855,119** | **280,133,510** | **606,738,500** | **79,280,976** | **197,560,417** | **106,985,656** | **3,459,965,974** |

[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-2019**
In thousands of Nigerian Naira

| Classification | Agriculture | Capital market & Financial institution | Construc-tion/ Real estate | Education | General Commerce | Government | Manufac-turing | Oil & gas | Info. Telecoms & Transport.[2] | Individual | Others[1] | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Financial guarantees | 410 | 9,947,806 | 237,879,119 | - | 17,597,120 | 10,431 | 14,365,314 | 49,223,615 | 3,570,489 | 1,967,054 | 17,203,433 | 351,764,791 |
| Other contingents | 29,890 | 14,548,101 | 109,122 | - | 8,203,600 | 179,844 | 17,698,234 | 7,071,063 | 1,272,575 | 1,558,389 | 10,905,980 | 61,576,798 |
| **Total** | **30,300** | **24,495,907** | **237,988,241** | **-** | **25,800,720** | **190,275** | **32,063,548** | **56,294,678** | **4,843,064** | **3,525,443** | **28,109,413** | **413,341,589** |

[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-2019**
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 | - | - | - | - | - | - | - | - | - | 11,854,656 | - | 11,854,656 |
| Loans | - | - | - | - | - | - | - | - | - | 185,636,521 | - | 185,636,521 |
| Others | - | - | - | - | - | - | - | - | - | 69,240 | - | 69,240 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **197,560,417** | **-** | **197,560,417** |
| Loans to non-individuals: | | | | | | | | | | | | |
| Overdraft | 3,432,881 | 1,777,331 | 10,899,226 | 206,024 | 24,854,926 | 341,398 | 14,075,137 | 19,387,055 | 10,476,594 | - | 9,438,394 | 94,888,966 |
| Loans | 15,384,923 | 46,069,872 | 25,309,930 | 8,078,610 | 56,040,112 | 71,736,271 | 239,025,457 | 587,343,352 | 68,582,893 | - | 54,009,205 | 1,171,580,625 |
| Others | 773,426 | - | 136,670 | - | 6,149,281 | - | 26,922,114 | 8,093 | 85,009 | - | 2,467,445 | 36,542,038 |
| | **19,591,230** | **47,847,203** | **36,345,826** | **8,284,634** | **87,044,319** | **72,077,669** | **280,022,708** | **606,738,500** | **79,144,496** | **-** | **65,915,044** | **1,303,011,629** |

[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-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.

# FINANCIAL RISK MANAGEMENT

## 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.

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-2019**
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 | - | - | - | - | - | 87,429,812 | - | - | - | - | - | 87,429,812 |
| - Balances held with other banks | - | 87,974,144 | - | - | - | - | - | - | - | - | - | 87,974,144 |
| - Money market placements | - | 180,861,395 | - | - | - | 2,000,466 | - | - | - | - | - | 182,861,861 |
| Loans and advances to banks | - | 72,451 | - | - | - | - | - | - | - | - | - | 72,451 |
| Loans and advances to customers [3]: | | | | | | | | | | | | |
| - Loans to individuals | - | - | - | - | - | - | - | - | - | 148,997,894 | - | 148,997,894 |
| - Loans to non-individuals | 12,247,505 | 45,302,418 | 24,263,945 | 6,174,264 | 37,258,771 | 68,918,889 | 251,156,700 | 599,014,528 | 66,881,646 | - | 40,604,087 | 1,151,822,753 |
| Financial assets held for trading: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | - | 44,717,688 | - | - | - | - | - | 44,717,688 |
| - Derivative financial instruments | - | 25,759,520 | - | - | 5,021 | - | 110,802 | - | 136,480 | - | - | 26,011,823 |
| Investment securities: | | | | | | | | | | | | |
| - Debt securities | - | 29,834,367 | - | - | - | 496,549,988 | - | - | - | - | - | 526,384,355 |
| Assets pledged as collateral: | | | | | | | | | | | | |
| - Debt securities | - | - | - | - | - | 57,790,749 | - | - | - | - | - | 57,790,749 |
| Restricted deposits and other assets [4] | - | - | - | - | - | 466,389,023 | - | - | - | - | 30,792,581 | 497,181,604 |
| | **12,247,505** | **369,804,295** | **24,263,945** | **6,174,264** | **37,263,792** | **1,223,796,615** | **251,267,502** | **599,014,528** | **67,018,126** | **148,997,894** | **71,396,668** | **2,811,245,134** |

[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-2019**
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 | - | 6,770,334 | 226,121,039 | - | 14,848,501 | - | 10,078,515 | 47,677,632 | 1,820,805 | - | 12,739,499 | 320,056,325 |
| Other contingents | 29,890 | - | - | - | 1,710,148 | - | 11,563,083 | 1,161,760 | - | - | 8,288,734 | 22,753,615 |
| **Total** | **29,890** | **6,770,334** | **226,121,039** | **-** | **16,558,649** | **-** | **21,641,598** | **48,839,392** | **1,820,805** | **-** | **21,028,233** | **342,809,940** |

[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-2019**
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 | - | - | - | - | - | - | - | - | - | 10,683,684 | - | 10,683,684 |
| Loans | - | - | - | - | - | - | - | - | - | 138,314,210 | - | 138,314,210 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **148,997,894** | **-** | **148,997,894** |
| Loans to non-individuals: | | | | | | | | | | | | |
| Overdraft | 2,048,212 | 2,277,192 | 5,500,443 | 198,790 | 7,734,015 | 213,280 | 6,299,684 | 16,899,459 | 6,574,801 | - | 3,746,393 | 51,492,269 |
| Loans | 9,425,867 | 43,025,226 | 18,763,502 | 5,975,474 | 23,643,710 | 68,705,609 | 217,943,741 | 582,114,988 | 60,221,836 | - | 34,470,365 | 1,064,290,318 |
| Others | 773,426 | - | - | - | 5,881,046 | - | 26,913,275 | 81 | 85,009 | - | 2,387,329 | 36,040,166 |
| | **12,247,505** | **45,302,418** | **24,263,945** | **6,174,264** | **37,258,771** | **68,918,889** | **251,156,700** | **599,014,528** | **66,881,646** | **-** | **40,604,087** | **1,151,822,753** |

[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-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 and advances to customers: | | | | | | | | | | | | |
| 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.

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-2019**

| In thousands of Nigerian naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 75,678,792 | - | - | 75,678,792 |
| Very Strong Capacity | 540,699,506 | - | - | 540,699,506 |
| Strong Repayment Capacity | 496,305,953 | - | - | 496,305,953 |
| Acceptable risk | 103,928,534 | 250,273,008 | - | 354,201,542 |
| Default | - | - | 102,453,227 | 102,453,227 |
| **Total** | **1,216,612,785** | **250,273,008** | **102,453,227** | **1,569,339,020** |

**Parent**
**Dec-2019**

| In thousands of Nigerian naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 41,347,011 | - | - | 41,347,011 |
| Very Strong Capacity | 507,014,683 | - | - | 507,014,683 |
| Strong Repayment Capacity | 400,649,155 | - | - | 400,649,155 |
| Acceptable risk | 88,934,067 | 235,704,282 | - | 324,638,349 |
| Default | - | - | 83,498,253 | 83,498,253 |
| **Total** | **1,037,944,916** | **235,704,282** | **83,498,253** | **1,357,147,451** |

## Maximum exposure to credit risk - Money Market Placements

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 189,374,679 | - | - | 189,374,679 |

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 182,861,861 | - | - | 182,861,861 |

## Maximum exposure to credit risk - Investment securities

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 759,592,990 | - | - | 759,592,990 |

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 526,384,355 | - | - | 526,384,355 |

### Maximum exposure to credit risk - Other assets

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 14,179,452 | - | - | 14,179,452 |

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 6,553,191 | - | - | 6,553,191 |

### Maximum exposure to credit risk - off balance sheet

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 413,341,589 | - | - | 413,341,589 |

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| **Rating** | **Stage 1** | **Stage 2** | **Stage 3** | **Grand Total** |
| Exceptional Capacity | 342,809,940 | - | - | 342,809,940 |

**Disclosures of various factors that impact the ECL Model as at 31 December 2019.**

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 | 308.45 | 339.30 | 373.22 |
| | Normal | 364.18 | 374.89 | 412.38 |
| | Downturn | 366.18 | 387.69 | 426.45 |
| | | | | |
| Inflation rate (%) | Upturn | 10.40 | 11.50 | 10.50 |
| | Normal | 12.20 | 12.90 | 12.10 |
| | Downturn | 14.60 | 15.50 | 14.50 |
| | | | | |
| Unemployment (%) | Upturn | 21.50 | 21.50 | 21.50 |
| | Normal | 28.50 | 28.50 | 28.50 |
| | Downturn | 32.00 | 32.00 | 32.00 |
| | | | | |
| GDP growth rate (%) | Upturn | 6.23 | 6.27 | 6.30 |
| | Normal | 2.50 | 2.30 | 4.10 |
| | 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 | 308.45 | 339.30 | 373.22 |
| | Normal | 364.18 | 374.89 | 412.38 |
| | Downturn | 366.18 | 387.69 | 426.45 |
| | | | | |
| Inflation rate (%) | Upturn | 10.40 | 11.50 | 10.50 |
| | Normal | 12.20 | 12.90 | 12.10 |
| | Downturn | 14.60 | 15.50 | 14.50 |
| | | | | |
| Crude oil prices (USD/barrel) | Upturn | 90.40 | 90.94 | 91.49 |
| | Normal | 73.00 | 77.00 | 81.00 |
| | Downturn | 40.60 | 40.78 | 40.96 |
| | | | | |
| Crude oil Production (barrel) | Upturn | 2,300,000 | 2,300,000 | 2,300,000 |
| | Normal | 2,180,000 | 2,180,000 | 2,180,000 |
| | Downturn | 1,990,000 | 1,990,000 | 1,990,000 |
| | | | | |
| GDP growth rate (%) | Upturn | 6.23 | 6.27 | 6.30 |
| | Normal | 2.50 | 2.30 | 4.10 |
| | Downturn | -1.58 | -1.59 | -1.60 |

**Disclosures of various factors that impact the Subsidiaries ECL Model as at 31 December 2019.**

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

### Macro-Economic variable assumptions for individual customers:

| Scenario | Macroeconomic Variable | United Kingdom | Ghana | Kenya | Serria-Leone | Gambia |
|---|---|---|---|---|---|---|
| Normal | Exchange rate (Per US$) | n/a | 5.53 | n/a | 9,751.68 | 52.50 |
| | inflation | n/a | 7.70% | n/a | 15.20% | 7.50% |
| | unemployment | 3.80% | n/a | n/a | 4.30% | 9.00% |
| | Residential Property Prices | 4.00% | n/a | n/a | n/a | n/a |
| | GDP | 1.80% | 5.70% | 6.00% | 3.50% | 5.40% |
| | | | | | | |
| Upturn | Exchange rate (Per US$) | n/a | 4.82 | n/a | 9,478.63 | 50.00 |
| | inflation | n/a | 5.70% | n/a | 14.77% | 7.00% |
| | unemployment | 3.50% | n/a | n/a | 4.18% | 8.00% |
| | Residential Property Prices | 32.60% | n/a | n/a | n/a | n/a |
| | GDP | 2.10% | 6.80% | 7.00% | 3.60% | 6.00% |
| | | | | | | |
| Downturn* | Exchange rate (Per US$) | n/a | 6.25 | n/a | 10,005.22 | 53.00 |
| | inflation | n/a | 9.70% | n/a | 15.60% | 8.00% |
| | unemployment | 9.20% | n/a | n/a | 4.41% | 10.00% |
| | Residential Property Prices | -43.00% | n/a | n/a | n/a | n/a |
| | GDP | -4.70% | 5.70% | 4.50% | 3.41% | 4.50% |

### Macro-Economic variable assumptions for corporate customers:

| Scenario | Macroeconomic Variable | United Kingdom | Ghana | Kenya | Serria-Leone | Gambia |
|---|---|---|---|---|---|---|
| Normal | Exchange rate (Per US$) | n/a | 5.53 | n/a | 9,751.68 | 52.50 |
| | inflation | n/a | 7.70% | n/a | 15.20% | 7.50% |
| | GDP | 1.80% | 5.70% | 6.00% | 3.50% | 5.40% |
| | Crude | n/a | 68.50 | n/a | n/a | n/a |
| | | | | | | |
| Upturn | Exchange rate (Per US$) | n/a | 4.82 | n/a | 9,478.63 | 50.00 |
| | inflation | n/a | 5.70% | n/a | 14.77% | 7.00% |
| | GDP | 2.10% | 6.80% | 7.00% | 3.60% | 6.00% |
| | Crude | n/a | 90.40 | n/a | n/a | n/a |
| | | | | | | |
| Downturn* | Exchange rate (Per US$) | n/a | 6.25 | n/a | 10,005.22 | 53.00 |
| | inflation | n/a | 9.70% | n/a | 15.60% | 8.00% |
| | GDP | -4.70% | 5.70% | 4.50% | 3.41% | 4.50% |
| | Crude | n/a | 55.60 | 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 year:

- **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 .

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 .

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 .

### (2) Allowances for impairment

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.

### (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-2019**

| | Group Dec-2019 | | | | Parent Dec-2019 | | | |
|---|---|---|---|---|---|---|---|---|
| In thousands of Nigerian Naira | 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 | 192,292,451 | 1,022,758,344 | 1,561,990 | 1,216,612,785 | 145,626,166 | 892,257,044 | 61,706 | 1,037,944,916 |
| Stage 2 - Life Time ECL Not Credit Impaired | 3,118,035 | 247,154,814 | 159 | 250,273,008 | 2,161,630 | 233,542,493 | 159 | 235,704,282 |
| Stage 3 - Non Performing Loans | 9,955,760 | 92,478,127 | 19,340 | 102,453,227 | 7,590,207 | 75,888,706 | 19,340 | 83,498,253 |
| **Gross Loans and Advances** | **205,366,246** | **1,362,391,285** | **1,581,489** | **1,569,339,020** | **155,378,003** | **1,201,688,243** | **81,205** | **1,357,147,451** |
| | | | | | | | | |
| **Less allowances for impairment:** | | | | | | | | |
| Stage 1 - 12 months ECL | 1,528,023 | 6,947,952 | 60,155 | 8,536,130 | 635,783 | 4,548,066 | 730 | 5,184,579 |
| Stage 2 - Life Time ECL Not Credit Impaired | 154,980 | 6,673,755 | 5 | 6,828,740 | 53,963 | 5,503,826 | 5 | 5,557,794 |
| Stage 3 - Non Performing Loans | 6,122,826 | 45,757,949 | 8,019 | 51,888,794 | 5,690,363 | 39,813,598 | 8,019 | 45,511,980 |
| **Total allowance** | **7,805,829** | **59,379,656** | **68,179** | **67,253,664** | **6,380,109** | **49,865,490** | **8,754** | **56,254,353** |
| | | | | | | | | |
| **Net Loans and Advances** | **197,560,417** | **1,303,011,629** | **1,513,310** | **1,502,085,356** | **148,997,894** | **1,151,822,753** | **72,451** | **1,300,893,098** |

**Dec-2018**

| | Group Dec-2019 | | | | Parent Dec-2019 | | | |
|---|---|---|---|---|---|---|---|---|
| In thousands of Nigerian Naira | 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** |

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

**Dec-2019**

| | Group Dec-2019 | | | | Parent Dec-2019 | | | |
|---|---|---|---|---|---|---|---|---|
| In thousands of Nigerian Naira | Loans to Individual | Loans to non- Individual | Loans to Banks | Total | Loans to Individual | Loans to non- Individual | Loans to Banks | Total |
| Loans | 182,533,112 | 917,896,274 | 1,449,485 | 1,101,878,871 | 137,310,149 | 824,606,842 | 55,791 | 961,972,782 |
| Overdrafts | 9,699,113 | 69,497,843 | 112,505 | 79,309,461 | 8,316,017 | 32,293,332 | 5,915 | 40,615,264 |
| Others | 60,226 | 35,364,227 | - | 35,424,453 | - | 35,356,870 | - | 35,356,870 |
| **Stage 1 - 12 Months ECL** | **192,292,451** | **1,022,758,344** | **1,561,990** | **1,216,612,785** | **145,626,166** | **892,257,044** | **61,706** | **1,037,944,916** |
| Loans | 998,559 | 227,614,815 | - | 228,613,374 | 161,698 | 220,010,040 | - | 220,171,738 |
| Overdrafts | 2,119,476 | 18,726,678 | 159 | 20,846,313 | 1,999,932 | 12,719,132 | 159 | 14,719,223 |
| Others | - | 813,321 | - | 813,321 | - | 813,321 | - | 813,321 |
| **Stage 2 - Life Time ECL Not Credit Impaired** | **3,118,035** | **247,154,814** | **159** | **250,273,008** | **2,161,630** | **233,542,493** | **159** | **235,704,282** |
| Loans | 6,429,264 | 62,277,528 | 2,241 | 68,709,033 | 4,182,279 | 50,369,618 | 2,241 | 54,554,138 |
| Overdrafts | 3,516,358 | 29,593,638 | 17,099 | 33,127,095 | 3,407,928 | 25,518,286 | 17,099 | 28,943,313 |
| Others | 10,138 | 606,961 | - | 617,099 | - | 802 | - | 802 |
| **Stage 3 - Non Performing Loans** | **9,955,760** | **92,478,127** | **19,340** | **102,453,227** | **7,590,207** | **75,888,706** | **19,340** | **83,498,253** |
| **Total Loans and Advances** | **205,366,246** | **1,362,391,285** | **1,581,489** | **1,569,339,020** | **155,378,003** | **1,201,688,243** | **81,205** | **1,357,147,451** |

The impairment allowance on loans is further analysed as follows:

| In thousands of Nigerian Naira | Group Dec-2019 | | | | Parent Dec-2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 1,044,129 | 4,736,305 | 60,040 | 5,840,474 | 516,377 | 3,907,089 | 615 | 4,424,081 |
| Overdrafts | 483,894 | 2,122,903 | 115 | 2,606,912 | 119,406 | 552,233 | 115 | 671,754 |
| Others | - | 88,744 | - | 88,744 | - | 88,744 | - | 88,744 |
| | **1,528,023** | **6,947,952** | **60,155** | **8,536,130** | **635,783** | **4,548,066** | **730** | **5,184,579** |
| **Stage 2: Life Time ECL Not Credit Impaired** | | | | | | | | |
| Loans | 46,233 | 5,994,255 | - | 6,040,488 | 1,726 | 5,328,688 | - | 5,330,414 |
| Overdrafts | 108,747 | 638,076 | 5 | 746,828 | 52,237 | 133,714 | 5 | 185,956 |
| Others | - | 41,424 | - | 41,424 | - | 41,424 | - | 41,424 |
| | **154,980** | **6,673,755** | **5** | **6,828,740** | **53,963** | **5,503,826** | **5** | **5,557,794** |
| **Stage 3: Non Performing Loans** | | | | | | | | |
| Loans | 3,234,052 | 25,477,432 | 1,527 | 28,713,011 | 2,821,813 | 21,460,405 | 1,527 | 24,283,745 |
| Overdrafts | 2,887,650 | 20,168,214 | 6,492 | 23,062,356 | 2,868,550 | 18,352,534 | 6,492 | 21,227,576 |
| Others | 1,124 | 112,303 | - | 113,427 | - | 659 | - | 659 |
| | **6,122,826** | **45,757,949** | **8,019** | **51,888,794** | **5,690,363** | **39,813,598** | **8,019** | **45,511,980** |
| **Total allowance** | **7,805,829** | **59,379,656** | **68,179** | **67,253,664** | **6,380,109** | **49,865,490** | **8,754** | **56,254,353** |

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

**Dec-2018**

| In thousands of Nigerian Naira | Group Dec-2019 | | | | Parent Dec-2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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:

| In thousands of Nigerian Naira | Group Dec-2019 | | | | Parent Dec-2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 |
| Others | - | - | - | - | - | - | - | - |
| | **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 | 30,001,613 | 1,637 | 32,821,177 |
| Overdrafts | 2,185,578 | 44,040,086 | 988 | 46,226,652 | 2,183,327 | 39,528,812 | 988 | 41,713,127 |
| 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** |

## (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-2019**
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 | 35,429 | 29,154,570 | 60,444 | 3,760,605 | 42,390,626 | 1,336 | 106,380 | 169,402 | 75,678,792 |
| Very strong capacity | 457,568 | 5,522,491 | - | 16,757,016 | 510,092,201 | 6,645,728 | 1,224,502 | - | 540,699,506 |
| Strong repayment capacity | 8,290,563 | 144,763,467 | - | 35,111,201 | 281,784,555 | 26,345,244 | 773 | 10,150 | 496,305,953 |
| Acceptable risk | 914,972 | 3,092,947 | - | 13,026,589 | 84,471,325 | 2,371,918 | 5,142 | 45,641 | 103,928,534 |
| **Total** | **9,698,532** | **182,533,475** | **60,444** | **68,655,411** | **918,738,707** | **35,364,226** | **1,336,797** | **225,193** | **1,216,612,785** |

**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 | 476,661,677 |
| Acceptable risk | 715,879 | 1,182,371 | - | 16,800,155 | 101,642,283 | 8,053,789 | 12,886 | 21,345 | 128,428,708 |
| **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** |

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

**Parent**
**Dec-2019**
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 | - | - | - | 845,975 | 40,501,036 | - | - | - | 41,347,011 |
| Very strong capacity | 27,979 | 54,283 | - | 7,688,259 | 492,599,466 | 6,644,696 | - | - | 507,014,683 |
| Strong repayment capacity | 8,079,597 | 136,461,277 | - | 15,282,199 | 214,471,890 | 26,343,269 | 773 | 10,150 | 400,649,155 |
| Acceptable risk | 208,441 | 794,589 | - | 8,476,899 | 77,034,450 | 2,368,905 | 5,142 | 45,641 | 88,934,067 |
| **Total** | **8,316,017** | **137,310,149** | **-** | **32,293,332** | **824,606,842** | **35,356,870** | **5,915** | **55,791** | **1,037,944,916** |

**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** | **Overdraft** | **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** |

## (ii) Stage 2 Loans and Advances to Customers

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|---|---|---|---|
| Gross Loans: | | | | |
| Loans | 998,559 | 227,614,815 | - | 228,613,374 |
| Overdraft | 2,119,476 | 18,726,678 | 159 | 20,846,313 |
| Others | - | 813,321 | - | 813,321 |
| | **3,118,035** | **247,154,814** | **159** | **250,273,008** |
| | | | | |
| Impairment: | | | | |
| Loans | 46,233 | 5,994,255 | - | 6,040,488 |
| Overdraft | 108,747 | 638,076 | 5 | 746,828 |
| Others | - | 41,424 | - | 41,424 |
| | **154,980** | **6,673,755** | **5** | **6,828,740** |
| | | | | |
| Net Amount: | | | | |
| Loans | 952,326 | 221,620,560 | - | 222,572,886 |
| Overdraft | 2,010,729 | 18,088,602 | 154 | 20,099,485 |
| Others | - | 771,897 | - | 771,897 |
| | **2,963,055** | **240,481,059** | **154** | **243,444,268** |
| | | | | |
| FV of collateral [1]: | | | | |
| Loans | 26,367,204 | 5,956,822,536 | - | 5,983,189,740 |
| Overdraft | 55,965,301 | 568,489,648 | - | 624,454,949 |
| Others | - | 873,342 | - | 873,342 |
| | **82,332,505** | **6,526,185,526** | **-** | **6,608,518,031** |
| | | | | |
| Amount of undercollateralisation: | | | | |
| Overdraft | - | - | 159 | - |
| | - | - | 159 | - |
| **Net Loans** | **2,963,055** | **240,481,059** | **154** | **243,444,268** |
| **Amount of undercollateralisation on net loans** | **-** | **-** | **154** | **-** |

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

**Group**
**Dec-2018**

| In thousands of Nigerian Naira | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|---|---|---|---|
| Gross Loans: | | | | |
| 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 |
| Others | - | - | - | - |
| | **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** | **-** | **-** | **3** | **-** |

[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-2019**

| In thousands of Nigerian Naira | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|---|---|---|---|
| Gross Loans: | | | | |
| Loans | 161,698 | 220,010,040 | - | 220,171,738 |
| Overdraft | 1,999,932 | 12,719,132 | 159 | 14,719,223 |
| Others | - | 813,321 | - | 813,321 |
| | **2,161,630** | **233,542,493** | **159** | **235,704,282** |
| | | | | |
| Impairment: | | | | |
| Loans | 1,726 | 5,328,688 | - | 5,330,414 |
| Overdraft | 52,237 | 133,714 | 5 | 185,956 |
| Others | - | 41,424 | - | 41,424 |
| | **53,963** | **5,503,826** | **5** | **5,557,794** |
| | | | | |
| Net Amount: | | | | |
| Loans | 159,972 | 214,681,352 | - | 214,841,324 |
| Overdraft | 1,947,695 | 12,585,418 | 154 | 14,533,267 |
| Others | - | 771,897 | - | 771,897 |
| | **2,107,667** | **228,038,667** | **154** | **230,146,488** |
| | | | | |
| FV of collateral[1]: | | | | |
| Loans | 161,538 | 5,952,590,350 | - | 5,952,751,888 |
| Overdraft | 1,371 | 606,595,262 | - | 606,596,633 |
| Others | - | 873,342 | - | 873,342 |
| | **162,909** | **6,560,058,954** | **-** | **6,560,221,863** |
| | | | | |
| Amount of undercollateralisation: | | | | |
| Overdraft | 1,998,561 | - | 159 | - |
| | **1,998,721** | **-** | **159** | **-** |
| | | | | |
| **Net Loans** | **2,107,667** | **228,038,667** | **154** | **230,146,488** |
| **Amount of undercollateralisation on net loans** | **1,944,758** | **-** | **154** | **-** |

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

**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.

## (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-2019**

| In thousands of Nigerian Naira | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|---|---|---|---|
| Gross loans: | | | | |
| Loans | 6,429,264 | 62,277,528 | 2,241 | 68,709,033 |
| Overdraft | 3,516,358 | 29,593,638 | 17,099 | 33,127,095 |
| Others | 10,138 | 606,961 | - | 617,099 |
| | **9,955,760** | **92,478,127** | **19,340** | **102,453,227** |
| Impairment: | | | | |
| Loans | 3,234,052 | 25,477,432 | 1,527 | 28,713,011 |
| Overdraft | 2,887,650 | 20,168,214 | 6,492 | 23,062,356 |
| Others | 1,124 | 112,303 | - | 113,427 |
| | **6,122,826** | **45,757,949** | **8,019** | **51,888,794** |
| Net Amount: | | | | |
| Loans | 3,195,212 | 36,800,096 | 714 | 39,996,022 |
| Overdraft | 628,708 | 9,425,424 | 10,607 | 10,064,739 |
| Others | 9,014 | 494,658 | - | 503,672 |
| | **3,832,934** | **46,720,178** | **11,321** | **50,564,433** |
| FV of collateral[1]: | | | | |
| Loans | 5,617,180 | 131,273,637 | 2,236 | 136,893,053 |
| Overdraft | 1,380,072 | 46,510,316 | 43,646 | 47,934,034 |
| Others | 3,979 | 342,777 | - | 346,756 |
| FV of collateral | 7,001,231 | 178,126,730 | 45,882 | 185,173,843 |
| Amount of undercollateralisation: | | | | |
| Loans | 812,084 | - | 5 | - |
| | **2,954,529** | **-** | **-** | **-** |
| **Net Loans** | **3,832,934** | **46,720,178** | **11,321** | **50,564,433** |
| **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.

**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 undercollaterali-sation 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)

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | Loans to Individual | Loans to Non-individual | Loans to Banks | Total |
|---|---|---|---|---|
| Gross loans: | | | | |
| Loans | 4,182,279 | 50,369,618 | 2,241 | 54,554,138 |
| Overdraft | 3,407,928 | 25,518,286 | 17,099 | 28,943,313 |
| Others | - | 802 | - | 802 |
| | **7,590,207** | **75,888,706** | **19,340** | **83,498,253** |
| Impairment: | | | | |
| Loans | 2,821,813 | 21,460,405 | 1,527 | 24,283,745 |
| Overdraft | 2,868,550 | 18,352,534 | 6,492 | 21,227,576 |
| Others | - | 659 | - | 659 |
| | **5,690,363** | **39,813,598** | **8,019** | **45,511,980** |
| Net Amount: | | | | |
| Loans | 1,360,466 | 28,909,213 | 714 | 30,270,393 |
| Overdraft | 539,378 | 7,165,752 | 10,607 | 7,715,737 |
| Others | - | 143 | - | 143 |
| | **1,899,844** | **36,075,108** | **11,321** | **37,986,273** |
| FV of collateral [1]: | | | | |
| Loans | 5,617,180 | 97,013,713 | 2,236 | 102,633,129 |
| Overdraft | 3,069,576 | 34,923,317 | 43,646 | 38,036,539 |
| Others | - | 334,218 | - | 334,218 |
| **FV of collateral** | **8,686,756** | **132,271,248** | **45,882** | **141,003,886** |
| Amount of undercollateralisation: | | | | |
| Loans | - | - | 5 | - |
| Overdraft | 338,352 | - | - | - |
| | - | - | - | - |
| **Net Loans** | **1,899,844** | **36,075,108** | **11,321** | **37,986,273** |
| **Amount of undercollateralisation on net loans** | **-** | **-** | **-** | **-** |

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

**Parent**
**Dec-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 collateral [1]: | | | | |
| 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.

# NOTES TO THE FINANCIAL STATEMENTS

### (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

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-2019**

| 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 | 1,215,050,795 | 7,956,337,501 | 1,561,990 | 40,200 |
| Against Stage 2 Loans and Advances | 250,272,849 | 6,608,518,031 | 159 | - |
| Against Stage 3 Loans and Advances | 102,433,887 | 185,127,961 | 19,340 | 45,882 |
| **Total** | **1,567,757,531** | **14,749,983,493** | **1,581,489** | **86,082** |

**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** |

**Parent**
**Dec-2019**

| 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 | 1,037,883,210 | 7,581,332,584 | 61,706 | 40,200 |
| Against Stage 2 Loans and Advances | 235,704,123 | 6,560,221,863 | 159 | - |
| Against Stage 3 Loans and Advances | 83,478,913 | 140,958,004 | 19,340 | 45,882 |
| **Total** | **1,357,066,246** | **14,282,512,451** | **81,205** | **86,082** |

**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** |

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 Dec-2019 | Loans and advances to banks Dec-2019 |
|---|---|---|
| **Against Stage 1 Loans and Advances:** | | |
| Property | 1,886,181,539 | 40,200 |
| Equities | 33,022,360 | - |
| Treasury bills | 1,802,139 | - |
| Cash | 263,346,283 | - |
| Guarantees | 60,277,840 | - |
| Negative pledge | 13,699,968 | - |
| ATC*, stock hypothecation and ISPO* | 20,487,432 | - |
| Others # | 5,677,519,940 | - |
| **Total** | **7,956,337,501** | **40,200** |
| | | |
| **Against Stage 2 Loans and Advances:** | | |
| Property | 49,404,468 | - |
| Equities | 31,728,760 | - |
| Cash | 3,053,196 | - |
| Guarantees | 359,514 | - |
| Negative pledge | 11,617,857 | - |
| ATC*, stock hypothecation and ISPO* | - | - |
| Others # | 6,512,354,236 | - |
| **Total** | **6,608,518,031** | **-** |
| | | |
| **Against Stage 3 Loans and Advances:** | | |
| Property | 114,181,497 | 42,000 |
| Equities | 775,392 | - |
| Treasury bills | 55,500 | - |
| Cash | 7,891,034 | - |
| Guarantees | 2,766,380 | - |
| ATC*, stock hypothecation and ISPO* | 511,340 | - |
| Others # | 58,946,818 | 3,882 |
| **Total** | **185,127,961** | **45,882** |
| **Grand total** | **14,749,983,493** | **86,082** |

*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-2019** | **Dec-2019** |
| **Against Stage 1 Loans and Advances:** | | |
| Property | 1,577,466,453 | 40,200 |
| Equities | 32,986,674 | - |
| Treasury bills | 1,802,139 | - |
| Cash | 253,037,908 | - |
| Guarantees | 58,738,647 | - |
| Negative pledge | 12,501,655 | - |
| ATC*, stock hypothecation and ISPO* | 20,487,432 | - |
| Others # | 5,624,311,676 | - |
| **Total** | **7,581,332,584** | **40,200** |
| | | |
| **Against Stage 2 Loans and Advances:** | | |
| Property | 2,572,255 | - |
| Equities | 31,728,760 | - |
| Cash | 3,012,000 | - |
| Guarantees | 350,000 | - |
| Negative pledge | 11,617,857 | - |
| ATC*, stock hypothecation and ISPO* | - | - |
| Others # | 6,510,940,991 | - |
| **Total** | **6,560,221,863** | **-** |
| | | |
| **Against Stage 3 Loans and Advances:** | | |
| Property | 70,823,971 | 42,000 |
| Equities | 775,392 | - |
| Treasury bills | 55,500 | - |
| Cash | 7,602,972 | - |
| Guarantees | 2,766,380 | - |
| ATC*, stock hypothecation and ISPO* | 511,340 | - |
| Others # | 58,422,449 | 3,882 |
| **Total** | **140,958,004** | **45,882** |
| **Grand total** | **14,282,512,451** | **86,082** |

*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 Dec-2018 | Loans and advances to banks 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 Dec-2018 | Loans and advances to banks 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 | - |
| 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

## Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

| Group<br>Dec-2019 | 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 | 1,126,347,180 | 235,874,921 | 523,959,438 | 1,886,181,539 | 36,129 | 4,071 | - | 40,200 |
| Equities | 32,897,686 | 124,674 | - | 33,022,360 | - | - | - | - |
| Cash | 238,236,025 | 5,861,378 | 19,248,880 | 263,346,283 | - | - | - | - |
| Guarantees | 10,548,664 | 19,624,165 | 30,105,011 | 60,277,840 | - | - | - | - |
| Negative Pledge | 2,452,489 | 6,589,552 | 4,657,927 | 13,699,968 | - | - | - | - |
| Treasury Bills | 1,791,955 | 10,184 | - | 1,802,139 | - | - | - | - |
| ATC*, stock hypothecation and ISPO* | 20,209,780 | 277,652 | - | 20,487,432 | - | - | - | - |
| Others # | 5,580,858,974 | 49,246,957 | 47,414,009 | 5,677,519,940 | - | - | - | - |
| **Total** | **7,013,342,753** | **317,609,483** | **625,385,265** | **7,956,337,501** | **36,129** | **4,071** | **-** | **40,200** |
| **Against Stage 2 Loans and Advances:** | | | | | | | | |
| Property | 31,144,669 | 17,386,457 | 873,342 | 49,404,468 | - | - | - | - |
| Equities | 31,728,760 | - | - | 31,728,760 | - | - | - | - |
| Cash | 16,686 | 3,036,510 | - | 3,053,196 | - | - | - | - |
| Guarantees | 259,796 | 99,718 | - | 359,514 | - | - | - | - |
| Negative pledge | 11,515,767 | 102,090 | - | 11,617,857 | - | - | - | - |
| ATC*, stock hypothecation and ISPO* | - | - | - | - | - | - | - | - |
| Others # | 5,908,524,062 | 603,830,174 | - | 6,512,354,236 | - | - | - | - |
| **Total** | **5,983,189,740** | **624,454,949** | **873,342** | **6,608,518,031** | **-** | **-** | **-** | **-** |
| **Against Stage 3 Loans and Advances:** | | | | | | | | |
| Property | 92,764,321 | 21,070,529 | 346,647 | 114,181,497 | - | 42,000 | - | 42,000 |
| Equities | 769,206 | 6,186 | - | 775,392 | - | - | - | - |
| Treasury bills | 50,000 | 5,500 | - | 55,500 | - | - | - | - |
| Cash | 7,863,492 | 27,542 | - | 7,891,034 | - | - | - | - |
| Guarantees | 2,333,822 | 432,449 | 109 | 2,766,380 | - | - | - | - |
| ATC*, stock hypothecation and ISPO* | 431,571 | 79,769 | - | 511,340 | - | - | - | - |
| Others # | 32,678,405 | 26,268,413 | - | 58,946,818 | 2,236 | 1,646 | - | 3,882 |
| **Total** | **136,890,817** | **47,890,388** | **346,756** | **185,127,961** | **2,236** | **43,646** | **-** | **45,882** |
| **Grand total** | **13,133,423,310** | **989,954,820** | **626,605,363** | **14,749,983,493** | **38,365** | **47,717** | **-** | **86,082** |

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

| Parent<br>Dec-2019 | 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 | 968,737,918 | 84,933,602 | 523,794,933 | 1,577,466,453 | 36,129 | 4,071 | - | 40,200 |
| Equities | 32,862,000 | 124,674 | - | 32,986,674 | - | - | - | - |
| Cash | 230,531,389 | 3,257,639 | 19,248,880 | 253,037,908 | - | - | - | - |
| Guarantees | 10,023,259 | 18,610,377 | 30,105,011 | 58,738,647 | - | - | - | - |
| Negative pledge | 2,452,489 | 5,391,239 | 4,657,927 | 12,501,655 | - | - | - | - |
| Treasury bills | 1,791,955 | 10,184 | - | 1,802,139 | - | - | - | - |
| ATC*, stock hypothecation and ISPO* | 20,209,780 | 277,652 | - | 20,487,432 | - | - | - | - |
| Others # | 5,534,187,092 | 42,710,575 | 47,414,009 | 5,624,311,676 | - | - | - | - |
| **Total** | **6,800,795,882** | **155,315,942** | **625,220,760** | **7,581,332,584** | **36,129** | **4,071** | **-** | **40,200** |
| **Against Stage 2 Loans and Advances:** | | | | | | | | |
| Property | 1,410,222 | 288,691 | 873,342 | 2,572,255 | - | - | - | - |
| Equities | 31,728,760 | - | - | 31,728,760 | - | - | - | - |
| Cash | - | 3,012,000 | - | 3,012,000 | - | - | - | - |
| Guarantees | 253,977 | 96,023 | - | 350,000 | - | - | - | - |
| Negative pledge | 11,515,767 | 102,090 | - | 11,617,857 | - | - | - | - |
| ATC*, stock hypothecation and ISPO* | - | - | - | - | - | - | - | - |
| Others # | 5,907,843,162 | 603,097,829 | - | 6,510,940,991 | - | - | - | - |
| **Total** | **5,952,751,888** | **606,596,633** | **873,342** | **6,560,221,863** | **-** | **-** | **-** | **-** |
| **Against Stage 3 Loans and Advances:** | | | | | | | | |
| Property | 59,059,732 | 11,430,130 | 334,109 | 70,823,971 | - | 42,000 | - | 42,000 |
| Equities | 769,206 | 6,186 | - | 775,392 | - | - | - | - |
| Treasury bills | 50,000 | 5,500 | - | 55,500 | - | - | - | - |
| Cash | 7,579,300 | 23,672 | - | 7,602,972 | - | - | - | - |
| Guarantees | 2,333,822 | 432,449 | 109 | 2,766,380 | - | - | - | - |
| ATC*, stock hypothecation and ISPO* | 431,571 | 79,769 | - | 511,340 | - | - | - | - |
| Others # | 32,407,262 | 26,015,187 | - | 58,422,449 | 2,236 | 1,646 | - | 3,882 |
| **Total** | **102,630,893** | **37,992,893** | **334,218** | **140,958,004** | **2,236** | **43,646** | **-** | **45,882** |
| **Grand total** | **12,856,178,663** | **799,905,468** | **626,428,320** | **14,282,512,451** | **38,365** | **47,717** | **-** | **86,082** |

*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<br>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<br>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

## (b) Credit risk (continued)

### Debt securities

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

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | Financial assets held for trading | Investment securities | Assets pledged as collateral | Total |
|---|---|---|---|---|
| Federal government bonds | 16,543,481 | 53,996,278 | - | 70,539,759 |
| State government bonds | - | 2,003,583 | - | 2,003,583 |
| FVPL Notes | - | 29,834,367 | - | 29,834,367 |
| Treasury bills | 56,942,620 | 673,758,762 | 58,036,855 | 788,738,237 |
| | **73,486,101** | **759,592,990** | **58,036,855** | **891,115,946** |

The Group's investment in risk-free Government securities constitutes 96% of debt instruments portfolio (December 2018: 99%). Investment in Corporate and State Government bonds accounts for the outstanding 4% (December 2018: 1%).

**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** |

**Parent**
**Dec-2019**

| In thousands of Nigerian Naira | Financial assets held for trading | Investment securities | Assets pledged as collateral | Total |
|---|---|---|---|---|
| Federal government bonds | 835,307 | 12,083,313 | - | 12,918,620 |
| State government bonds | - | 2,003,583 | - | 2,003,583 |
| FVPL Notes | - | 29,834,367 | - | 29,834,367 |
| Treasury bills | 43,882,381 | 482,463,092 | 57,790,749 | 584,136,222 |
| | **44,717,688** | **526,384,355** | **57,790,749** | **628,892,792** |

The Bank's investment in risk-free Government securities constitutes 95% of debt instruments portfolio (December 2018: 98%). Investment in Corporate and State Government bonds accounts for the outstanding 5% (December 2018: 2%).

**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** |

## (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 year 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 satisfactorily 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 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 exposure during the year under review.

### (ii) Exposure to Liquidity Risk

One of the key measure used by the Group for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets 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-2019 | Dec-2018 |
|---|---|---|
| At end of year | 49.33% | 41.44% |
| Average for the year | 44.43% | 48.07% |
| Maximum for the year | 49.86% | 55.88% |
| Minimum for the year | 36.80% | 38.58% |
| 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-2019**

| 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 | 593,551,117 | 594,157,021 | 585,758,882 | 4,975,902 | 3,422,237 | - | - |
| Financial assets at fair value through profit or loss | 24 | 73,486,101 | 80,259,988 | 15,352,542 | 14,697,379 | 32,072,137 | 5,518,539 | 12,619,391 |
| Derivative financial assets | 25 | 26,011,823 | 11,444,197 | 1,582,659 | 760,600 | 9,100,938 | - | - |
| Investment securities: | | | | | | | | |
| – Fair value through profit or loss [2] | 26 | 29,834,367 | 54,162,361 | - | 27,061,690 | 27,100,671 | - | - |
| – Fair Value through other comprehensive Income [2] | 26 | 584,197,391 | 657,125,370 | 111,420,972 | 30,193,298 | 482,160,078 | 2,098,288 | 31,252,734 |
| – Held at amortised cost | 26 | 145,561,232 | 146,879,392 | 41,013,043 | 62,455,991 | 16,256,066 | 24,765,425 | 2,388,867 |
| Assets pledged as collateral | 27 | 58,036,855 | 59,940,106 | 28,346,106 | 31,594,000 | - | - | - |
| Loans and advances to banks | 28 | 1,513,310 | 1,528,308 | 1,466,304 | 8,600 | 16,640 | 36,764 | - |
| Loans and advances to customers | 29 | 1,500,572,046 | 1,823,891,111 | 480,150,559 | 176,570,835 | 213,173,056 | 782,602,782 | 171,393,879 |
| Restricted deposits and other assets [3] | 34 | 518,275,514 | 518,625,364 | 498,529,028 | 5,340,773 | 2,700,034 | 11,705,599 | 349,930 |
| | | **3,531,039,756** | **3,948,013,218** | **1,763,620,095** | **353,659,068** | **786,001,857** | **826,727,397** | **218,004,801** |
| **Financial liabilities** | | | | | | | | |
| Deposits from banks | 35 | 107,518,398 | 107,518,529 | 97,576,014 | 723,941 | 9,218,574 | - | - |
| Deposits from customers | 36 | 2,532,540,384 | 2,533,573,490 | 2,484,880,462 | 16,535,559 | 30,828,373 | 1,214,418 | 114,678 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 1,671,409 | 759,055 | 476,707 | 435,647 | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 1,377,975 | 1,377,975 | - | - | - | - |
| Other liabilities[4] | 38 | 226,621,182 | 226,621,147 | 87,079,709 | 126,346,034 | 1,903,373 | 11,292,031 | - |
| Other borrowed funds | 40 | 162,999,909 | 168,463,141 | 12,758,150 | 16,174,959 | 20,029,944 | 98,550,423 | 20,949,665 |
| | | **3,033,611,149** | **3,039,225,691** | **2,684,431,365** | **160,257,200** | **62,415,911** | **111,056,872** | **21,064,343** |
| Gap (asset - liabilities) | | | | (920,811,270) | 193,401,868 | 723,585,946 | 715,670,525 | 196,940,458 |
| Cumulative liquidity gap | | | | (920,811,270) | (727,409,402) | (3,823,456) | 711,847,069 | 908,787,527 |

[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-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 | 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] | 38 | 133,114,496 | 133,502,300 | 50,012,831 | 66,497,041 | 2,967,346 | 14,025,082 | - |
| Other borrowed funds | 40 | 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

**Parent**
**Dec-2019**

| 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 | 396,915,777 | 397,521,708 | 395,680,668 | - | 1,841,040 | - | - |
| Financial assets at fair value through profit or loss | 24 | 44,717,688 | 51,491,580 | 7,203,136 | 11,947,907 | 28,518,116 | - | 3,822,421 |
| Derivative financial assets | 25 | 26,011,823 | 11,444,197 | 1,582,659 | 760,600 | 9,100,938 | - | - |
| Investment securities: | | | | | | | | |
| – Fair value through profit or loss [2] | 26 | 29,834,367 | 54,162,361 | - | 27,061,690 | 27,100,671 | - | - |
| – Fair Value through other comprehensive Income [2] | 26 | 494,546,405 | 567,474,857 | 67,691,519 | 18,632,780 | 449,897,824 | - | 31,252,734 |
| – Held at amortised cost | 26 | 2,003,583 | 3,321,808 | - | - | - | 3,321,808 | - |
| Assets pledged as collateral | 27 | 57,790,749 | 59,694,000 | 28,100,000 | 31,594,000 | - | - | - |
| Loans and advances to banks | 28 | 72,451 | 87,449 | 25,445 | 8,600 | 16,640 | 36,764 | - |
| Loans and advances to customers | 29 | 1,300,820,647 | 1,624,139,883 | 422,079,282 | 151,962,581 | 153,431,283 | 735,878,382 | 160,788,355 |
| Restricted deposits and other assets [3] | 34 | 507,981,561 | 507,981,560 | 488,692,658 | 5,290,933 | 2,652,479 | 11,345,490 | - |
| | | **2,860,695,051** | **3,277,319,403** | **1,411,055,367** | **247,259,091** | **672,558,991** | **750,582,444** | **195,863,510** |
| **Financial liabilities** | | | | | | | | |
| Deposits from banks | 35 | 15,200 | 15,200 | 15,200 | - | - | - | - |
| Deposits from customers | 36 | 2,086,810,070 | 2,087,843,197 | 2,080,649,660 | 3,667,667 | 3,515,412 | 10,458 | - |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 1,671,409 | 759,055 | 476,707 | 435,647 | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 2,341,154 | 1,377,975 | 753,365 | 209,814 | - | - |
| Other liabilities[4] | 38 | 199,536,392 | 199,536,393 | 73,652,106 | 125,674,078 | - | 210,209 | - |
| Other borrowed funds | 40 | 162,742,565 | 168,205,757 | 12,758,150 | 15,917,575 | 20,029,944 | 98,550,423 | 20,949,665 |
| | | **2,453,035,503** | **2,459,613,110** | **2,169,212,146** | **146,489,392** | **24,190,817** | **98,771,090** | **20,949,665** |
| Gap (asset - liabilities) | | | | (758,156,779) | 100,769,699 | 648,368,174 | 651,811,354 | 174,913,845 |
| Cumulative liquidity gap | | | | (758,156,779) | (657,387,080) | (9,018,906) | 642,792,448 | 817,706,293 |

[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] | 38 | 112,975,988 | 112,975,987 | 42,323,832 | 66,497,041 | - | 4,155,114 | - |
| Other borrowed funds | 40 | 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

## (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-2019**

| 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 | 593,551,117 | 585,156,020 | 4,975,902 | 3,419,195 | - | - |
| Financial assets at fair value through profit or loss | 24 | 73,486,101 | 15,286,065 | 14,116,876 | 28,932,344 | 5,518,539 | 9,632,277 |
| Derivative financial assets | 25 | 26,011,823 | 17,217,431 | 746,839 | 8,047,553 | - | - |
| Investment securities: | | | | | | | |
| – Fair value through profit or loss [2] | 26 | 29,834,367 | - | 29,834,367 | - | - | - |
| – Fair Value through other comprehensive Income[2] | 26 | 584,197,391 | 110,808,481 | 29,229,544 | 429,977,764 | 2,098,288 | 12,083,314 |
| – Held at amortised cost | 26 | 145,561,232 | 41,013,109 | 62,455,991 | 16,256,066 | 23,447,199 | 2,388,867 |
| Assets pledged as collateral | 27 | 58,036,855 | 28,183,311 | 29,853,544 | - | - | - |
| Loans and advances to banks | 28 | 1,513,310 | 1,513,310 | - | - | - | - |
| Loans and advances to customers | 29 | 1,500,572,046 | 527,331,872 | 205,595,724 | 158,995,266 | 539,626,869 | 69,022,315 |
| Restricted deposits and other assets[3] | 34 | 518,275,514 | 498,529,108 | 5,340,773 | 2,700,034 | 11,705,599 | - |
| | | **3,531,039,756** | **1,825,038,707** | **382,149,560** | **648,328,222** | **582,396,494** | **93,126,773** |
| **Financial liabilities** | | | | | | | |
| Deposits from banks | 35 | 107,518,398 | 97,575,883 | 723,941 | 9,218,574 | - | - |
| Deposits from customers | 36 | 2,532,540,384 | 2,484,025,932 | 16,485,793 | 30,701,312 | 1,212,669 | 114,678 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 755,530 | 456,131 | 404,074 | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 1,371,044 | 739,732 | 204,765 | - | - |
| Other liabilities[4] | 38 | 226,621,182 | 87,079,744 | 126,346,034 | 1,903,373 | 11,292,031 | - |
| Other borrowed funds | 40 | 162,999,909 | 12,160,290 | 14,634,054 | 18,600,494 | 96,655,406 | 20,949,665 |
| | | **3,033,611,149** | **2,682,968,423** | **159,385,685** | **61,032,592** | **109,160,106** | **21,064,343** |
| Gap (asset - liabilities) | | | (857,929,716) | 222,763,875 | 587,295,630 | 473,236,388 | 72,062,430 |
| Cumulative liquidity gap | | | (857,929,716) | (635,165,841) | (47,870,211) | 425,366,177 | 497,428,607 |

[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-2019**

| 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 | 43 | 351,764,791 | 27,132,555 | 24,691,452 | 26,284,683 | 46,266,825 | 227,389,276 |
| Clean line facilities and letters of credit | 43 | 57,673,046 | 47,342,163 | 3,898,662 | 6,432,221 | - | - |
| Other commitments | 43 | 3,903,752 | 3,518,177 | 302,937 | 82,638 | - | - |
| | | **413,341,589** | **77,992,895** | **28,893,051** | **32,799,542** | **46,266,825** | **227,389,276** |

[1] Includes balances with no specific contractual maturities

## Residual contractual maturities of financial assets and liabilities

**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] | 38 | 133,114,496 | 49,625,026 | 66,497,041 | 2,967,347 | 14,025,082 | - |
| Other borrowed funds | 40 | 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 and provision for litigations

Management of this liquidity gap is as disclosed in Note 4(g)
Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

## Residual contractual maturities of contingencies

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

**Group**
**Dec-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 | 43 | 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 | 43 | 46,922,591 | 31,697,405 | 10,807,456 | 4,064,220 | 68,922 | 284,588 |
| Other commitments | 43 | 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

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.

**Parent**
**Dec-2019**

| 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 | 396,915,777 | 395,077,779 | - | 1,837,998 | - | - |
| Financial assets at fair value through profit or loss | 24 | 44,717,688 | 7,136,654 | 11,367,404 | 25,378,323 | - | 835,307 |
| Derivative financial assets | 25 | 26,011,823 | 17,217,431 | 746,839 | 8,047,553 | - | - |
| Investment securities: | | | | | | | |
| – Fair value through profit or loss[2] | 26 | 29,834,367 | - | 29,834,367 | - | - | - |
| – Fair Value through other comprehensive Income[2] | 26 | 494,546,405 | 67,078,555 | 17,669,026 | 397,715,510 | - | 12,083,314 |
| – Held at amortised cost | 26 | 2,003,583 | - | - | - | 2,003,583 | - |
| Assets pledged as collateral | 27 | 57,790,749 | 27,937,205 | 29,853,544 | - | - | - |
| Loans and advances to banks | 28 | 72,451 | 72,451 | - | - | - | - |
| Loans and advances to customers | 29 | 1,300,820,647 | 469,260,424 | 180,987,470 | 99,253,493 | 492,902,469 | 58,416,791 |
| Restricted deposits and other assets[3] | 34 | 507,981,561 | 488,692,659 | 5,290,933 | 2,652,479 | 11,345,490 | - |
| | | **2,860,695,051** | **1,472,473,158** | **275,749,583** | **534,885,356** | **506,251,542** | **71,335,412** |
| **Financial liabilities** | | | | | | | |
| Deposits from banks | 35 | 15,200 | 15,200 | - | - | - | - |
| Deposits from customers | 36 | 2,086,810,070 | 2,079,795,112 | 3,617,900 | 3,388,350 | 8,708 | - |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 755,530 | 456,131 | 404,074 | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 1,371,044 | 739,732 | 204,765 | - | - |
| Other liabilities[4] | 38 | 199,536,392 | 73,652,105 | 125,674,078 | - | 210,209 | - |
| Other borrowed funds | 40 | 162,742,565 | 12,160,330 | 14,376,670 | 18,600,494 | 96,655,406 | 20,949,665 |
| | | **2,453,035,503** | **2,167,749,321** | **144,864,511** | **22,597,683** | **96,874,323** | **20,949,665** |
| Gap (asset - liabilities) | | | (695,276,163) | 130,885,072 | 512,287,673 | 409,377,219 | 50,385,747 |
| Cumulative liquidity gap | | | (695,276,163) | (564,391,091) | (52,103,418) | 357,273,801 | 407,659,548 |

[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-2019**

| 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 | 43 | 320,056,325 | 14,475,219 | 18,059,035 | 19,418,714 | 40,938,810 | 227,164,547 |
| Clean line facilities and letters of credit | 43 | 22,753,615 | 15,191,721 | 2,544,716 | 5,017,178 | - | - |
| | | **342,809,940** | **29,666,940** | **20,603,751** | **24,435,892** | **40,938,810** | **227,164,547** |

[1] Includes balances with no specific contractual maturities

## Residual contractual maturities of financial assets and liabilities

**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] | 38 | 112,975,988 | 42,323,833 | 66,497,041 | - | 4,155,114 | - |
| Other borrowed funds | 40 | 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 and provision for litigations

Management of this liquidity gap is as disclosed in Note 4(g)
Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

## Residual contractual maturities of contingencies

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

**Parent**
**Dec-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 | 43 | 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 | 43 | 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

### (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-2019**

| 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 | 593,551,117 | 585,156,020 | 4,975,902 | 3,419,195 | - | - |
| Financial assets at fair value through profit or loss | 24 | 73,486,101 | 15,286,065 | 14,116,876 | 28,932,344 | 5,518,539 | 9,632,277 |
| Derivative financial assets | 25 | 26,011,823 | 17,217,431 | 746,839 | 8,047,553 | - | - |
| Investment securities: | | | | | | | |
| – Fair value through profit or loss[1] | 26 | 29,834,367 | - | 29,834,367 | - | - | - |
| – Fair Value through other comprehensive Income[1] | 26 | 584,197,391 | 110,808,481 | 29,229,544 | 429,977,764 | 2,098,288 | 12,083,314 |
| – Held at amortised cost | 26 | 145,561,232 | 41,013,109 | 62,455,991 | 16,256,066 | 23,447,199 | 2,388,867 |
| Assets pledged as collateral | 27 | 58,036,855 | 28,183,311 | 29,853,544 | - | - | - |
| Loans and advances to banks | 28 | 1,513,310 | 1,513,310 | - | - | - | - |
| Loans and advances to customers | 29 | 1,500,572,046 | 1,167,823,097 | 135,523,039 | 68,981,773 | 98,593,403 | 29,650,734 |
| Restricted deposits and other assets[2] | 34 | 518,275,514 | 498,529,108 | 5,340,773 | 2,700,034 | 11,705,599 | - |
| | | **3,531,039,756** | **2,465,529,932** | **312,076,875** | **558,314,729** | **141,363,028** | **53,755,192** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Deposits from banks | 35 | 107,518,398 | 97,575,883 | 723,941 | 9,218,574 | - | - |
| Deposits from customers | 36 | 2,532,540,384 | 2,484,025,932 | 16,485,793 | 30,701,312 | 1,212,669 | 114,678 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 755,530 | 456,131 | 404,074 | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 1,371,044 | 739,732 | 204,765 | - | - |
| Other liabilities [3] | 39 | 226,621,182 | 87,079,744 | 126,346,034 | 1,903,373 | 11,292,031 | - |
| Other borrowed funds | 41 | 162,999,909 | 12,160,290 | 14,634,054 | 18,600,494 | 96,655,406 | 20,949,665 |
| | | **3,033,611,149** | **2,682,968,423** | **159,385,685** | **61,032,592** | **109,160,106** | **21,064,343** |
| | | **497,428,607** | **(217,438,491)** | **152,691,190** | **497,282,137** | **32,202,922** | **32,690,849** |

[1] Excludes equity securities.
[2] Excludes prepayments
[3] 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.

**Group**
**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 | 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[1] | 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[2] | 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[3] | 38 | 133,114,496 | 49,625,026 | 70,652,155 | 2,967,347 | 9,869,968 | - |
| Other borrowed funds | 40 | 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 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-2019**

| 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 | 396,915,777 | 395,077,779 | - | 1,837,998 | - | - |
| Financial assets at fair value through profit or loss | 24 | 44,717,688 | 7,136,654 | 11,367,404 | 25,378,323 | - | 835,307 |
| Derivative financial assets | 25 | 26,011,823 | 17,217,431 | 746,839 | 8,047,553 | - | - |
| Investment securities: | | | | | | | |
| – Fair value through profit or loss[1] | 26 | 29,834,367 | - | 29,834,367 | - | - | - |
| – Fair Value through other comprehensive Income [1] | 26 | 494,546,405 | 67,078,555 | 17,669,026 | 397,715,510 | - | 12,083,314 |
| – Held at amortised cost | 26 | 2,003,583 | - | - | - | 2,003,583 | - |
| Assets pledged as collateral | 27 | 57,790,749 | 27,937,205 | 29,853,544 | - | - | - |
| Loans and advances to banks | 28 | 72,451 | 72,451 | - | - | - | - |
| Loans and advances to customers | 29 | 1,300,820,647 | 1,109,751,649 | 110,914,785 | 9,240,000 | 51,869,003 | 19,045,210 |
| Restricted deposits and other assets[2] | 34 | 507,981,561 | 488,692,659 | 5,290,933 | 2,652,479 | 11,345,490 | - |
| | | **2,860,695,051** | **2,112,964,383** | **205,676,898** | **444,871,863** | **65,218,076** | **31,963,831** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Deposits from banks | 35 | 15,200 | 15,200 | - | - | - | - |
| Deposits from customers | 36 | 2,086,810,070 | 2,079,795,112 | 3,617,900 | 3,388,350 | 8,708 | - |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 755,530 | 456,131 | 404,074 | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 1,371,044 | 739,732 | 204,765 | - | - |
| Other liabilities[3] | 38 | 199,536,392 | 73,652,105 | 125,674,078 | - | 210,209 | - |
| Other borrowed funds | 40 | 162,742,565 | 12,160,330 | 14,376,670 | 18,600,494 | 96,655,406 | 20,949,665 |
| | | **2,453,035,503** | **2,167,749,321** | **144,864,511** | **22,597,683** | **96,874,323** | **20,949,665** |
| | | **407,659,548** | **(54,784,938)** | **60,812,387** | **422,274,180** | **(31,656,247)** | **11,014,166** |

[1] Excludes equity securities.
[2] Excludes prepayments
[3] 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-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 [1] | 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 [2] | 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 [3] | 38 | 112,975,988 | 42,323,833 | 70,652,155 | - | - | - |
| Other borrowed funds | 40 | 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 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 counterparty to honour its obligations i.e. deliver cash, securities or other assets, as contractually agreed.

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

### (i) Market Risk

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

### (i) Management of Market Risk

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

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

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

### (ii) Exposure to Market Risks – Trading Book

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

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

1. Treasury Bills
2. Bonds
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 year, 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 year were successfully mitigated as mentioned above.

### (iv) Value-at-Risk (VaR)

GTBank applies VaR, a statistical risk measure, to estimate the maximum potential loss the Bank can incur on trading positions at a given confidence level under normal market condition. VaR is the Bank's primary market risk management measure for assets and liabilities classified as trading positions. However, the Bank does not only base its risk estimates on VaR models, it uses sensitivity, scenario analysis and stress testing to further complement it.

GTBank uses the analytical variance-covariance method to estimate VaR, which takes cognizance of factor sensitivities of the trading portfolio, the volatilities and correlations of market risk factor. The model is employed across the Group and applies observable historical rates, yields and prices for the previous 12months to its current positions. It assumes that historical changes in market values are representative of the distribution of potential outcome in the immediate future. The Group's VaR is calculated assuming a one-day holding period and an expected tail loss methodology which approximates a 99% confidence level.

VaR statistics can be materially different across firms due to differences in portfolio composition, differences in VaR methodologies, and differences in model parameters. As a result, GTBank believes VaR statistics can be used more effectively as indicators of trends in risk-taking within a firm, rather than as a basis for inferring differences in risk-taking across firms.

The Bank trades on foreign currencies, Bonds and Treasury bills instruments, while its subsidiaries trade mainly in bills and an insignificant amount foreign currencies and bonds. The resultant risk exposures are interest and foreign exchange risks.

The table below presents, risk by category, average VaR and end of period-end VaR as well as the high and low VaR for the period.

| **Group VaR by risk type** | | **Dec-19** | | |
|---|---|---|---|---|
| In thousands of Naira | **Average** | **High** | **Low** | **At reporting date** |
| Foreign exchange risk | 155,544 | 549,851 | 52 | 2,157 |
| Interest rate risk | 213,071 | 1,192,788 | 13,103 | 601,397 |
| **Total** | **368,615** | **1,742,639** | **13,155** | **603,553** |

| **Group VaR by risk type** | | **Dec-18** | | |
|---|---|---|---|---|
| In thousands of Naira | **Average** | **High** | **Low** | **At reporting date** |
| Foreign exchange risk | 94,980 | 415,232 | 14,321 | 71,929 |
| Interest rate risk | 210,475 | 855,267 | 28,306 | 61,001 |
| **Total** | **305,455** | **1,270,499** | **42,626** | **132,930** |

| **Bank VaR by risk type** | | **Dec-19** | | |
|---|---|---|---|---|
| In thousands of Naira | **Average** | **High** | **Low** | **At reporting date** |
| Foreign exchange risk | 97,402 | 344,318 | 33 | 1,351 |
| Interest rate risk | 133,426 | 746,928 | 8,205 | 563,672 |
| **Total** | **230,828** | **1,091,246** | **8,238** | **565,023** |

| **Bank VaR by risk type** | | **Dec-19** | | |
|---|---|---|---|---|
| In thousands of Naira | **Average** | **High** | **Low** | **At reporting date** |
| Foreign exchange risk | 59,447 | 260,020 | 8,968 | 45,042 |
| Interest rate risk | 131,800 | 535,571 | 17,725 | 38,199 |
| **Total** | **191,277** | **795,590** | **26,693** | **83,241** |

### (v) 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 2019, 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 2018 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 189.
- 100 basis point changes in floating interest rate for Borrowed funds, Financial liabilities held for trading, Term deposits; 30 basis point changes for Savings deposits; and 15 basis point

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 14.92% and 18.23% over the period, a change of about 100 basis points is therefore probable.
- The discount rate on various maturities of treasury bills ranged between 4.00% and 15.00% 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-19 Pre-tax | Dec-19 Post-tax | Dec-18 Pre-tax | Dec-18 Post-tax |
|---|---|---|---|---|
| **Decrease** | **(13,055,321)** | **(11,149,244)** | **(15,369,609)** | **(13,167,144)** |
| Asset | (22,088,231) | (18,863,349) | (25,265,607) | (21,645,045) |
| Liabilities | 9,032,910 | 7,714,105 | 9,895,998 | 8,477,902 |
| **Increase** | **13,055,321** | **11,149,244** | **15,369,609** | **13,167,144** |
| Asset | 22,088,231 | 18,863,349 | 25,265,607 | 21,645,045 |
| Liabilities | (9,032,910) | (7,714,105) | (9,895,998) | (8,477,902) |

**Parent**

| In thousands of Nigerian Naira | Dec-19 Pre-tax | Dec-19 Post-tax | Dec-18 Pre-tax | Dec-18 Post-tax |
|---|---|---|---|---|
| **Decrease** | **(12,813,861)** | **(11,239,038)** | **(12,653,856)** | **(11,108,820)** |
| Asset | (20,407,791) | (17,899,674) | (21,156,565) | (18,573,348) |
| Liabilities | 7,593,930 | 6,660,636 | 8,502,709 | 7,464,528 |
| **Increase** | **12,813,861** | **11,239,038** | **12,653,856** | **11,108,820** |
| Asset | 20,407,791 | 17,899,674 | 21,156,565 | 18,573,348 |
| Liabilities | (7,593,930) | (6,660,636) | (8,502,709) | (7,464,528) |

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-19 Pre-tax | Dec-19 Post-tax | Dec-18 Pre-tax | Dec-18 Post-tax |
|---|---|---|---|---|
| **Decrease** | | | | |
| **Assets** | | | | |
| Cash and bank balances | (3,596,382) | (3,071,310) | (3,896,821) | (3,338,407) |
| Loans and advances to banks | (15,109) | (12,903) | (29,600) | (25,359) |
| Loans and advances to customers | (11,737,256) | (10,023,617) | (14,119,824) | (12,096,453) |
| Financial assets held for trading | (495,791) | (423,405) | (182,013) | (155,931) |
| Investment securities | (6,240,656) | (5,329,520) | (6,408,815) | (5,490,432) |
| Assets pledged as collateral | (3,037) | (2,593) | (628,532) | (538,464) |
| | **(22,088,231)** | **(18,863,349)** | **(25,265,607)** | **(21,645,045)** |
| **Liabilities** | | | | |
| Deposits from banks | 54,359 | 46,423 | 41,796 | 35,807 |
| Deposits from customers | 7,027,781 | 6,001,725 | 6,892,746 | 5,905,016 |
| Financial liabilities held for trading | 119,064 | 101,680 | 148,804 | 127,481 |
| Debt securities issued | - | - | 808,235 | 692,415 |
| Other borrowed funds | 1,831,707 | 1,564,277 | 2,004,417 | 1,717,184 |
| | **9,032,910** | **7,714,105** | **9,895,998** | **8,477,902** |
| **Total** | **(13,055,321)** | **(11,149,244)** | **(15,369,609)** | **(13,167,144)** |
| **Increase** | | | | |
| **Assets** | | | | |
| Cash and bank balances | 3,596,382 | 3,071,310 | 3,896,821 | 3,338,407 |
| Loans and advances to banks | 15,109 | 12,903 | 29,600 | 25,359 |
| Loans and advances to customers | 11,737,256 | 10,023,617 | 14,119,824 | 12,096,453 |
| Financial assets held for trading | 495,791 | 423,405 | 182,013 | 155,931 |
| Investment securities | 6,240,656 | 5,329,520 | 6,408,815 | 5,490,432 |
| Assets pledged as collateral | 3,037 | 2,593 | 628,532 | 538,464 |
| | **22,088,231** | **18,863,349** | **25,265,607** | **21,645,045** |
| **Liabilities** | | | | |
| Deposits from banks | (54,359) | (46,423) | (41,796) | (35,807) |
| Deposits from customers | (7,027,781) | (6,001,725) | (6,892,746) | (5,905,016) |
| Financial liabilities held for trading | (119,064) | (101,680) | (148,804) | (127,481) |
| Debt securities issued | - | - | (808,235) | (692,415) |
| Other borrowed funds | (1,831,707) | (1,564,277) | (2,004,417) | (1,717,184) |
| | **(9,032,910)** | **(7,714,105)** | **(9,895,998)** | **(8,477,902)** |
| **Total** | **13,055,321** | **11,149,244** | **15,369,609** | **13,167,144** |

**Parent**

| In thousands of Nigerian Naira | Dec-19 Pre-tax | Dec-19 Post-tax | Dec-18 Pre-tax | Dec-18 Post-tax |
|---|---|---|---|---|
| **Decrease** | | | | |
| **Assets** | | | | |
| Cash and bank balances | (3,530,732) | (3,096,805) | (3,490,274) | (3,064,111) |
| Loans and advances to Banks | (700) | (614) | (115) | (101) |
| Loans and advances to Customers | (11,722,848) | (10,282,110) | (12,209,711) | (10,718,905) |
| Financial assets held for trading | (208,107) | (182,530) | (158,067) | (138,767) |
| Investment securities | (4,944,829) | (4,337,110) | (4,674,721) | (4,103,938) |
| Assets pledged as collateral | (576) | (505) | (623,678) | (547,527) |
| | **(20,407,791)** | **(17,899,674)** | **(21,156,565)** | **(18,573,348)** |
| **Liabilities** | | | | |
| Deposits from banks | 12,794 | 11,222 | 15,257 | 13,395 |
| Deposits from customers | 5,632,939 | 4,940,651 | 5,538,052 | 4,861,856 |
| Financial liabilities held for trading | 119,064 | 104,431 | 148,804 | 130,635 |
| Debt securities issued | - | - | 808,235 | 709,549.27 |
| Other borrowed funds | 1,829,133 | 1,604,333 | 1,992,361 | 1,749,093 |
| | **7,593,930** | **6,660,636** | **8,502,709** | **7,464,528** |
| **Total** | **(12,813,861)** | **(11,239,038)** | **(12,653,856)** | **(11,108,820)** |
| | | | | |
| **Increase** | | | | |
| **Assets** | | | | |
| Cash and bank balances | 3,530,732 | 3,096,805 | 3,490,274 | 3,064,111 |
| Loans and advances to Banks | 700 | 614 | 115 | 101 |
| Loans and advances to Customers | 11,722,848 | 10,282,110 | 12,209,711 | 10,718,905 |
| Financial assets held for trading | 208,107 | 182,530 | 158,067 | 138,767 |
| Investment securities | 4,944,829 | 4,337,110 | 4,674,721 | 4,103,938 |
| Assets pledged as collateral | 576 | 505 | 623,678 | 547,527 |
| | **20,407,791** | **17,899,674** | **21,156,565** | **18,573,348** |
| **Liabilities** | | | | |
| Deposits from banks | (12,794) | (11,222) | (15,257) | (13,395) |
| Deposits from customers | (5,632,939) | (4,940,651) | (5,538,052) | (4,861,856) |
| Financial liabilities held for trading | (119,064) | (104,431) | (148,804) | (130,635) |
| Debt securities issued | - | - | (808,235) | (709,549) |
| Other borrowed funds | (1,829,133) | (1,604,333) | (1,992,361) | (1,749,093) |
| | **(7,593,930)** | **(6,660,636)** | **(8,502,709)** | **(7,464,528)** |
| **Total** | **12,813,861** | **11,239,038** | **12,653,856** | **11,108,820** |

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 2019, 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-19 Pre-tax | Dec-19 Post-tax | Dec-18 Pre-tax | Dec-18 Post-tax |
|---|---|---|---|---|
| Decrease | 1,831,707 | 1,564,277 | 2,014,417 | 1,725,751 |
| Increase | (1,831,707) | (1,564,277) | (2,014,417) | (1,725,751) |

**Parent**

| In thousands of Nigerian Naira | Dec-19 Pre-tax | Dec-19 Post-tax | Dec-18 Pre-tax | Dec-18 Post-tax |
|---|---|---|---|---|
| Decrease | 1,829,133 | 1,604,333 | 2,002,361 | 1,757,872 |
| Increase | (1,829,133) | (1,604,333) | (2,002,361) | (1,757,872) |

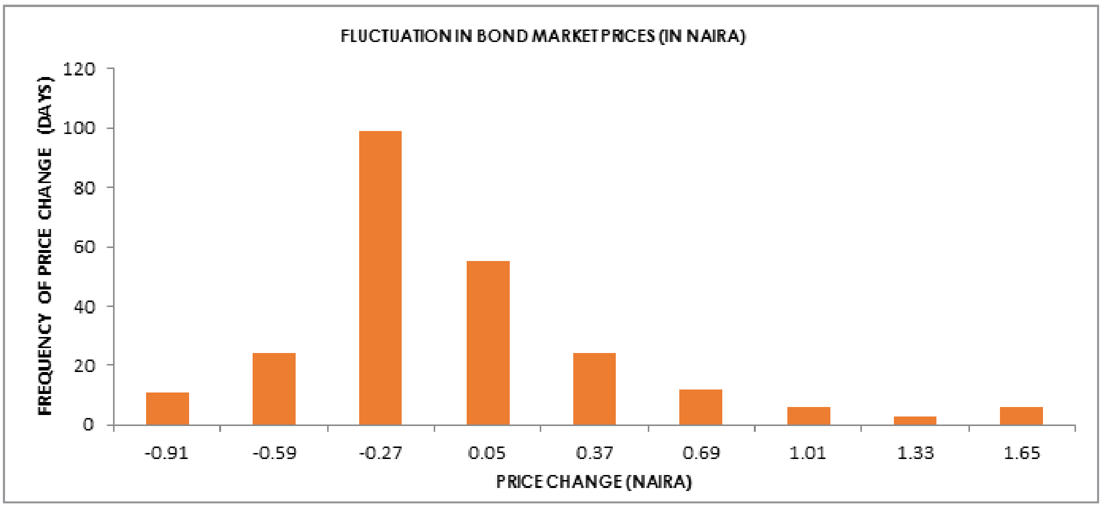
## (vi) Sensitivity Analysis of Fair Value Through Other Comprehensive Income Portfolio to Price

### 1. Financial Instrument held as Fair Value through Other Comprehensive Income

The Group recognized fair value changes for FVOCI Bonds, Bills and Equities as at 31 December 2019 and the comparative year in 2018. 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 (0.91)/1.65 in bond price was determined based on the distribution of one year daily change in market prices. The results were that fluctuations were in the range of ± (0.91)/1.65 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 2019, when price of bonds designated as FVOCI increased or decreased by ± (0.91)/1.65 naira with all other variables held constant, would have been as set out in the tables below:

**Group**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Pre-tax | Post-tax | Pre-tax | Post-tax |
| Decrease | (136,612) | (116,666) | (151,589) | (129,866) |
| Increase | 218,858 | 186,905 | 151,589 | 129,866 |

**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Pre-tax | Post-tax | Pre-tax | Post-tax |
| Decrease | (101,140) | (88,710) | (126,143) | (110,741) |
| Increase | 183,387 | 160,848 | 126,143 | 110,741 |

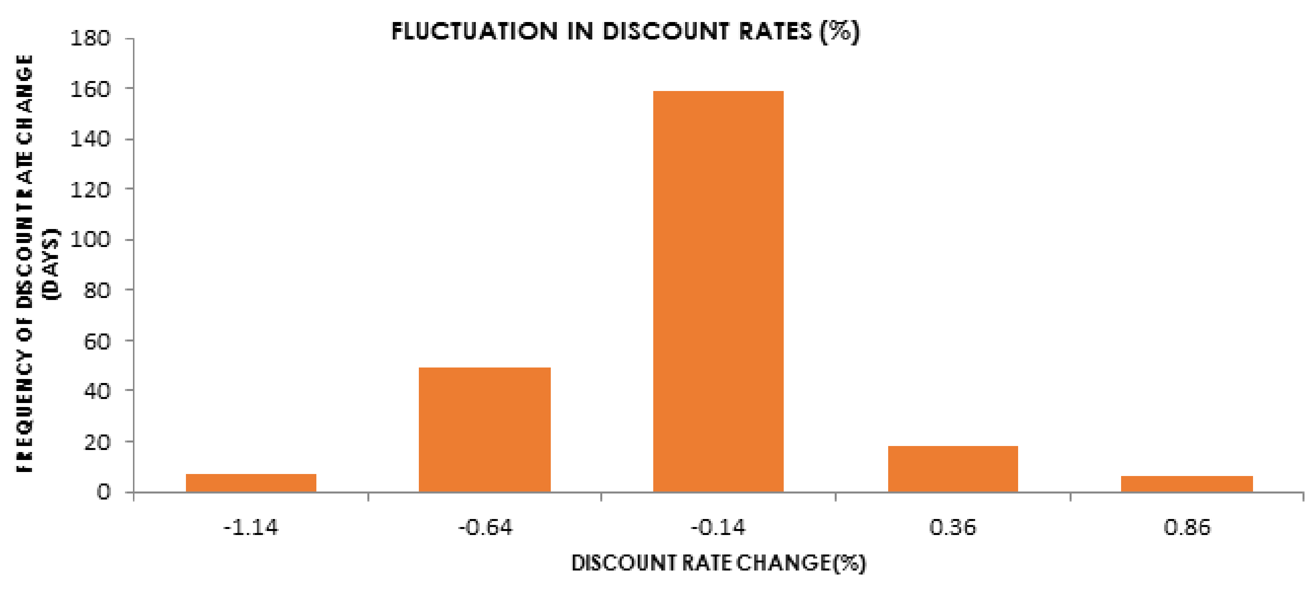
### Treasury Bills to be Fair Valued through Other Comprehensive Income OCI

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 (1.14)/0.86 percentage change 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 (1.14)/0.86 percentage change.

- The chosen reasonable change in market discount rates was then applied to the bank's holding of Fair value through OCI 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 2019, if discount rates of treasury bills designated as FVOCI, converted to prices, increased or reduced by (1.14)/0.86 percentage change with all other variables held constant, would have been as set out in the tables below:

**Group**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Pre-tax | Post-tax | Pre-tax | Post-tax |
| Decrease | 5,505,987 | 4,702,113 | 3,433,021 | 2,941,069 |
| Increase | (4,338,467) | (3,705,051) | (3,433,021) | (2,941,069) |

**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Pre-tax | Post-tax | Pre-tax | Post-tax |
| Decrease | 4,753,477 | 4,169,275 | 3,076,235 | 2,700,627 |
| Increase | (3,585,956) | (3,145,242) | (3,076,235) | (2,700,627) |

### (vii) Sensitivity analysis of level 3 equity Instruments

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 unquoted equity instruments to changes to the various inputs, we have arrived at a reasonably possible change of (1.14)/0.86 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 tables below.

### Impact on Other Comprehensive Income

**Group**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | 140,850 | 120,286 | 71,238 | 61,029 |
| Increase | (90,702) | (77,460) | (71,238) | (61,029) |

**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | 140,756 | 123,457 | 71,144 | 62,457 |
| Increase | (90,609) | (79,473) | (71,144) | (62,457) |

### Impact on Income statement

**Group**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | 467,959 | 399,637 | 239,763 | 205,405 |
| Increase | (291,649) | (249,068) | (239,763) | (205,405) |

**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | 467,959 | 410,447 | 239,763 | 210,488 |
| Increase | (291,649) | (255,805) | (239,763) | (210,488) |

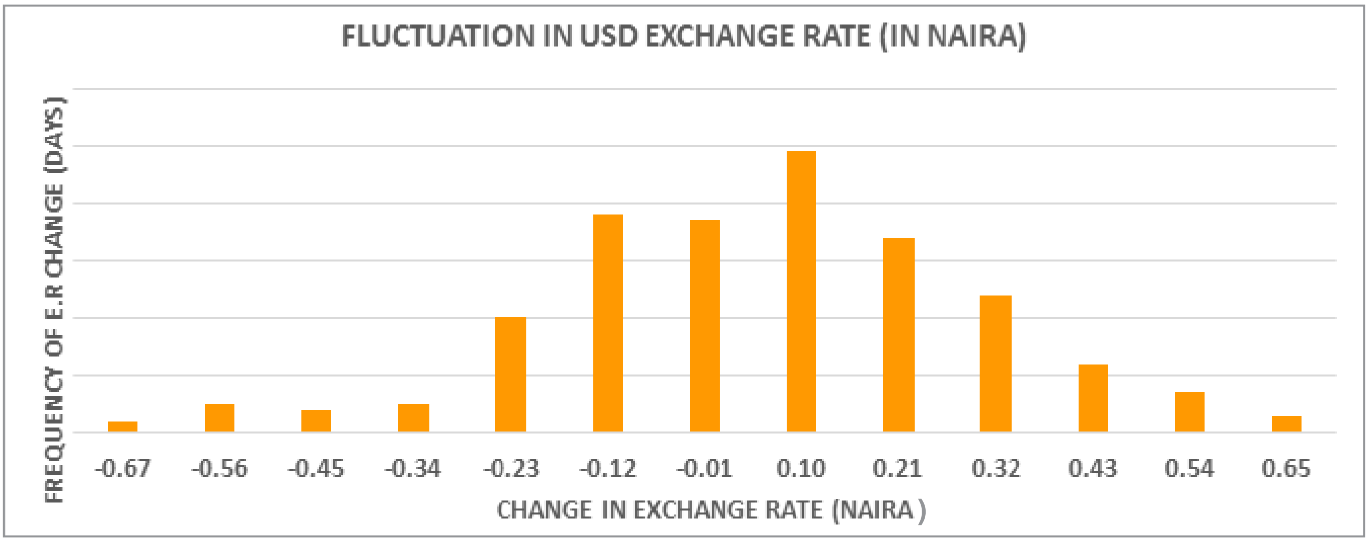
### (viii) Exposure to foreign currency risk

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 (0.67)/0.65 (Dec 2018: (0.3)/0.3) 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 (0.67)/0.65 (Dec 2018: (0.3)/0.3)
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position at the end of the year.




At 31 December 2019, if the Naira had strengthened/weakened by -0.67/0.65 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**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | (724,147) | (618,422) | (313,697) | (268,744) |
| Increase | 702,531 | 599,962 | 313,697 | 268,744 |

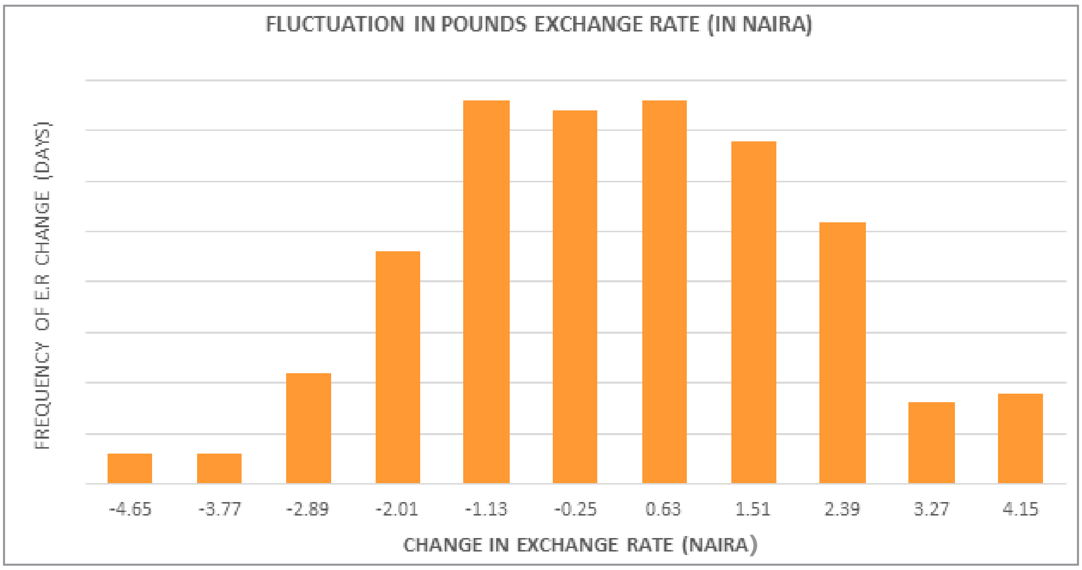
**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | (721,029) | (632,415) | (311,084) | (273,100) |
| Increase | 699,506 | 613,537 | 311,084 | 273,100 |

### 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 (4.65)/4.15 (Dec 2018: (10.73)/9.15) 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 (4.65)/4.15 (Dec 2018: (10.73)/9.15)
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the year.




At 31 December 2019, if the Naira had weakened/strengthened by (4.65)/4.15 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**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Pre-tax | Post-tax | Pre-tax | Post-tax |
| Decrease | (52,416) | (44,763) | (103,695) | (88,636) |
| Increase | 46,780 | 39,950 | 121,601 | 104,176 |

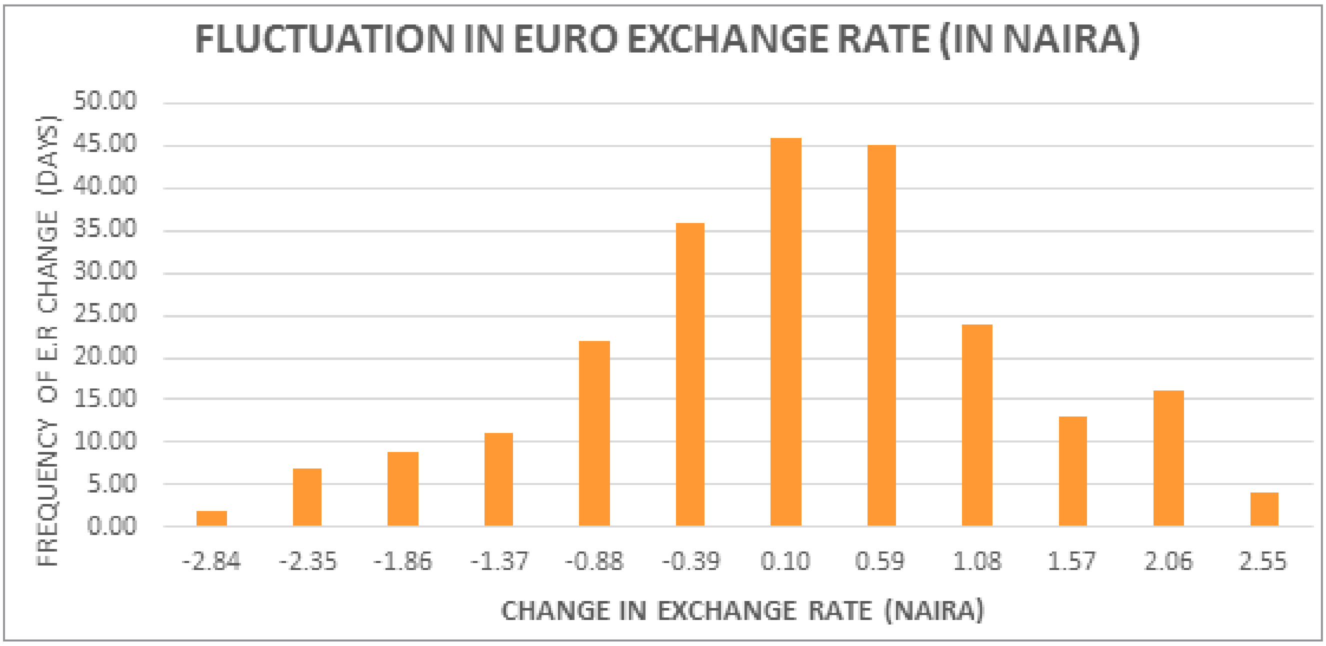
**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Pre-tax | Post-tax | Pre-tax | Post-tax |
| Decrease | (56,872) | (49,882) | (109,345) | (95,994) |
| Increase | (50,757) | 44,519 | 128,227 | 112,570 |

### 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 (2.84)/2.55 (Dec 2018: (6.66)/7.11) 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 (2.84)/2.55 (Dec 2018: (6.66)/7.11).
- 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 2019, if the Naira had weakened/strengthened by (2.84)/2.55 Naira 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**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | (13,262) | (11,326) | 11,601 | 9,938 |
| Increase | 11,908 | 10,169 | (10,866) | (9,309) |

**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | (10,864) | (9,529) | 17,997 | 15,799 |
| Increase | 9,755 | 8,556 | (16,858) | (14,799) |

## Foreign Exchange Profit or Loss (Other Currencies)

At 31 December 2019, if Naira had weakened/strengthened by (0.67)/0.65 (Dec 2018: (0.3)/0.3) 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**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | (10,918) | (9,324) | (10,907) | (9,344) |
| Increase | 9,834 | 8,398 | 11,651 | 9,981 |

**Parent**

| | Dec-19 | Dec-19 | Dec-18 | Dec-18 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Pre-tax** | **Post-tax** | **Pre-tax** | **Post-tax** |
| Decrease | (5,052) | (4,431) | (9,993) | (8,772) |
| Increase | 4,550 | 3,991 | 10,674 | 9,371 |

### (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 2018: ±₦0.5) depreciation of the Nigerian Naira and ±₦0.5 (Dec 2018: ±₦0.5) 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, 2019 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 2018: ±₦0.5) 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 ₦209,250,749.82 and (₦209,250,749.82) respectively.

**Group**
**Dec-19**
**Total derivatives**

| | | | | Favourable changes (Pre-tax) | Unfavourable changes (Pre-tax) | Favourable changes (Post-tax) | Unfavourable changes (Post-tax) |
|---|---|---|---|---|---|---|---|
| In thousands of Nigerian Naira | **Notional Contract Amount** | **Fair Value** | **Asset/ (Liability)** | **Income Statement** | **Income Statement** | **Income Statement** | **Income Statement** |
| Derivative Assets | 188,589,544 | 26,011,823 | Asset | 249,769 | (249,769) | 213,303 | (213,303) |
| | | | | | | | |
| Derivative Liabilities | 29,758,011 | (2,315,541) | Liability | 40,519 | (40,519) | 34,603 | (34,603) |

**Dec-18**
**Total derivatives**

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

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

**Parent**
**Dec-19**
**Total derivatives**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value | Asset/ (Liability) | Favourable changes (Pre-tax) Income Statement | Unfavourable changes (Pre-tax) Income Statement | Favourable changes (Post-tax) Income Statement | Unfavourable changes (Post-tax) Income Statement |
|---|---|---|---|---|---|---|---|
| Derivative Assets | 188,589,544 | 26,011,823 | Asset | 249,769 | (249,769) | 219,073 | (219,073) |
| | | | | | | | |
| Derivative Liabilities | 29,758,011 | (2,315,541) | Liability | 40,519 | (40,519) | 35,539 | (35,539) |

**Dec-18**
**Total derivatives**

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

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.
V. Interest rate, given its impact on the ability of companies to meet contractual cashflows on both local and foreign currency denominated obligations.

**Retail Portfolios**

I. Unemployment, given the impact it has on individual borrowers' ability to meet contractual payment.
II. Inflation, given its significant impact on purchasing power of individual borrowers and ultimately, the capacity to repay obligations.
III. Interest rate, given its impact on the ability of individual borrowers to meet contractual cashflows on both local and foreign currency denominated obligations.

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
- 1% Decrease / Increase in interest rate over Interest rate forecast
- Decrease / Increase in USD/NGN exchange rate by N5 over forecasted exchange rate
- Increase / Decrease in Crude Oil Price by $5pbl over forecasted Crude Oil Price

Set out below are the changes to the ECL that would result from the possible changes in these parameters from the actual assumptions used in the Group's economic variables assumption.

**Group**
**Dec-19**

| | Improvement | | Worsening | |
|---|---|---|---|---|
| In thousands of naira | **Pre-Tax** | **Post Tax** | **Pre-Tax** | **Post Tax** |
| COMMERCIAL | (1,667,313) | (1,167,119) | 409,260 | 286,482 |
| CORPORATE | (2,013,504) | (1,409,453) | 4,455,107 | 3,118,575 |
| PUBLIC SECTOR | (91,547) | (64,083) | 1,162,334 | 813,634 |
| RETAIL | (383,446) | (268,412) | 327,622 | 229,335 |
| SME | (32,763) | (22,934) | 25,947 | 18,163 |
| | **(4,188,573)** | **(2,932,001)** | **6,380,270** | **4,466,189** |

**Parent**
**Dec 2019**

| | Improvement | | Worsening | |
|---|---|---|---|---|
| In thousands of naira | **Pre-Tax** | **Post Tax** | **Pre-Tax** | **Post Tax** |
| COMMERCIAL | (1,560,274) | (1,092,192) | 382,986 | 268,090 |
| CORPORATE | (1,819,370) | (1,273,559) | 4,025,563 | 2,817,894 |
| PUBLIC SECTOR | (90,278) | (63,195) | 1,146,231 | 802,361 |
| RETAIL | (322,857) | (226,000) | 275,854 | 193,098 |
| SME | (29,336) | (20,535) | 23,233 | 16,263 |
| | **(3,822,115)** | **(2,675,481)** | **5,853,867** | **4,097,707** |

**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** |

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

**Group**
**Dec-2019**
**Financial instruments by currency**

| In thousands of Nigerian Naira | Note | Total | Naira | USD | GBP | Euro | Others |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Cash and bank balances | 23 | 593,551,117 | 88,173,156 | 371,955,025 | 53,303,748 | 30,160,906 | 49,958,282 |
| Financial assets at fair value through profit or loss | 24 | 73,486,101 | 44,717,688 | - | - | - | 28,768,413 |
| Derivative financial assets | 25 | 26,011,823 | - | 26,011,823 | - | - | - |
| Investment securities: | | | | | | | |
| – Fair value through profit or loss | 26 | 29,834,367 | - | 29,834,367 | - | - | - |
| – Fair Value through other comprehensive Income | 26 | 584,197,391 | 494,546,405 | 26,663,932 | 8,601,440 | - | 54,385,614 |
| – Held at amortised cost | 26 | 145,561,232 | 2,003,583 | 6,499,818 | - | - | 137,057,831 |
| Assets pledged as collateral | 27 | 58,036,855 | 57,790,749 | - | - | - | 246,106 |
| Loans and advances to banks | 28 | 1,513,310 | 71,735 | 364,355 | - | - | 1,077,220 |
| Loans and advances to customers | 29 | 1,500,572,047 | 507,570,994 | 843,584,781 | 30,467,481 | 1,956,103 | 116,992,688 |
| Restricted deposits and other assets[1] | 34 | 518,275,514 | 489,135,624 | 17,397,067 | 15,338 | 3,381,304 | 8,346,181 |
| | | **3,531,039,757** | **1,684,009,934** | **1,322,311,168** | **92,388,007** | **35,498,313** | **396,832,335** |
| | | | | | | | |
| Deposits from banks | 35 | 107,518,398 | 15,200 | 76,565,896 | 8,438,293 | 5,861,038 | 16,637,971 |
| Deposits from customers | 36 | 2,532,540,384 | 1,539,297,430 | 656,145,050 | 61,558,226 | 19,909,375 | 255,630,303 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | 1,615,735 | - | - | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 2,315,541 | - | - | - | - |
| Other liabilities[2] | 38 | 226,621,182 | 176,540,798 | 31,932,062 | 1,321,368 | 3,515,903 | 13,311,051 |
| Other borrowed funds | 40 | 162,999,909 | 110,485,069 | 52,514,840 | - | - | - |
| | | **3,033,611,149** | **1,830,269,773** | **817,157,848** | **71,317,887** | **29,286,316** | **285,579,325** |
| **Financial Instrument Gap** | | **497,428,608** | **(146,259,839)** | **505,153,320** | **21,070,120** | **6,211,997** | **111,253,010** |

[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-2018**
**Financial instruments by currency**

| 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] | 38 | 133,114,496 | 107,378,316 | 15,211,384 | 1,480,039 | 2,140,312 | 6,904,445 |
| Other borrowed funds | 40 | 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.

**Parent**
**Dec-2019**
**Financial instruments by currency**

| In thousands of Nigerian Naira | Note | Total | Naira | USD | GBP | Euro | Others |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Cash and bank balances | 23 | 396,915,777 | 87,932,568 | 265,986,561 | 27,411,396 | 14,874,552 | 710,700 |
| Financial assets at fair value through profit or loss | 24 | 44,717,688 | 44,717,688 | - | - | - | - |
| Derivative financial assets | 25 | 26,011,823 | - | 26,011,823 | - | - | - |
| Investment securities: | | | | | | | |
| – Fair value through profit or loss | 26 | 29,834,367 | - | 29,834,367 | - | - | - |
| – Fair Value through other comprehensive Income | 26 | 494,546,405 | 494,546,405 | - | - | - | - |
| – Held at amortised cost | 26 | 2,003,583 | 2,003,583 | - | - | - | - |
| Assets pledged as collateral | 27 | 57,790,749 | 57,790,749 | - | - | - | - |
| Loans and advances to banks | 28 | 72,451 | 71,735 | 716 | - | - | - |
| Loans and advances to customers | 29 | 1,300,820,648 | 507,570,994 | 793,176,200 | 12 | 73,442 | - |
| Restricted deposits and other assets[1] | 34 | 507,981,561 | 489,135,624 | 15,421,125 | 15,338 | 3,366,295 | 43,179 |
| | | **2,860,695,052** | **1,683,769,346** | **1,130,430,792** | **27,426,746** | **18,314,289** | **753,879** |
| | | | | | | | |
| Deposits from banks | 35 | 15,200 | 15,200 | - | - | - | - |
| Deposits from customers | 36 | 2,086,810,070 | 1,539,297,430 | 512,505,507 | 21,497,728 | 13,508,401 | 1,004 |
| Financial liabilities at fair value through profit or loss | 24 | 1,615,735 | 1,615,735 | - | - | - | - |
| Derivative financial liabilities | 25 | 2,315,541 | 2,315,541 | - | - | - | - |
| Other liabilities[2] | 38 | 199,536,392 | 165,467,836 | 30,553,107 | 75,463 | 3,393,259 | 46,727 |
| Other borrowed funds | 40 | 162,742,565 | 110,485,069 | 52,257,496 | - | - | - |
| | | **2,453,035,503** | **1,819,196,811** | **595,316,110** | **21,573,191** | **16,901,660** | **47,731** |
| **Financial Instrument Gap** | | **407,659,549** | **(135,427,465)** | **535,114,682** | **5,853,555** | **1,412,629** | **706,148** |

[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 currency**

| 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 | 36 | 1,865,419 | 1,865,419 | - | - | - | - |
| Derivative financial liabilities | 25 | 3,752,666 | - | - | - | - | 3,752,666 |
| Other liabilities[2] | 38 | 112,975,988 | 97,566,457 | 12,770,704 | 121,238 | 2,108,514 | 409,075 |
| Other borrowed funds | 40 | 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.

# 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 year. There have been no material changes in the Bank's management of capital during the year.

**Year under review**

A fundamental part of the Bank's overall business strategy is its sound capital management practices. It adopts a capital planning process that ensures that regulatory capital remains within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalized under normal and severe scenarios as well as a range of stress events.

Stress-testing models are used to gauge vulnerability of the bank to exceptional yet possible events. The result of stress-testing reveals the minimum capital requirements of the bank in the event that unforeseen negative events crystallize. The critical objective underpinning the stress-testing exercise is to identify as early as possible, any shortfall in capital requirements of the Bank and take corrective actions which may be direct or indirect.

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 16% for Domestic Systemically Important. As at December 31 2019, the Bank's capital adequacy ratio was 20.66% (December 31, 2018- 20.93%). Group capital stood at 22.51% (December 2018 – 23.39%).

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

## Capital adequacy ratio

| | Group | | | | Bank | | | |
|---|---|---|---|---|---|---|---|---|
| | Transitional Arrangement Impact | Transitional Arrangement Impact | Full Impact | Full Impact | Transitional Arrangement Impact | Transitional Arrangement Impact | Full Impact | Full Impact |
| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| | | | | | | | | |
| **Tier 1 capital** | | | | | | | | |
| Share capital | 14,715,590 | 14,715,590 | 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 | 123,471,114 | 123,471,114 |
| Retained profits | 136,247,653 | 106,539,050 | 136,247,653 | 106,539,050 | 95,110,906 | 79,668,689 | 95,110,906 | 79,668,689 |
| Statutory Reserve | 318,116,976 | 283,918,329 | 318,116,976 | 283,918,329 | 298,877,835 | 272,609,043 | 298,877,835 | 272,609,043 |
| SMEEIS and AGSMEIS Reserves | 27,003,016 | 18,638,665 | 27,003,016 | 18,638,665 | 26,984,540 | 18,638,552 | 26,984,540 | 18,638,552 |
| IFRS 9 Transitional Adjustment | 34,555,266 | 51,832,899 | - | - | 33,359,963 | 50,039,944 | - | - |
| RRR applied for IFRS 9 Impact | - | - | (65,490,719) | (65,490,719) | - | - | (65,490,719) | (65,490,719) |
| Non-Controlling Interest | 13,730,024 | 12,433,461 | 13,730,024 | 12,433,461 | - | - | - | - |
| **Tier 1 Sub-Total** | **667,839,639** | **611,549,108** | **567,793,654** | **494,225,490** | **592,519,948** | **559,142,932** | **493,669,266** | **443,612,269** |
| **Less Regulatory deductions:** | | | | | | | | |
| Other intangible assets | (11,560,876) | (7,719,684) | (11,560,876) | (7,719,684) | (9,546,253) | (5,635,606) | (9,546,253) | (5,635,606) |
| Goodwill | (8,684,356) | (8,682,937) | (8,684,356) | (8,682,937) | - | - | - | - |
| Deferred Tax | (2,256,570) | (2,169,819) | (2,256,570) | (2,169,819) | - | - | - | - |
| Treasury Shares | (6,531,749) | (5,583,635) | (6,531,749) | (5,583,635) | - | - | - | - |
| 100% of investments in unconsolidated Banking and financial subsidiary/associate companies | - | - | - | - | (55,814,032) | (55,814,032) | (55,814,032) | (55,814,032) |
| Unsecured Lending to subsidiaries within the same Group | - | - | - | - | (11,068,788) | (10,939,497) | (11,068,788) | (10,939,497) |
| **Net Total Tier 1 Capital (A)** | **638,806,088** | **587,393,033** | **538,760,103** | **470,069,415** | **516,090,875** | **486,753,797** | **417,240,193** | **371,223,134** |
| **Tier 2 capital** | | | | | | | | |
| Foreign Exchange Adjustments | 13,410,450 | 18,267,911 | 13,410,450 | 18,267,911 | - | - | - | - |
| Fair Value Reserves | 1,979,715 | (1,262,254) | 1,979,715 | (1,262,254) | 1,411,977 | (1,622,642) | 1,411,977 | (1,622,642) |
| **Net Total Tier 2 Capital (B)** | **15,390,165** | **17,005,657** | **15,390,165** | **17,005,657** | **1,411,977** | **(1,622,642)** | **1,411,977** | **(1,622,642)** |
| **Total Qualifying Capital (C= A+B)** | **654,196,253** | **604,398,690** | **554,150,268** | **487,075,072** | **517,502,852** | **485,131,155** | **418,652,170** | **369,600,492** |
| | | | | | | | | |
| **Composition Of Risk-Weighted Assets** | | | | | | | | |
| Credit Risk | 1,979,577,948 | 1,625,280,021 | 1,914,087,229 | 1,559,789,302 | 1,631,274,034 | 1,393,082,592 | 1,565,783,315 | 1,327,591,873 |
| Operational Risk | 539,463,656 | 487,938,118 | 539,463,656 | 487,938,118 | 454,625,285 | 423,792,503 | 454,625,285 | 423,792,503 |
| Market Risk | 8,522,112 | 34,326,532 | 8,522,112 | 34,326,532 | 5,993,961 | 14,559,721 | 5,993,961 | 14,559,721 |
| **Aggregate** | **2,527,563,716** | **2,147,544,672** | **2,462,072,997** | **2,082,053,953** | **2,091,893,281** | **1,831,434,816** | **2,026,402,562** | **1,765,944,097** |
| | | | | | | | | |
| **Total Risk-Weighted Capital Ratio** | **25.88%** | **28.14%** | **22.51%** | **23.39%** | **24.74%** | **26.49%** | **20.66%** | **20.93%** |
| **Tier 1 Risk-Based Capital Ratio** | **25.27%** | **27.35%** | **21.88%** | **22.58%** | **24.67%** | **26.58%** | **20.59%** | **21.02%** |

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

The Central Bank of Nigeria (CBN) issued a circular to provide guidance on the treatment of ECL provisions for regulatory purpose and introduced 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 207.

**(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 under IFRS 9 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).

**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-2019**
In thousands of Nigerian Naira

| Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| | | | | | |
| **Financial assets at fair value through profit or loss:** | | | | | |
| -Debt securities | 24 | 73,486,101 | - | - | 73,486,101 |
| | | | | | |
| Derivative financial assets | 25 | - | 26,011,823 | - | 26,011,823 |
| | | | | | |
| **Investment securities:** | | | | | |
| -Debt securities at FVOCI | 26 | 584,197,391 | - | - | 584,197,391 |
| -Equity securities at FVOCI | 26 | - | - | 1,194,857 | 1,194,857 |
| -Investment securities - FVPL Notes | 26 | - | 29,834,367 | - | 29,834,367 |
| -Equity securities FVTPL | 26 | - | - | 3,250,000 | 3,250,000 |
| | | | | | |
| Assets pledged as collateral | 27 | 58,036,855 | - | - | 58,036,855 |
| **Total assets** | | **715,720,347** | **55,846,190** | **4,444,857** | **776,011,394** |
| | | | | | |
| **Liabilities** | | | | | |
| | | | | | |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | - | - | 1,615,735 |
| Derivative financial liabilities | 25 | - | 2,315,541 | - | 2,315,541 |
| **Total liabilities** | | **1,615,735** | **2,315,541** | **-** | **3,931,276** |

**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:** | | | | | |
| -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** |

**Parent**
**Dec-2019**
In thousands of Nigerian Naira

| Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| | | | | | |
| **Financial assets at fair value through profit or loss:** | | | | | |
| -Debt securities | 24 | 44,717,688 | - | - | 44,717,688 |
| | | | | | |
| Derivative financial assets | 25 | - | 26,011,823 | - | 26,011,823 |
| | | | | | |
| **Investment securities:** | | | | | |
| -Debt securities at FVOCI | 26 | 494,546,405 | - | - | 494,546,405 |
| -Equity securities at FVOCI | 26 | - | - | 1,185,527 | 1,185,527 |
| -Investment securities - FVPL Notes | 26 | - | 29,834,367 | - | 29,834,367 |
| -Equity securities FVTPL | 26 | - | - | 3,250,000 | 3,250,000 |
| | | | | | |
| Assets pledged as collateral | 27 | 57,790,749 | - | - | 57,790,749 |
| **Total assets** | | **597,054,842** | **55,846,190** | **4,435,527** | **657,336,559** |
| | | | | | |
| **Liabilities** | | | | | |
| | | | | | |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | - | - | 1,615,735 |
| Derivative financial liabilities | 25 | - | 2,315,541 | - | 2,315,541 |
| **Total liabilities** | | **1,615,735** | **2,315,541** | **-** | **3,931,276** |

**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:** | | | | | |
| -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** |

There were no transfers between levels or changes in valuation techniques during the year.

**Reconciliation of Level 3 Items**
-Investment Securities (unquoted equity securities)

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Opening balance | 3,710,796 | 3,011,648 | 3,701,416 | 3,011,648 |
| Effect of exchange rate fluctuations | (50) | - | - | - |
| 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 Profit and Loss | 629,800 | - | 629,800 | - |
| Total unrealised gains or (losses) in OCI | 54,311 | 71,341 | 54,311 | 71,341 |
| Additional investment during the period | 50,000 | - | 50,000 | - |
| Reclassification from unquoted equity at cost | - | 9,380 | - | - |
| | | | | |
| | **4,444,857** | **3,710,796** | **4,435,527** | **3,701,416** |

The unrealised gains in profit and loss is recognised under Other Income as part of mark to market gain on trading investments.

**(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.

**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 period 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 14.31% and the yield on the 10-year US Government bond (for unquoted securities denominated in US $) of 2.0%.
3. Market premium of 5.96% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Beta = 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-19 | Dec-18 |
|---|---|---|
| | | |
| Historical cost | 201,831 | 151,831 |
| Cumulative Unrealized Fair Value Gain recognized in Equity (OCI) | 983,695 | 929,384 |
| **Fair value** | **1,185,526** | **1,081,215** |

The movement in equity securities at fair value through equity during the year is as follows:

| In thousands of Nigerian Naira | Group Dec-19 | Group Dec-18 | Parent Dec-19 | Parent Dec-18 |
|---|---|---|---|---|
| | | | | |
| Balance, beginning of the year | 1,090,596 | 3,011,648 | 1,081,215 | 3,011,648 |
| Effect of exchange rate fluctuation | (50) | 1 | - | - |
| Derecognition via sales option | - | (2,001,773) | - | (2,001,773) |
| Additional investment during the year | 50,000 | 9,380 | 50,000 | - |
| Fair value movement recognised in OCI | 54,311 | 71,340 | 54,311 | 71,340 |
| | | | | |
| **Balance, end of the year** | **1,194,857** | **1,090,596** | **1,185,526** | **1,081,215** |

The movement in equity securities fair value through profit and loss during the year is as follows:

| In thousands of Nigerian Naira | Group Dec-19 | Group Dec-18 | Parent Dec-19 | Parent Dec-18 |
|---|---|---|---|---|
| | | | | |
| Balance, beginning of the year | 2,620,200 | - | 2,620,200 | - |
| Derecognition via purchase option | | 2,620,200 | - | 2,620,200 |
| Fair value movement recognised in profit | 629,800 | - | 629,800 | - |
| | | | | |
| **Balance, end of the year** | **3,250,000** | **2,620,200** | **3,250,000** | **2,620,200** |

**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 2019 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

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-2019**

| 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 bank balances (a) | 41,622,010 | (14,657,848) | 26,964,162 | - | - | 26,964,162 |
| Other Assets (b) | 15,800,229 | - | 15,800,229 | - | 15,800,229 | - |
| | **57,422,239** | **(14,657,848)** | **42,764,391** | **-** | **15,800,229** | **26,964,162** |
| **Financial liabilities** | | | | | | |
| Other Liabilities (b) | 15,800,229 | - | 15,800,229 | 15,800,229 | - | - |
| | **15,800,229** | **-** | **15,800,229** | **15,800,229** | **-** | **-** |

**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 bank balances (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-2019**

| 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 bank balances (a) | 41,622,010 | (14,657,848) | 26,964,162 | - | - | 26,964,162 |
| Other Assets (b) | 15,800,229 | - | 15,800,229 | - | 15,800,229 | - |
| | **57,422,239** | **(14,657,848)** | **42,764,391** | **-** | **15,800,229** | **26,964,162** |
| **Financial liabilities** | | | | | | |
| Other Liabilities (b) | 15,800,229 | - | 15,800,229 | 15,800,229 | - | - |
| | **15,800,229** | **-** | **15,800,229** | **15,800,229** | **-** | **-** |

**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 bank balances (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** | **-** | **-** |

(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.

## 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-2019**

| 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 | 265,369,567 | 107,238,133 | 33,552,212 | 18,380,883 | 9,453,935 | 433,994,730 | 56 | 433,994,786 |
| Derived from other business segments | (25,377,444) | 17,631,924 | 2,389,530 | 4,715,575 | 640,415 | - | - | - |
| **Total revenue** | **239,992,123** | **124,870,057** | **35,941,742** | **23,096,458** | **10,094,350** | **433,994,730** | **56** | **433,994,786** |
| Interest expenses | (48,198,772) | (8,069,372) | (3,965,900) | (2,252,242) | (2,355,311) | (64,841,597) | (16,441) | (64,858,038) |
| Fee and commission expenses | (755,261) | (1,824,885) | (230,154) | (143,204) | (21,768) | (2,975,272) | - | (2,975,272) |
| **Net operating income** | **191,038,090** | **114,975,800** | **31,745,688** | **20,701,012** | **7,717,271** | **366,177,861** | **(16,385)** | **366,161,476** |
| **Expense:** | | | | | | | | |
| Operating expenses | (20,590,365) | (47,501,129) | (19,675,754) | (16,030,013) | (4,480,747) | (108,278,008) | - | (108,278,008) |
| Net impairment loss on financial assets | (2,564,321) | (1,089,876) | (784,237) | (368,811) | (3,948) | (4,811,193) | - | (4,811,193) |
| Depreciation and amortization | (5,325,160) | (8,420,191) | (4,361,531) | (3,884,437) | (701,318) | (22,692,637) | - | (22,692,637) |
| **Total cost** | **(28,479,846)** | **(57,011,196)** | **(24,821,522)** | **(20,283,261)** | **(5,186,013)** | **(135,781,838)** | **-** | **(135,781,838)** |
| **Profit before income tax from reportable segments** | **162,558,244** | **57,964,604** | **6,924,166** | **417,751** | **2,531,258** | **230,396,023** | **(16,385)** | **230,379,638** |
| Tax | (24,583,244) | (8,765,831) | (1,047,123) | (63,175) | (382,795) | (34,842,168) | - | (34,842,168) |
| **Profit after income tax from reportable segments** | **137,975,000** | **49,198,773** | **5,877,043** | **354,576** | **2,148,463** | **195,553,855** | **(16,385)** | **195,537,470** |
| | | | | | | | | |
| **Assets and liabilities:** | | | | | | | | |
| Total assets | 2,410,338,566 | 766,112,333 | 275,678,247 | 189,396,649 | 118,234,955 | 3,759,760,750 | - | 3,759,760,750 |
| Total liabilities | (1,056,310,518) | (1,356,668,143) | (300,328,094) | (306,998,102) | (40,194,623) | (3,060,499,480) | - | (3,060,499,480) |
| **Net assets/ (liabilities)** | **1,354,028,048** | **(590,555,810)** | **(24,649,847)** | **(117,601,453)** | **78,040,332** | **699,261,270** | **-** | **699,261,270** |
| | | | | | | | | |
| **Additions to Non-Current Assets** | **5,582,082** | **13,788,522** | **6,008,457** | **5,699,757** | **1,005,609** | **32,084,427** | **-** | **32,084,427** |
| | | | | | | | | |
| **Assets:** | | | | | | | | |
| Loans and advances to banks | 1,513,310 | - | - | - | - | 1,513,310 | - | 1,513,310 |
| Loans and advances to customers | 1,122,611,651 | 153,667,857 | 112,439,002 | 31,454,492 | 80,399,044 | 1,500,572,046 | - | 1,500,572,046 |
| Others | 1,286,213,605 | 612,444,476 | 163,239,245 | 157,942,157 | 37,835,911 | 2,257,675,394 | - | 2,257,675,394 |
| | **2,410,338,566** | **766,112,333** | **275,678,247** | **189,396,649** | **118,234,955** | **3,759,760,750** | **-** | **3,759,760,750** |
| **Liabilities:** | | | | | | | | |
| Deposits from banks | 107,518,398 | - | - | - | - | 107,518,398 | - | 107,518,398 |
| Deposits from customers | 596,930,676 | 1,340,627,049 | 266,293,611 | 302,760,652 | 25,928,396 | 2,532,540,384 | - | 2,532,540,384 |
| Others | 351,861,444 | 16,041,094 | 34,034,483 | 4,237,450 | 14,266,227 | 420,440,698 | - | 420,440,698 |
| | **1,056,310,518** | **1,356,668,143** | **300,328,094** | **306,998,102** | **40,194,623** | **3,060,499,480** | **-** | **3,060,499,480** |

As at December 2018, Discontinued Operation was part of Corporate segment

**Operating segments (Continued)**
**Information about operating segments**

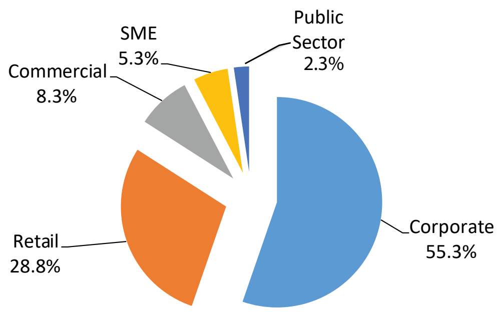
**Group**
**Dec-2018**

| In thousands of Nigerian Naira | Corporate Banking | Retail Banking | Commercial Banking | SME Banking | Public Sector Banking | Total Continuing Operations | Discontinued Operations | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | | |
| Derived from external customers | 286,731,865 | 74,314,790 | 45,733,144 | 25,456,707 | 2,287,515 | 434,524,021 | - | 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** | **-** | **434,524,021** |
| Interest expenses | (67,790,659) | (7,474,885) | (5,185,488) | (2,118,499) | (1,960,150) | (84,529,681) | - | (84,529,681) |
| Fee and commission expenses | (748,664) | (724,735) | (265,064) | (133,484) | (25,585) | (1,897,532) | - | (1,897,532) |
| **Net operating income** | **170,310,987** | **100,081,547** | **44,922,825** | **24,032,988** | **8,748,461** | **348,096,808** | **-** | **348,096,808** |
| **Expense:** | | | | | | | | |
| Operating expenses | (20,749,188) | (46,039,923) | (22,700,495) | (15,412,467) | (4,597,137) | (109,499,210) | - | (109,499,210) |
| Net impairment loss on financial assets | (2,746,829) | (306,455) | (2,286,078) | (162,847) | (54,291) | (5,556,500) | - | (5,556,500) |
| Depreciation and amortization | (3,067,160) | (7,576,313) | (3,301,438) | (3,131,818) | (552,547) | (17,629,276) | - | (17,629,276) |
| **Total cost** | **(26,563,177)** | **(53,922,691)** | **(28,288,011)** | **(18,707,132)** | **(5,203,975)** | **(132,684,986)** | **-** | **(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** | **-** | **215,411,822** |
| Tax | (20,580,119) | (6,631,420) | (2,389,843) | (765,140) | (509,219) | (30,875,741) | - | (30,875,741) |
| **Profit after income tax from reportable segments** | **123,167,691** | **39,527,436** | **14,244,971** | **4,560,716** | **3,035,267** | **184,536,081** | **-** | **184,536,081** |
| | | | | | | | | |
| **Dec-2018** | | | | | | | | |
| **Assets and liabilities:** | | | | | | | | |
| Total assets | 1,843,313,809 | 799,917,602 | 353,932,291 | 194,762,188 | 96,134,088 | 3,288,059,978 | - | 3,288,059,978 |
| Total liabilities | (843,125,058) | (1,172,483,100) | (392,732,705) | (276,287,146) | (16,567,423) | (2,701,195,432) | - | (2,701,195,432) |
| **Net assets/ (liabilities)** | **1,000,188,751** | **(372,565,498)** | **(38,800,414)** | **(81,524,958)** | **79,566,665** | **586,864,546** | **-** | **586,864,546** |
| | | | | | | | | |
| **Additions to Non-Current Assets** | **5,582,082** | **13,788,522** | **6,008,457** | **5,699,757** | **1,005,609** | **32,084,427** | **-** | **32,084,427** |
| | | | | | | | | |
| **Assets:** | | | | | | | | |
| Loans and advances to banks | 2,994,642 | - | - | - | - | 2,994,642 | - | 2,994,642 |
| Loans and advances to customers | 923,448,724 | 113,006,487 | 133,795,205 | 24,509,561 | 64,250,382 | 1,259,010,359 | - | 1,259,010,359 |
| Others | 916,870,443 | 686,911,115 | 220,137,086 | 170,252,627 | 31,883,706 | 2,026,054,977 | - | 2,026,054,977 |
| | **1,843,313,809** | **799,917,602** | **353,932,291** | **194,762,188** | **96,134,088** | **3,288,059,978** | **-** | **3,288,059,978** |
| **Liabilities:** | | | | | | | | |
| Deposits from banks | 82,803,047 | - | - | - | - | 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 | - | 2,273,903,143 |
| Others | 202,409,755 | 39,616,338 | 72,873,642 | 25,899,934 | 3,689,573 | 344,489,242 | - | 344,489,242 |
| | **843,125,058** | **1,172,483,100** | **392,732,705** | **276,287,146** | **16,567,423** | **2,701,195,432** | **-** | **2,701,195,432** |

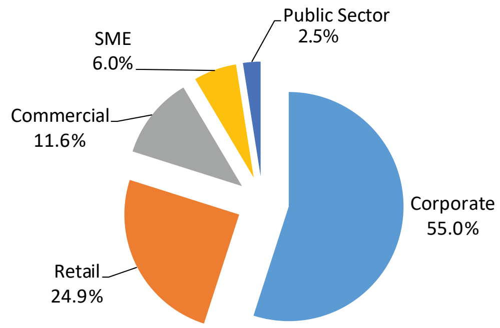
**Operating segments (Continued)**
**Information about operating segments**

| Group Dec-2019 | Group Dec-2018 |
| --- | --- |

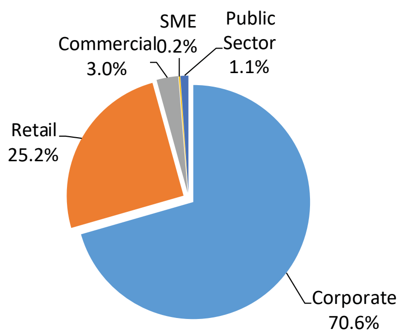
**Revenue** (Group Dec-2019)



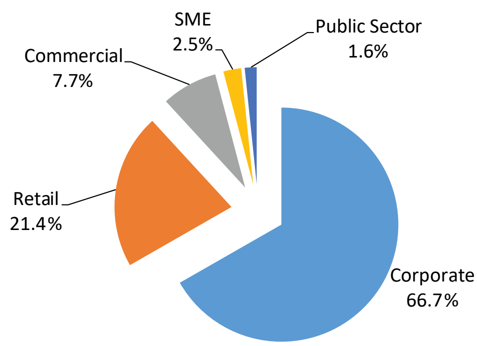

**Revenue** (Group Dec-2018)



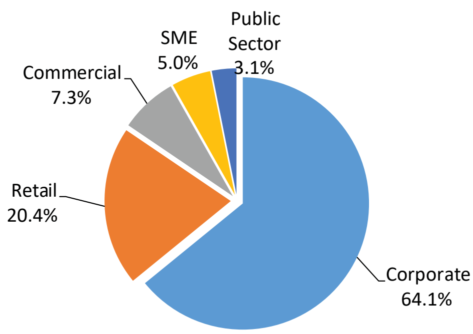

**Profit before tax** (Group Dec-2019)



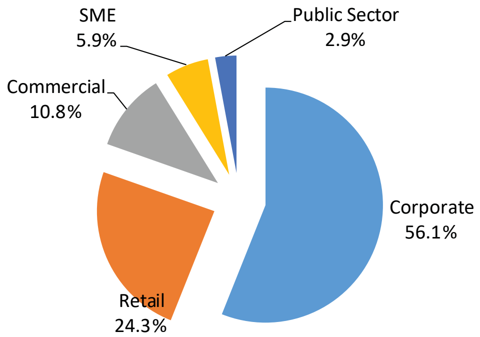

**Profit before tax** (Group Dec-2018)



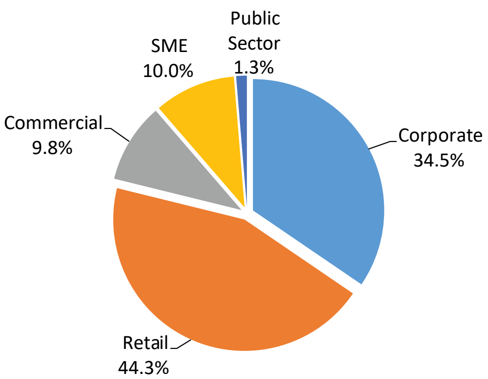

**Assets** (Group Dec-2019)



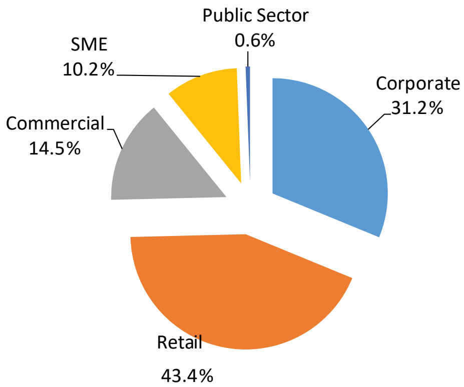

**Assets** (Group Dec-2018)




**Liabilities** (Group Dec-2019)




**Liabilities** (Group Dec-2018)



**Operating segments (Continued)**
**Information about operating segments**

**Parent**

**Dec-2019**

| 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 | 203,030,100 | 91,497,846 | 28,466,672 | 16,650,019 | 7,943,018 | 347,587,655 | - | 347,587,655 |
| Derived from other business segments | (12,688,724) | 8,815,963 | 1,194,765 | 2,357,788 | 320,208 | - | - | - |
| **Total revenue** | **190,341,376** | **100,313,809** | **29,661,437** | **19,007,807** | **8,263,226** | **347,587,655** | **-** | **347,587,655** |
| Interest expenses | (38,548,839) | (6,453,793) | (3,171,883) | (1,801,318) | (1,883,751) | (51,859,584) | - | (51,859,584) |
| Fee and commission expenses | (561,550) | (932,842) | (171,123) | (106,475) | (16,185) | (1,788,175) | - | (1,788,175) |
| **Net operating income** | **151,230,987** | **92,927,174** | **26,318,431** | **17,100,014** | **6,363,290** | **293,939,896** | **-** | **293,939,896** |
| **Expense:** | | | | | | | | |
| Operating expenses | (14,439,146) | (33,939,878) | (13,777,593) | (11,254,181) | (3,190,667) | (76,601,465) | - | (76,601,465) |
| Net impairment loss on financial assets | (990,961) | (421,174) | (303,062) | (142,524) | (1,526) | (1,859,247) | - | (1,859,247) |
| Depreciation and amortization | (4,374,278) | (6,916,647) | (3,582,718) | (3,190,816) | (576,087) | (18,640,546) | - | (18,640,546) |
| **Total cost** | **(19,804,385)** | **(41,277,699)** | **(17,663,373)** | **(14,587,521)** | **(3,768,280)** | **(97,101,258)** | **-** | **(97,101,258)** |
| **Profit before income tax from reportable segments** | **131,426,602** | **51,649,475** | **8,655,058** | **2,512,493** | **2,595,010** | **196,838,638** | **-** | **196,838,638** |
| Tax | (16,727,303) | (6,573,679) | (1,101,571) | (319,777) | (330,279) | (25,052,609) | - | (25,052,609) |
| **Profit after income tax from reportable segments** | **114,699,299** | **45,075,796** | **7,553,487** | **2,192,716** | **2,264,731** | **171,786,029** | **-** | **171,786,029** |
| | | | | | | | | |
| **Assets and liabilities:** | | | | | | | | |
| Total assets | 1,985,360,720 | 631,256,064 | 227,151,501 | 156,057,771 | 97,422,439 | 3,097,248,495 | - | 3,097,248,495 |
| Total liabilities | (859,875,531) | (1,104,377,658) | (244,478,090) | (249,907,722) | (32,719,898) | (2,491,358,899) | - | (2,491,358,899) |
| **Net assets/ (liabilities)** | **1,125,485,189** | **(473,121,594)** | **(17,326,589)** | **(93,849,951)** | **64,702,541** | **605,889,596** | **-** | **605,889,596** |
| | | | | | | | | |
| **Additions to Non-Current Assets** | **1,457,451** | **2,304,534** | **1,193,714** | **1,063,137** | **191,945** | **6,210,781** | **-** | **6,210,781** |
| | | | | | | | | |
| **Assets:** | | | | | | | | |
| Loans and advances to banks | 72,451 | - | - | - | - | 72,451 | - | 72,451 |
| Loans and advances to customers | 973,173,146 | 133,212,078 | 97,471,478 | 27,267,370 | 69,696,575 | 1,300,820,647 | - | 1,300,820,647 |
| Others | 1,012,115,123 | 498,043,986 | 129,680,023 | 128,790,401 | 27,725,864 | 1,796,355,397 | - | 1,796,355,397 |
| | **1,985,360,720** | **631,256,064** | **227,151,501** | **156,057,771** | **97,422,439** | **3,097,248,495** | **-** | **3,097,248,495** |
| **Liabilities:** | | | | | | | | |
| Deposits from banks | 15,200 | - | - | - | - | 15,200 | - | 15,200 |
| Deposits from customers | 502,304,174 | 1,083,806,890 | 229,859,647 | 249,474,394 | 21,364,965 | 2,086,810,070 | - | 2,086,810,070 |
| Others | 357,556,157 | 20,570,768 | 14,618,443 | 433,328 | 11,354,933 | 404,533,629 | - | 404,533,629 |
| | **859,875,531** | **1,104,377,658** | **244,478,090** | **249,907,722** | **32,719,898** | **2,491,358,899** | **-** | **2,491,358,899** |

**Operating segments (Continued)**
**Information about operating segments**

**Dec-2018**

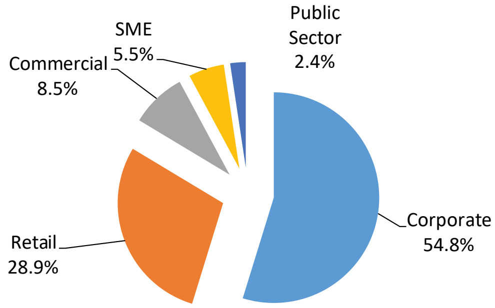
| In thousands of Nigerian Naira | Corporate Banking | Retail Banking | Commercial Banking | SME Banking | Public Sector Banking | Total Continuing Operations | Discontinued Operations | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | | |
| Derived from external customers | 224,623,213 | 68,983,752 | 38,633,953 | 19,497,257 | 4,313,493 | 356,051,668 | - | 356,051,668 |
| Derived from other business segments | (23,940,780) | 16,983,190 | 2,320,117 | 414,132 | 4,223,341 | - | - | - |
| **Total revenue** | **200,682,433** | **85,966,942** | **40,954,070** | **19,911,389** | **8,536,834** | **356,051,668** | **-** | **356,051,668** |
| Interest expenses | (55,878,621) | (6,151,932) | (4,267,727) | (1,743,554) | (1,613,230) | (69,655,064) | - | (69,655,064) |
| Fee and commission expenses | (377,860) | (365,783) | (133,781) | (67,371) | (12,913) | (957,708) | - | (957,708) |
| **Net operating income** | **144,425,952** | **79,449,227** | **36,552,562** | **18,100,464** | **6,910,691** | **285,438,896** | **-** | **285,438,896** |
| **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** | **126,283,640** | **39,150,956** | **16,787,480** | **4,348,478** | **3,072,051** | **189,642,605** | **-** | **189,642,605** |
| Tax | (15,446,892) | (4,801,999) | (2,059,042) | (533,356) | (376,797) | (23,218,086) | - | (23,218,086) |
| **Profit after income tax from reportable segments** | **110,836,748** | **34,348,957** | **14,728,438** | **3,815,122** | **2,695,254** | **166,424,519** | **-** | **166,424,519** |
| | | | | | | | | |
| **Assets and liabilities:** | | | | | | | | |
| Total assets | 1,523,458,313 | 656,349,906 | 291,879,294 | 160,615,607 | 79,279,429 | 2,711,582,549 | 938,945 | 2,712,521,494 |
| Total liabilities | (688,660,676) | (954,571,600) | (319,741,484) | (224,937,880) | (13,488,290) | (2,201,399,930) | (935,725) | (2,202,335,655) |
| **Net assets/ (liabilities)** | **834,797,637** | **(298,221,694)** | **(27,862,190)** | **(64,322,273)** | **65,791,139** | **510,182,619** | **3,220** | **510,185,839** |
| | | | | | | | | |
| **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 | 786,222,415 | 92,986,514 | 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 |
| | **1,523,458,313** | **656,349,906** | **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 | 202,151,204 | 62,331,565 | 47,956,979 | 19,486,513 | 2,921,568 | 334,847,829 | 935,725 | 335,783,554 |
| | **688,660,676** | **954,571,600** | **319,741,484** | **224,937,880** | **13,488,290** | **2,201,399,930** | **935,725** | **2,202,335,655** |

**Operating segments (Continued)**

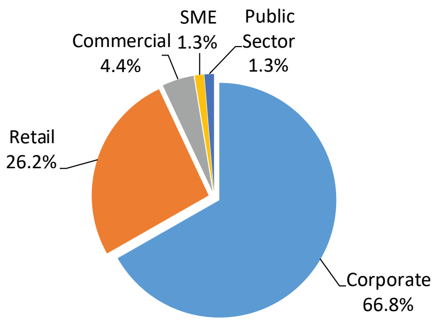
**Information about operating segments**

Parent
Dec-2019

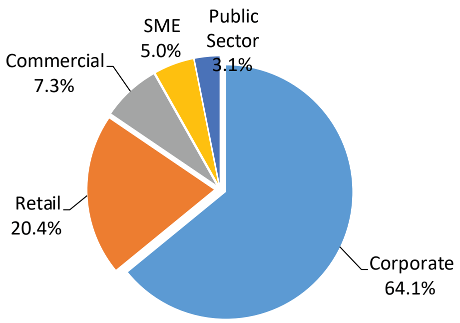
Revenue



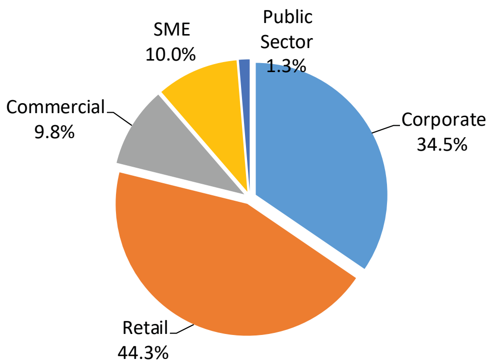

Profit before tax




Assets

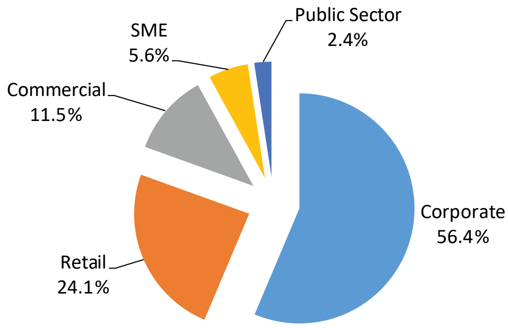



Liabilities

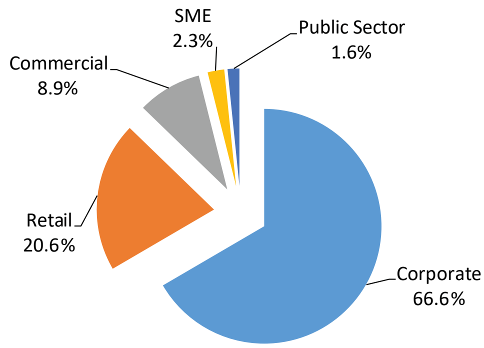



Parent
Dec-2018

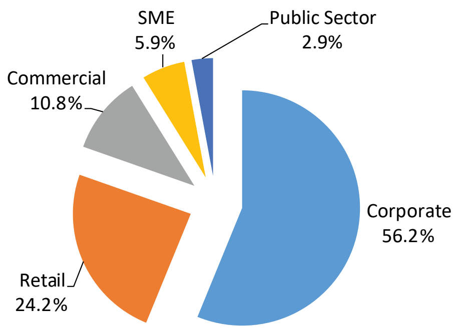
Revenue



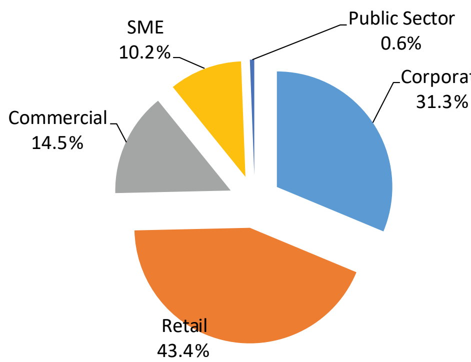

Profit before tax




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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Bonds | 3,284,851 | 3,464,108 | 2,648,117 | 2,841,200 |
| Placements | 17,827,733 | 13,200,319 | 14,372,013 | 10,826,667 |
| Treasury Bills | 111,946,333 | 105,125,421 | 90,246,704 | 86,222,001 |
| Loans | 285,641,501 | 256,549,144 | 230,272,876 | 210,417,046 |
| Contingents | 16,606,123 | 56,359,977 | 13,387,197 | 46,073,319 |
| | **435,306,541** | **434,698,969** | **350,926,907** | **356,380,233** |

Contingents relates to Bonds and Guarantees, Letters of Credit

**Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities**

**Reconciliation of revenues**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Continuing Operations: | | | | |
| | | | | |
| Total revenue from reportable segments | 433,994,730 | 434,524,021 | 347,587,655 | 356,051,668 |
| Consolidation and adjustments: | | | | |
| - Other operating income | 952,216 | (280,112) | - | - |
| **Revenue from continuing operations** | **434,946,946** | **434,243,909** | **347,587,655** | **356,051,668** |

Revenue from continuing operations as shown above is made up of:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Interest income | 296,204,699 | 306,963,482 | 241,177,613 | 258,010,986 |
| Fee and commission income | 62,418,779 | 52,367,605 | 44,919,113 | 36,110,550 |
| Net gains on financial instruments classified as held for trading | 20,889,849 | 24,583,974 | 9,971,086 | 16,652,294 |
| Other operating income | 55,793,214 | 50,783,908 | 54,859,095 | 45,606,403 |
| Revenue and gains from continuing operations | 435,306,541 | 434,698,969 | 350,926,907 | 356,380,233 |
| Less gains: | | | | |
| - Gain on disposal of fixed assets | (112,647) | (230,429) | (82,057) | (103,934) |
| - Dividends income | (246,948) | (224,631) | (3,257,195) | (224,631) |
| **Revenue from continuing operations** | **434,946,946** | **434,243,909** | **347,587,655** | **356,051,668** |

**Reconciliation of operating expenses**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Continuing Operations: | | | | |
| | | | | |
| Total operating expense from reportable segments | 108,278,008 | 109,499,210 | 76,601,465 | 80,156,953 |
| **Operating expense from continuing operations** | **108,278,008** | **109,499,210** | **76,601,465** | **80,156,953** |

Operating expense from continuing operations as shown above is made up of:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Personnel expenses (See Note17) | 37,284,204 | 36,856,121 | 23,330,656 | 23,681,401 |
| Operating lease expenses | 2,114,007 | 2,085,035 | 921,610 | 663,998 |
| Other operating expenses (See Note20) | 68,879,797 | 70,558,054 | 52,349,199 | 55,811,554 |
| | **108,278,008** | **109,499,210** | **76,601,465** | **80,156,953** |

**Reconciliation of profit or loss**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Continuing Operations: | | | | |
| | | | | |
| Total profit or loss for reportable segments | 230,396,023 | 215,411,822 | 196,838,638 | 189,642,605 |
| Consolidation and adjustments: | | | | |
| - Other operating income | 952,216 | (280,112) | - | - |
| Gains: | | | | |
| - Gain on disposal of fixed assets | 112,647 | 230,429 | 82,057 | 103,934 |
| - Dividends income | 246,948 | 224,631 | 3,257,195 | 224,631 |
| **Profit before income tax from continuing operations** | **231,707,834** | **215,586,770** | **200,177,890** | **189,971,170** |

**Reconciliation of assets**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Continuing Operations: | | | | |
| | | | | |
| Total assets for reportable segments | 3,759,760,750 | 3,288,059,978 | 3,097,248,495 | 2,711,582,549 |
| Consolidation and adjustments | (841,980) | (717,337) | - | - |
| **Total assets** | **3,758,918,770** | **3,287,342,641** | **3,097,248,495** | **2,711,582,549** |
| | | | | |
| Discontinued Operations: | | | | |
| | | | | |
| Total assets for reportable segments (See note 34(b)) | - | - | - | 938,945 |
| **Total assets** | **-** | **-** | **-** | **938,945** |

**Reconciliation of liabilities**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Continuing Operations: | | | | |
| | | | | |
| Total liabilities for reportable segments | 3,060,499,480 | 2,701,195,432 | 2,491,358,899 | 2,201,399,930 |
| Consolidation and adjustments | 11,081,822 | 9,869,968 | - | - |
| **Total liabilities** | **3,071,581,302** | **2,711,065,400** | **2,491,358,899** | **2,201,399,930** |
| | | | | |
| | | | | |
| Discontinued Operations: | | | | |
| | | | | |
| Total liabilities for reportable segments (See note 34(b)) | - | - | - | 935,725 |
| **Total liabilities** | **-** | **-** | **-** | **935,725** |

**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-2019**

| In thousands of Nigerian Naira | Nigeria | Rest of West Africa | East Africa | Europe | Total Continuing Operations | Discontinued Operations | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Derived from external customers | 347,582,173 | 62,748,857 | 16,709,336 | 8,266,175 | 435,306,541 | 56 | 435,306,597 |
| Derived from other segments | - | - | - | - | - | - | - |
| **Total Revenue** | **347,582,173** | **62,748,857** | **16,709,336** | **8,266,175** | **435,306,541** | **56** | **435,306,597** |
| Interest expense | (51,776,999) | (7,939,946) | (3,726,441) | (1,398,211) | (64,841,597) | (16,441) | (64,858,038) |
| Fee and commission expenses | (1,788,171) | (439,307) | (747,794) | - | (2,975,272) | - | (2,975,272) |
| **Net interest margin** | **294,017,003** | **54,369,604** | **12,235,101** | **6,867,964** | **367,489,672** | **(16,385)** | **367,473,287** |
| | | | | | | | |
| **Profit before income tax** | **196,736,352** | **31,155,527** | **2,399,179** | **1,416,776** | **231,707,834** | **(16,385)** | **231,691,449** |
| | | | | | | | |
| **Assets and liabilities:** | | | | | | | |
| Total assets | 3,021,583,996 | 378,947,780 | 166,810,795 | 191,576,199 | 3,758,918,770 | - | 3,758,918,770 |
| Total liabilities | (2,502,392,684) | (281,538,856) | (125,833,263) | (161,816,499) | (3,071,581,302) | - | (3,071,581,302) |
| **Net assets/(liabilities)** | **519,191,312** | **97,408,924** | **40,977,532** | **29,759,700** | **687,337,468** | **-** | **687,337,468** |

**Dec-2018**

| In thousands of Nigerian Naira | Nigeria | Rest of West Africa | East Africa | Europe | Total Continuing Operations | Discontinued Operations | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Derived from external customers | 356,196,228 | 52,746,829 | 17,595,261 | 8,160,651 | 434,698,969 | - | 434,698,969 |
| Derived from other segments | - | - | - | - | - | - | - |
| **Total Revenue** | **356,196,228** | **52,746,829** | **17,595,261** | **8,160,651** | **434,698,969** | **-** | **434,698,969** |
| Interest expense | (69,569,081) | (9,506,332) | (4,254,654) | (1,199,614) | (84,529,681) | - | (84,529,681) |
| Fee and commission expenses | (957,704) | (340,543) | (599,285) | - | (1,897,532) | - | (1,897,532) |
| **Net interest margin** | **285,669,443** | **42,899,954** | **12,741,322** | **6,961,037** | **348,271,756** | **-** | **348,271,756** |
| | | | | | | | |
| **Profit before income tax** | **189,873,158** | **23,509,277** | **438,017** | **1,766,318** | **215,586,770** | **-** | **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 | - | 3,287,342,641 |
| Total liabilities | (2,208,847,635) | (230,977,433) | (107,636,585) | (163,603,747) | (2,711,065,400) | - | (2,711,065,400) |
| **Net assets/(liabilities)** | **411,166,448** | **88,405,174** | **38,821,178** | **37,884,441** | **576,277,241** | **-** | **576,277,241** |

**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-2019**

| | | 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 | - | 1,513,310 | - | - | 1,513,310 | - | 2,737,535 | - | 2,737,535 |
| Loans and advances to customers | 29 | - | 1,500,572,046 | - | - | 1,500,572,046 | - | 1,606,064,389 | 191,781,174 | 1,797,845,563 |
| Financial assets at fair value through profit or loss | 24 | 73,486,101 | - | - | - | 73,486,101 | 73,486,101 | - | - | 73,486,101 |
| Derivative financial assets | 25 | 26,011,823 | - | - | - | 26,011,823 | - | 26,011,823 | - | 26,011,823 |
| Assets pledged as collateral | 27 | 246,106 | - | 57,790,749 | - | 58,036,855 | 58,036,855 | - | - | 58,036,855 |
| Investment securities: | | | | | | | | | | |
| – Fair value through profit or loss | 26 | 33,084,367 | - | - | - | 33,084,367 | - | 29,834,367 | 3,250,000 | 33,084,367 |
| – Fair Value through other comprehensive Income | 26 | - | - | 585,392,248 | - | 585,392,248 | 584,197,391 | - | 1,194,857 | 585,392,248 |
| Restricted deposits and other assets[1] | 34 | - | 518,275,514 | - | - | 518,275,514 | - | 518,275,514 | - | 518,275,514 |
| | | **132,828,397** | **2,020,360,870** | **643,182,997** | **-** | **2,796,372,264** | **715,720,347** | **2,182,923,628** | **196,226,031** | **3,094,870,006** |
| | | | | | | | | | | |
| Deposits from banks | 35 | - | - | - | 107,518,398 | 107,518,398 | - | 107,453,803 | - | 107,453,803 |
| Deposits from customers | 36 | - | - | - | 2,532,540,384 | 2,532,540,384 | - | 2,525,357,187 | - | 2,525,357,187 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | - | - | - | 1,615,735 | 1,615,735 | - | - | 1,615,735 |
| Derivative financial liabilities | 25 | 2,315,541 | - | - | - | 2,315,541 | - | 2,315,541 | - | 2,315,541 |
| Other borrowed funds | 40 | - | - | - | 162,999,909 | 162,999,909 | - | 162,157,928 | - | 162,157,928 |
| Other liabilities[2] | 38 | - | - | - | 226,621,182 | 226,621,182 | - | 226,621,182 | - | 226,621,182 |
| | | **3,931,276** | **-** | **-** | **3,029,679,873** | **3,033,611,149** | **1,615,735** | **3,023,905,641** | **-** | **3,025,521,376** |

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

**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 |
| Restricted deposits and other assets[1] | 34 | - | 484,262,706 | - | - | 484,262,706 | - | 484,262,706 | - | 484,262,706 |
| | | **15,169,735** | **1,746,727,628** | **595,022,404** | **-** | **2,356,919,767** | **595,246,031** | **1,651,636,685** | **154,347,035** | **2,401,229,751** |
| | | | | | | | | | | |
| 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 |
| Other borrowed funds | 40 | - | - | - | 178,566,800 | 178,566,800 | - | 3,223,285 | - | 3,223,285 |
| Other liabilities[2] | 38 | - | - | - | 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

**Parent**

**Dec-2019**

| | | 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 | - | 72,451 | - | - | 72,451 | - | 78,363 | - | 78,363 |
| Loans and advances to customers | 29 | - | 1,300,820,647 | - | - | 1,300,820,647 | - | 1,356,601,342 | 141,792,931 | 1,498,394,273 |
| Financial assets at fair value through profit or loss | 24 | 44,717,688 | - | - | - | 44,717,688 | 44,717,688 | - | - | 44,717,688 |
| Derivative financial assets | 25 | 26,011,823 | - | - | - | 26,011,823 | - | 26,011,823 | - | 26,011,823 |
| Assets pledged as collateral | 27 | - | - | 57,790,749 | - | 57,790,749 | 57,790,749 | - | - | 57,790,749 |
| Investment securities: | | | | | | | | | | |
| – Fair value through profit or loss | 26 | 33,084,367 | - | - | - | 33,084,367 | - | 29,834,367 | 3,250,000 | 33,084,367 |
| – Fair Value through other comprehensive Income | 26 | - | - | 495,731,932 | - | 495,731,932 | 494,546,405 | - | 1,185,527 | 495,731,932 |
| Restricted deposits and other assets[1] | 34 | - | 507,981,561 | - | - | 507,981,561 | - | 507,981,561 | - | 507,981,561 |
| | | **103,813,878** | **1,808,874,659** | **553,522,681** | **-** | **2,466,211,218** | **597,054,842** | **1,920,507,456** | **146,228,458** | **2,663,790,756** |
| | | | | | | | | | | |
| Deposits from banks | 35 | - | - | - | 15,200 | 15,200 | - | 15,200 | - | 15,200 |
| Deposits from customers | 36 | - | - | - | 2,086,810,070 | 2,086,810,070 | - | 2,084,427,531 | - | 2,084,427,531 |
| Financial liabilities at fair value through profit or loss | 37 | 1,615,735 | - | - | - | 1,615,735 | 1,615,735 | - | - | 1,615,735 |
| Derivative financial liabilities | 25 | 2,315,541 | - | - | - | 2,315,541 | - | 2,315,541 | - | 2,315,541 |
| Debt securities issued | 38 | - | - | - | - | - | - | - | - | - |
| Other borrowed funds | 40 | - | - | - | 162,742,565 | 162,742,565 | - | 162,742,564 | - | 162,742,564 |
| Other liabilities[2] | 38 | - | - | - | 199,536,392 | 199,536,392 | - | 199,536,392 | - | 199,536,392 |
| | | **3,931,276** | **-** | **-** | **2,449,104,227** | **2,453,035,503** | **1,615,735** | **2,449,037,228** | **-** | **2,450,652,963** |

[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 |
| Restricted deposits and other assets[1] | 34 | - | 482,822,956 | - | - | 482,822,956 | - | 482,822,956 | - | 482,822,956 |
| | | **12,775,074** | **1,550,868,049** | **518,541,198** | **-** | **2,082,184,321** | **516,379,545** | **1,513,444,570** | **102,168,696** | **2,131,992,811** |
| | | | | | | | | | | |
| 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 |
| Other borrowed funds | 40 | - | - | - | 177,361,218 | 177,361,218 | - | - | - | - |
| Other liabilities[2] | 38 | - | - | - | 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

**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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Interest income calculated using effective interest rate | | | | |
| Loans and advances to banks | 3,206,600 | 2,901,174 | 1,331 | 10,702 |
| Loans and advances to customers | 178,417,239 | 187,902,581 | 153,586,003 | 163,651,269 |
| | 181,623,839 | 190,803,755 | 153,587,334 | 163,661,971 |
| | | | | |
| Cash and cash equivalents | 10,887,768 | 11,625,376 | 9,339,478 | 9,258,140 |
| | | | | |
| Investment securities: | | | | |
| – Investment Securities FVOCI | 70,221,416 | 74,999,713 | 66,104,477 | 72,973,921 |
| – Investment securities at amortised cost | 19,983,643 | 16,343,020 | 330,000 | 330,000 |
| Assets pledged as collateral | 8,941,571 | 9,663,872 | 8,941,571 | 9,663,872 |
| | 291,658,237 | 303,435,736 | 238,302,860 | 255,887,904 |
| | | | | |
| Interest income on financial assets FVTPL: | | | | |
| Investment securities FVTPL | 4,546,462 | 3,527,746 | 2,874,753 | 2,123,082 |
| | | | | |
| **Total interest income** | **296,204,699** | **306,963,482** | **241,177,613** | **258,010,986** |
| | | | | |
| **Geographical location** | | | | |
| Interest income earned in Nigeria | 233,508,661 | 250,801,711 | 233,508,661 | 250,801,711 |
| Interest income earned outside Nigeria | 62,696,038 | 56,161,771 | 7,668,952 | 7,209,275 |
| | **296,204,699** | **306,963,482** | **241,177,613** | **258,010,986** |

**10 Interest expense**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Restated Parent Dec-2018 |
|---|---|---|---|---|
| Deposit from banks | 759,531 | 73,173 | 110,867 | 202,156 |
| | | | | |
| Deposit from customers | 53,056,153 | 67,981,503 | 41,735,356 | 54,381,016 |
| | 53,815,684 | 68,054,676 | 41,846,223 | 54,583,172 |
| Financial liabilities held for trading | 1,678,913 | 1,927,591 | 1,678,913 | 1,927,591 |
| Other borrowed funds | 9,347,000 | 9,577,658 | 8,334,448 | 8,088,560 |
| Debt securities | - | 4,969,756 | - | 5,055,741 |
| **Total interest expense** | **64,841,597** | **84,529,681** | **51,859,584** | **69,655,064** |
| | | | | |
| **Geographical location** | | | | |
| Interest expense paid in Nigeria | 47,310,478 | 58,507,370 | 47,659,192 | 58,843,507 |
| Interest expense paid outside Nigeria | 17,531,119 | 26,022,311 | 4,200,392 | 10,811,557 |
| | **64,841,597** | **84,529,681** | **51,859,584** | **69,655,064** |

**11 Loan impairment (credit) / charges**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| **Loans and advances to banks (Note 28)** | **63,515** | **(2,506)** | **6,090** | **(8,673)** |
| Stage 1 - 12 Months ECL | 58,116 | (7,289) | 691 | (7,289) |
| Stage 2 - Lifetime ECL Not Credit Impaired | 5 | - | 5 | - |
| Stage 3 - Lifetime ECL Credit Impaired | 5,394 | 4,783 | 5,394 | (1,384) |
| **Loans and advances to customers (Note 29)** | **4,848,151** | **4,908,991** | **2,215,411** | **1,512,976** |
| Stage 1 - 12 Months ECL | 535,091 | 1,789,037 | 4,569 | 308,944 |
| Stage 2 - Lifetime ECL Not Credit Impaired | (3,963,519) | (24,272,810) | (5,576,719) | (23,296,185) |
| Stage 3 - Lifetime ECL Credit Impaired | 10,170,083 | 27,392,764 | 7,787,561 | 24,500,217 |
| Amounts written off during the Period as uncollectible | (1,893,504) | - | - | - |
| | **4,911,666** | **4,906,485** | **2,221,501** | **1,504,303** |

**12 Fee and commission income**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Credit related fees and commissions | 9,590,297 | 7,081,877 | 6,124,675 | 4,103,787 |
| Account Maintenance Charges | 11,594,742 | 10,582,781 | 9,747,666 | 9,153,965 |
| Corporate finance fees | 4,311,901 | 4,992,395 | 4,311,698 | 4,992,374 |
| E-business Income | 15,662,338 | 9,587,204 | 13,498,338 | 8,019,564 |
| Commission on foreign exchange deals | 6,681,125 | 5,024,135 | 6,106,174 | 5,024,135 |
| Commission On Touch Points | 1,876,511 | 1,166,603 | 1,454,585 | 1,166,603 |
| Income from financial guarantee contracts issued | 2,348,867 | 2,893,929 | 1,521,704 | 2,066,531 |
| Account services, maintenance and anciliary banking charges | 7,514,377 | 7,499,162 | 2,154,273 | 1,583,591 |
| Transfers related charges | 2,838,621 | 3,539,519 | - | - |
| | **62,418,779** | **52,367,605** | **44,919,113** | **36,110,550** |

### 13 Fee and commission expense

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Bank charges | 1,772,420 | 1,272,384 | 1,140,464 | 840,364 |
| Loan recovery expenses | 1,202,852 | 625,148 | 647,711 | 117,344 |
| | **2,975,272** | **1,897,532** | **1,788,175** | **957,708** |

### 14 Net trading gains on financial instruments held at FVPL

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Bonds FVPL | 4,912,954 | 1,776,381 | 159,938 | 225,950 |
| Treasury bills FVPL | 3,975,182 | 3,520,979 | 3,975,182 | 2,992,434 |
| Foreign exchange trading gain | 12,001,713 | 19,286,614 | 5,835,966 | 13,433,910 |
| **Net trading income** | **20,889,849** | **24,583,974** | **9,971,086** | **16,652,294** |

### 15 Other income

| | | | | Restated |
|---|---|---|---|---|
| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
| Mark to market gains on trading investments | 845,133 | 617,646 | 845,133 | 617,646 |
| FVPL notes income | 2,459,151 | - | 2,459,151 | - |
| Foreign exchange revaluation gain | 17,065,559 | 31,082,991 | 15,229,721 | 29,879,043 |
| Gain on disposal of fixed assets | 112,647 | 230,429 | 82,057 | 103,934 |
| Discounts and recoverables (FX) | 16,611,846 | 6,973,494 | 15,960,012 | 6,973,494 |
| Mark - up exchange income | - | 1,273,703 | - | 1,273,703 |
| Recoveries and others | 18,451,930 | 10,381,014 | 17,025,826 | 6,533,952 |
| Gain on disposal of subsidiary | - | - | 2,422,360 | - |
| Dividends income | 246,948 | 224,631 | 834,835 | 224,631 |
| | **55,793,214** | **50,783,908** | **54,859,095** | **45,606,403** |

### 16 Net impairment (reversal) / charge on other financial assets

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Impairment charges on investment securities | 230,116 | 362,085 | 4,747 | 11,969 |
| Impairment charges/(reversal) on other assets | (57,374) | 86,990 | (57,374) | 86,990 |
| Impairment charges/(reversal) on placements | 261,409 | (145,233) | 261,409 | (190,428) |
| Impairment charges/(reversal) on contingents | (534,624) | 346,173 | (571,036) | (28,830) |
| | **(100,473)** | **650,015** | **(362,254)** | **(120,299)** |

**17 Personnel expenses**
**(a)**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Wages and salaries | 33,320,391 | 32,714,422 | 23,059,813 | 23,070,114 |
| Contributions to defined contribution plans | 1,489,155 | 1,431,668 | 829,997 | 833,784 |
| Defined benefit gains | (1,667,612) | (1,300,304) | (1,736,134) | (1,403,286) |
| Cash-settled share-based payments (see 17(b) below) | 803,836 | 809,857 | 803,836 | 809,857 |
| Staff welfare expenses | 3,338,434 | 3,200,478 | 373,144 | 370,932 |
| | **37,284,204** | **36,856,121** | **23,330,656** | **23,681,401** |

**Staff Welfare Expenses:**

This is an estimate determined as required by IAS 19 in view of Loans granted to Staff at interest rate lower than 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 estimates which is amortised to personnel expense (staff welfare expenses) over the life of the loan.

**Cash- settled share-based payments**

This relates to esimated gains at the point of exit of employees from the share based scheme, it is calculated as the difference between the Cost and expected Market price of the underlying shares purchased by employee at the point of exit discounted to present value. This is in line with IFRS 2 as these estimated gains are deemed to be directly attributable to the fact that employee within the Scheme provides services to the Bank. The Group operates a cash-settled share based compensation plan (share appreciation rights (SARs)) and profit-sharing scheme (PSS) for its management personnel. The management personnel are entitled to share appreciation rights after spending ten years in the Bank while PSS is paid on a deferred basis. 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 Dec 2019 | 365,454 |
| SARs granted to senior management employees at 31 Dec 2018 | 363,918 |

**(b) Employee expenses for share-based payments**

| In thousands of Nigerian Naira | Note | Group Dec-2019 | Group Dec-2018 |
|---|---|---|---|
| Total carrying amount of liabilities for cash-settled arrangements | 38 | **11,081,822** | **9,869,968** |

(i) The average number of persons employed during the period was as follows:

| | Group Dec-2019 Number | Group Dec-2018 Number | Parent Dec-2019 Number | Parent Dec-2018 Number |
|---|---|---|---|---|
| Executive directors | 6 | 5 | 6 | 5 |
| Management | 183 | 206 | 56 | 55 |
| Non-management | 5,417 | 5,150 | 3,447 | 3,334 |
| | **5,606** | **5,361** | **3,509** | **3,394** |

(ii) The average number of persons in employment during the period is shown below:

| | Group Dec-2019 Number | Group Dec-2018 Number | Parent Dec-2019 Number | Parent Dec-2018 Number |
|---|---|---|---|---|
| Administration | 126 | 90 | 44 | 43 |
| Commercial Banking Abuja | 33 | 34 | 33 | 34 |
| Commercial Banking Lagos | 166 | 178 | 166 | 178 |
| Commercial Banking North East | 51 | 48 | 51 | 48 |
| Commercial Banking North West | 54 | 52 | 54 | 52 |
| Commercial Banking South East | 47 | 48 | 47 | 48 |
| Commercial Banking South South | 43 | 44 | 43 | 44 |
| Communication and External Affairs | 111 | 181 | 25 | 27 |
| Compliance Group | 58 | 37 | 43 | 37 |
| Digital Banking Division | 126 | 137 | 102 | 104 |
| Emerging Technologies Division | 21 | 19 | 21 | 19 |
| Enterprise Risk Management | 170 | 152 | 78 | 69 |
| Chief Executive Officer | 1 | 1 | 1 | 1 |
| Financial Control, Group Reporting & Strategy | 79 | 26 | 28 | 26 |
| Human Resources | 40 | 27 | 29 | 27 |
| Institutional Banking | 295 | 305 | 59 | 98 |
| International Banking | 24 | 25 | 24 | 25 |
| Operations | 231 | 166 | 180 | 166 |
| Procurement & Expense Control | 17 | 15 | 16 | 15 |
| Public Sector Abuja | 32 | 27 | 32 | 27 |
| Public Sector Lagos | 17 | 20 | 17 | 20 |
| Retail Lagos | 191 | 173 | 191 | 173 |
| Retail Abuja | 65 | 60 | 65 | 60 |
| Retail South East | 19 | 17 | 19 | 17 |
| South West Division | 109 | 102 | 109 | 102 |
| Retail South-South | 46 | 42 | 46 | 42 |
| SME Abuja | 48 | 43 | 48 | 43 |
| SME Division - Lagos | 111 | 114 | 111 | 114 |
| SME Division - South East | 36 | 36 | 36 | 36 |
| Systems and Control | 157 | 141 | 89 | 84 |
| Technology | 243 | 226 | 157 | 151 |
| Transaction Services | 1,819 | 1,807 | 1,336 | 1,288 |
| Wholesale Banking | 56 | 40 | 29 | 29 |
| Commercial Banking Subsidiaries | 124 | 110 | - | - |
| Retail Subsidiaries | 187 | 152 | - | - |

| | | | | |
|---|---|---|---|---|
| Public Sector Subsidiaries | 29 | 11 | - | - |
| Other Support Services Subsidiaries | 432 | 508 | - | - |
| Customer Experience Management Division | 68 | 62 | 68 | 62 |
| Data Analytics Division | 6 | 5 | 6 | 5 |
| Fintech and Innovation Division | 9 | 5 | 9 | 5 |
| Legal Group | 37 | 25 | 26 | 25 |
| Financial Institutions & Telecoms | 28 | - | 28 | - |
| Oil & Gas Divison | 44 | 50 | 43 | 50 |
| | **5,606** | **5,361** | **3,509** | **3,394** |

(iii) Average number of employees other than directors, earning more than ₦720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

| | Group Dec-2019 Number | Group Dec-2018 Number | Parent Dec-2019 Number | Parent Dec-2018 Number |
|---|---|---|---|---|
| N720,001 - N1,400,000 | 915 | 1,577 | - | - |
| N1,400,001 - N2,050,000 | 501 | 168 | 6 | 5 |
| N2,190,001 - N2,330,000 | 157 | 733 | - | 682 |
| N2,330,001 - N2,840,000 | 707 | 20 | 687 | - |
| N2,840,001 - N3,000,000 | 84 | 20 | - | - |
| N3,001,001 - N3,830,000 | 82 | 970 | - | 957 |
| N3,830,001 - N4,530,000 | 1,225 | 30 | 1,164 | - |
| N4,530,001 - N5,930,000 | 57 | 643 | - | 634 |
| N6,000,001 - N6,800,000 | 556 | 355 | 549 | 348 |
| N6,800,001 - N7,300,000 | 13 | 10 | - | - |
| N7,300,001 - N7,800,000 | 486 | 8 | 371 | - |
| N7,800,001 - N8,600,000 | 8 | 317 | - | 309 |
| N8,600,001 - N11,800,000 | 508 | 323 | 467 | 307 |
| Above N11,800,000 | 301 | 182 | 259 | 147 |
| | **5,600** | **5,356** | **3,503** | **3,389** |

**18 Right-of-use asset amortisation / Operating lease expense**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Right-of-use assets amortisation[1] | 2,114,007 | - | 921,610 | - |
| | **2,114,007** | **-** | **921,610** | **-** |
| | | | | |
| Operating lease expense | - | 2,085,035 | - | 663,998 |
| | **-** | **2,085,035** | **-** | **663,998** |

[1]This relates to amortisation on Right-of-use assets in line with IFRS 16. Please refer to Note 34 (iii) for more information.

Out of the total Right-of-use assets amortisation of ₦2,114,007,000 for the Group, a sum of ₦718,854,000 relates to Property (Parent: ₦188,944,000),while the balance of ₦1,395,153,000 and ₦732,667,000 for the Group and Bank respectively relates to Rent.

## 19 Depreciation and amortisation

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Amortisation of intangible assets (see note 32) | 2,860,830 | 2,302,179 | 2,300,132 | 1,800,577 |
| Depreciation of property, plant and equipment (see note 31) | 19,831,807 | 15,327,097 | 16,340,414 | 12,454,757 |
| | **22,692,637** | **17,629,276** | **18,640,546** | **14,255,334** |

## 20 Other operating expenses

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Finance costs | 385,298 | 14,360 | 3,067 | 2,310 |
| Deposit insurance premium | 8,622,299 | 7,892,830 | 8,500,844 | 7,725,900 |
| Other insurance premium | 1,263,746 | 657,359 | 993,948 | 518,342 |
| Auditors' remuneration[1] | 857,822 | 791,353 | 550,000 | 500,000 |
| Professional fees and other consulting costs | 1,633,766 | 1,635,891 | 802,065 | 719,036 |
| AMCON expenses | 15,486,989 | 16,307,643 | 15,486,989 | 16,307,643 |
| Stationery and postage | 1,130,720 | 1,295,027 | 765,281 | 904,226 |
| Business travel expenses | 725,548 | 726,784 | 459,280 | 417,645 |
| Advert, promotion and corporate gifts | 4,052,009 | 6,421,254 | 3,231,449 | 5,195,047 |
| Repairs and maintenance | 3,414,420 | 4,810,767 | 1,695,414 | 3,503,237 |
| Occupancy costs[2] | 6,892,117 | 8,320,232 | 5,301,360 | 6,421,101 |
| Directors' emoluments | 787,091 | 585,970 | 272,591 | 233,900 |
| Outsourcing services[3] | 10,169,047 | 8,253,930 | 8,387,074 | 6,847,310 |
| Administrative expense | 6,096,565 | 4,924,462 | 1,601,786 | 2,365,160 |
| Communications and sponsorship related expense | 3,879,098 | 3,844,752 | 2,167,869 | 1,648,965 |
| Human capital related expenses | 1,693,655 | 1,803,009 | 1,495,717 | 1,580,128 |
| Customer service related expenses | 1,789,607 | 2,272,431 | 634,465 | 921,604 |
| | **68,879,797** | **70,558,054** | **52,349,199** | **55,811,554** |

[1] Auditor's remuneration represents fees for the interim and final audits of the Group and Bank for the year ended 31 December 2019. The Bank also paid the auditors professional fees in the sum of N4,000,000 for non-audit services (certification of financial covenant with the Bank's foreign lenders). 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] Outsourcing services relates to salaries paid to outsourced contract staff

**21 Income tax expense recognised in the Income statement**
**a)**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Current tax expense: | | | | |
| Company income tax | 24,801,854 | 16,186,047 | 15,867,058 | 9,043,531 |
| Education Tax | 1,870,484 | 1,326,086 | 1,870,484 | 1,326,086 |
| Police Trust Fund Levy | 8,757 | - | 8,757 | - |
| NITDA Levy | 2,001,779 | 1,902,093 | 2,001,779 | 1,902,093 |
| | 28,682,874 | 19,414,226 | 19,748,078 | 12,271,710 |
| | | | | |
| Prior year's under provision | 814,880 | 2,605,972 | 814,880 | 2,605,972 |
| Dividend tax | - | 10,239,526 | - | 10,239,526 |
| | | | | |
| Deferred tax expense: | | | | |
| Origination of temporary differences | 5,344,414 | (1,383,983) | 4,489,651 | (1,899,122) |
| | **34,842,168** | **30,875,741** | **25,052,609** | **23,218,086** |

**Reconciliation of effective tax rate**
**Group**

| In thousands of Nigerian Naira | Dec-2019 | Dec-2019 | Dec-2018 | Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Profit before income tax | 231,707,834 | | 215,586,770 | |
| Income tax using the domestic corporation tax rate | 69,512,350 | 30.0% | 64,676,031 | 30.0% |
| Effect of tax rates in foreign jurisdictions | 330,576 | 0.1% | 44,410 | 0.0% |
| Tax reliefs/WHT Credits | (292,856) | -0.1% | (4,556,198) | -2.1% |
| Non-deductible expenses | 5,466,370 | 2.4% | 4,969,893 | 2.3% |
| Education tax levy | 1,870,484 | 0.8% | 1,326,086 | 0.6% |
| Police Trust Fund Levy | 8,757 | 0.0% | - | 0.0% |
| NITDEF tax levy | 2,001,779 | 0.9% | 1,902,093 | 0.9% |
| Tax exempt income | (44,269,638) | -19.1% | (49,761,444) | -23.1% |
| Deductible expenses | (600,534) | -0.3% | (570,628) | -0.3% |
| Dividend tax | - | 0.0% | 10,239,526 | 4.7% |
| Prior year's under provision | 814,880 | 0.4% | 2,605,972 | 1.2% |
| **Total income tax expense** | **34,842,168** | **15.0%** | **30,875,741** | **14.3%** |

**Reconciliation of effective tax rate**

**Parent**

| In thousands of Nigerian Naira | Dec-2019 | Dec-2019 | Dec-2018 | Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Profit before income tax | 200,177,890 | | 189,971,170 | |
| Income tax using the domestic corporation tax rate | 60,053,367 | 30.0% | 57,062,786 | 30.0% |
| Tax reliefs/WHT Credits | (292,856) | -0.1% | (4,556,198) | -2.4% |
| Non-deductible expenses[1] | 5,466,370 | 2.7% | 4,969,893 | 2.6% |
| Education tax levy | 1,870,484 | 0.9% | 1,326,086 | 0.7% |
| Police Trust Fund Levy | 8,757 | 0.0% | - | 0.0% |
| NITDEF tax levy | 2,001,779 | 1.0% | 1,902,093 | 1.0% |
| Tax exempt income[2] | (44,269,638) | -22.1% | (49,761,444) | -26.2% |
| Deductible expenses | (600,534) | -0.3% | (570,628) | -0.3% |
| Dividend tax | - | 0.0% | 10,239,526 | 5.4% |
| Prior year's under provision | 814,880 | 0.4% | 2,605,972 | 0.1% |
| **Total income tax expense** | **25,052,609** | **12.5%** | **23,218,086** | **12.2%** |

[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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Income tax relating to remeasurements of post-employment benefit obligations | (628,161) | (71,679) | (628,161) | (71,679) |
| Income tax relating to Foreign currency translation differences for foreign operations | (2,196,882) | 3,509,522 | - | - |
| Income tax relating to Net change in FVOCI financial assets | 1,438,764 | (2,103,633) | 1,277,274 | (2,230,097) |
| | **(1,386,279)** | **1,334,210** | **649,113** | **(2,301,776)** |

**(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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Balance, beginning of the year | 22,650,861 | 24,147,356 | 22,511,233 | 24,009,770 |
| Exchange difference on translation | (373,137) | (47,067) | - | - |
| Charge for the year | 28,682,874 | 19,414,226 | 19,748,078 | 12,271,710 |
| Prior year's under provision | 814,880 | 2,605,972 | 814,880 | 2,605,972 |
| Payments during the year | (31,178,390) | (33,709,152) | (23,326,117) | (26,615,745) |
| Dividend tax | - | 10,239,526 | - | 10,239,526 |
| **Balance, end of the year** | **20,597,088** | **22,650,861** | **19,748,074** | **22,511,233** |

**22 Basic and Diluted earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares. The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N195,398,670,000 and a weighted average number of ordinary shares outstanding of 28,084,989,000 (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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Net profit attributable to equity holders of the Company | 195,398,670 | 183,922,718 | 175,125,281 | 166,753,084 |
| **Net profit used to determine diluted earnings per share** | **195,398,670** | **183,922,718** | **175,125,281** | **166,753,084** |

**Number of ordinary shares**

| In thousands of shares | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Weighted average number of ordinary shares in issue | 28,084,989 | 28,110,827 | 29,431,179 | 29,431,179 |
| Basic earnings per share (expressed in naira per share) | 6.96 | 6.54 | 5.95 | 5.67 |

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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Cash in hand | 60,273,825 | 64,318,503 | 38,649,960 | 43,652,540 |
| Balances held with other banks | 212,812,153 | 208,289,218 | 87,974,144 | 75,142,158 |
| Unrestricted balances with central banks | 131,090,460 | 72,552,069 | 87,429,812 | 47,484,035 |
| Money market placements | 189,803,396 | 331,989,039 | 183,238,350 | 291,334,276 |
| | **593,979,834** | **677,148,829** | **397,292,266** | **457,613,009** |
| Impairment on Placements | (428,717) | (159,817) | (376,489) | (115,080) |
| | **593,551,117** | **676,989,012** | **396,915,777** | **457,497,929** |
| Current | 593,551,117 | 676,989,012 | 396,915,777 | 457,497,929 |
| Non-current | - | - | - | - |

**(b)** Cash and cash equivalents in statement of cash flows includes:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Cash and bank balances | 593,551,118 | 676,989,012 | 396,915,777 | 457,497,929 |
| Cash and bank balances above three months | (8,395,097) | (62,025,832) | (1,837,998) | (50,029,687) |
| | **585,156,021** | **614,963,180** | **395,077,779** | **407,468,242** |

Movement in Impairment on Cash and bank balances

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Opening balance | 159,817 | - | 115,080 | - |
| Impact of IFRS 9 adoption | - | 350,703 | - | 305,508 |
| Addition during the year | 268,900 | - | 261,409 | - |
| Reversal during the year | - | (190,886) | - | (190,428) |
| **Closing balance** | **428,717** | **159,817** | **376,489** | **115,080** |

**24 Financial assets at fair value through profit or loss**

**(a)**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Financial assets Fair Value through Profit or Loss: | | | | |
| Bonds - (see note 24(b) below) | 16,543,481 | - | 835,307 | - |
| Treasury Bills - (see note 24(c) below) | 56,942,620 | 11,314,814 | 43,882,381 | 8,920,153 |
| | **73,486,101** | **11,314,814** | **44,717,688** | **8,920,153** |
| | | | | |
| Current | 58,335,285 | 10,706,525 | 43,882,381 | 8,920,153 |
| Non-current | 15,150,816 | 608,289 | 835,307 | - |

**(b) Bonds FVPL are analysed below:**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| 11th FGN Bond Series 2 (12.15%) | 282 | - | 282 | - |
| 14th FGN Bond Series 2 (16.25%) | 2,686 | - | 2,686 | - |
| 14th FGN Bond Series 1 (16.29%) | 1,010 | - | 1,010 | - |
| 16th FGN Bond Series 2 (14.80%) | 831,329 | - | 831,329 | - |
| Non-Nigerian trading bonds | 15,708,174 | - | - | - |
| | **16,543,481** | **-** | **835,307** | **-** |

**(c) Treasury bills FVPL is analysed below:**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Nigerian treasury bills' maturities: | | | | |
| 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 |
| 02-January-2020 | 662,371 | - | 662,371 | - |
| 09-January-2020 | 1,566,511 | - | 1,566,511 | - |
| 16-January-2020 | 763,729 | - | 763,729 | - |

| | | | | |
|---|---|---|---|---|
| 23-January-2020 | 170,912 | - | 170,912 | - |
| 30-January-2020 | 1,131,367 | - | 1,131,367 | - |
| 06-February-2020 | 324,334 | - | 324,334 | - |
| 13-February-2020 | 577,058 | - | 577,058 | - |
| 20-February-2020 | 208,420 | - | 208,420 | - |
| 27-February-2020 | 1,319,278 | - | 1,319,278 | - |
| 05-March-2020 | 238,554 | - | 238,554 | - |
| 12-March-2020 | 125,852 | - | 125,852 | - |
| 19-March-2020 | 24,109 | - | 24,109 | - |
| 26-March-2020 | 24,160 | - | 24,160 | - |
| 02-April-2020 | 70,789 | - | 70,789 | - |
| 09-April-2020 | 22,267 | - | 22,267 | - |
| 16-April-2020 | 296,202 | - | 296,202 | - |
| 23-April-2020 | 481,918 | - | 481,918 | - |
| 30-April-2020 | 405,660 | - | 405,660 | - |
| 14-May-2020 | 69,901 | - | 69,901 | - |
| 28-May-2020 | 9,721,537 | - | 9,721,537 | - |
| 04-June-2020 | 14,403 | - | 14,403 | - |
| 11-June-2020 | 8,723 | - | 8,723 | - |
| 18-June-2020 | 276,006 | - | 276,006 | - |
| 02-July-2020 | 41,637 | - | 41,637 | - |
| 16-July-2020 | 994,410 | - | 994,410 | - |
| 30-July-2020 | 73,776 | - | 73,776 | - |
| 13-August-2020 | 115,127 | - | 115,127 | - |
| 20-August-2020 | 360,199 | - | 360,199 | - |
| 27-August-2020 | 230,922 | - | 230,922 | - |
| 03-September-2020 | 54,131 | - | 54,131 | - |
| 10-September-2020 | 58,777 | - | 58,777 | - |
| 17-September-2020 | 55,265 | - | 55,265 | - |
| 24-September-2020 | 27,718 | - | 27,718 | - |
| 01-October-2020 | 79,967 | - | 79,967 | - |
| 08-October-2020 | 327,820 | - | 327,820 | - |
| 15-October-2020 | 1,665,924 | - | 1,665,924 | - |
| 29-October-2020 | 3,853 | - | 3,853 | - |
| 12-November-2020 | 40,842 | - | 40,842 | - |
| 26-November-2020 | 141,157 | - | 141,157 | - |
| 01-December-2020 | 17,620,199 | - | 17,620,199 | - |
| 15-December-2020 | 873,547 | - | 873,547 | - |
| 22-December-2020 | 2,613,049 | - | 2,613,049 | - |
| Non-Nigerian treasury bills | 13,060,239 | 2,394,661 | - | - |
| | **56,942,620** | **11,314,814** | **43,882,381** | **8,920,153** |

**25 Derivative financial instruments**

**(a)**

**Group**

**Dec-2019**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value Assets | Fair Value Liability |
|---|---|---|---|
| | | | |
| Foreign Exchange Derivatives: | | | |
| Foreign exchange forward | 188,589,544 | 26,011,823 | (2,315,541) |
| **Derivative assets/(liabilities)** | **188,589,544** | **26,011,823** | **(2,315,541)** |

**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)** |

**Parent**

**Dec-2019**

| In thousands of Nigerian Naira | Notional Contract Amount | Fair Value Assets | Fair Value Liability |
|---|---|---|---|
| | | | |
| Foreign Exchange Derivatives: | | | |
| Foreign exchange forward | 188,589,544 | 26,011,823 | (2,315,541) |
| **Derivative assets/(liabilities)** | **188,589,544** | **26,011,823** | **(2,315,541)** |

**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)** |

**(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. 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 at fair value through profit or loss'.

**26 Investment securities**

**a (i)**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| **Investment securities at fair value through OCI** | | | | |
| Debt securities - Treasury bills FVOCI | 570,020,227 | 511,504,593 | 482,514,386 | 440,140,302 |
| Debt securities - Bonds FVOCI | 14,233,642 | 16,172,674 | 12,083,593 | 11,083,123 |
| Debt securities - Corporate bond FVOCI | - | 7,608,088 | - | 7,608,088 |
| Investment securities - Equity (See note 26(a)(ii) below | 1,194,857 | 1,090,596 | 1,185,527 | 1,081,216 |
| | 585,448,726 | 536,375,951 | 495,783,506 | 459,912,729 |
| 12 month ECL on Bonds | (551) | (1,085) | (280) | (599) |
| 12 month ECL on Treasury Bills | (55,927) | (62,213) | (51,294) | (55,173) |
| 12 month ECL on corporate bond | - | (227,698) | - | (227,698) |
| **Total** | **585,392,248** | **536,084,955** | **495,731,932** | **459,629,259** |
| | | | | |
| **Investment securities at fair value through profit or loss** | | | | |
| Investment securities - FVPL Notes (see note 26(b) below) | 29,834,367 | - | 29,834,367 | - |
| Investment securities - Equity | 3,250,000 | 2,620,200 | 3,250,000 | 2,620,200 |
| | **33,084,367** | **2,620,200** | **33,084,367** | **2,620,200** |
| | | | | |
| **Investment securities at amortised cost:** | | | | |
| - Bonds | 41,934,937 | 54,366,750 | 2,008,137 | 2,008,137 |
| - Treasury bills | 104,039,702 | 44,202,639 | - | - |
| - Corporate bond | - | 394,350 | - | - |
| | **145,974,639** | **98,963,739** | **2,008,137** | **2,008,137** |
| 12 month ECL on Bonds - Amortised Cost | (168,167) | (200,041) | (4,554) | (4,865) |
| 12 month ECL on Treasury Bills - Amortised Cost | (245,240) | (133,745) | - | - |
| 12 month ECL on Corp Bond - Amortised Cost | - | (10,444) | - | - |
| **Total Investment securities at amortised cost** | **145,561,232** | **98,619,509** | **2,003,583** | **2,003,272** |
| | | | | |
| **Total investment securities** | **764,037,847** | **637,324,664** | **530,819,882** | **464,252,731** |
| | | | | |
| Current | 719,575,322 | 560,050,680 | 512,297,458 | 441,603,763 |
| Non-current | 44,462,525 | 77,273,984 | 18,522,424 | 22,648,968 |

**a (ii)** Equity investment securities is analysed below:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| FVOCI equity instrument | | | | |
| - GIM UEMOA | 9,330 | 9,380 | - | - |
| - SANEF | 50,000 | - | 50,000 | - |
| - Unified Payment Services Limited[1] | 272,704 | 243,188 | 272,704 | 243,188 |
| - Nigeria Automated Clearing Systems | 756,479 | 753,185 | 756,479 | 753,185 |
| - Afrexim | 106,344 | 84,843 | 106,344 | 84,843 |
| | **1,194,857** | **1,090,596** | **1,185,527** | **1,081,216** |
| FVTPL equity instrument | | | | |
| - Africa Finance Corporation | 3,250,000 | 2,620,200 | 3,250,000 | 2,620,200 |
| | **3,250,000** | **2,620,200** | **3,250,000** | **2,620,200** |
| | | | | |
| | **4,444,857** | **3,710,796** | **4,435,527** | **3,701,416** |

[1] Unified Payment Services Limited was formerly known as Valucard Nigeria Plc

Except for African Finance Corporation (AFC) that is held for trading, all other equity investments are designated at FVOCI. The Bank received dividend income of ₦149,858,000 (Dec 2018: ₦224,631,000) 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.

(b) The FVPL notes relates to non-interest bearing credit linked note contract entered into by the Bank during the period with a counterparty which simultaneously hedged the exposure to FX risk in a foreign financial instrument.

(c) Movement in Impairment on investment securities

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Opening balance | 635,226 | - | 288,335 | - |
| Impact of IFRS 9 adoption | - | 272,080 | - | 275,305 |
| Addition during the year | - | 363,146 | - | 13,030 |
| Reversal during the year | (165,341) | - | (232,207) | - |
| **Closing balance** | **469,885** | **635,226** | **56,128** | **288,335** |

**27 Assets pledged as collateral**
**(a)**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Financial assets held for trading | | | | |
| - Treasury bills | 246,106 | 485,431 | - | - |
| | | | | |
| Investment Securities - FVOCI (See note (c) below): | | | | |
| - Treasury bills | 57,798,568 | 56,298,638 | 57,798,568 | 56,298,638 |
| 12 months ECL on pledged assets | (7,819) | (6,899) | (7,819) | (6,899) |
| **Total Investment Securities - FVOCI** | **57,790,749** | **56,291,739** | **57,790,749** | **56,291,739** |
| | | | | |
| **Total Assets Pledged as Collateral** | **58,036,855** | **56,777,170** | **57,790,749** | **56,291,739** |
| | | | | |
| Current | 58,036,855 | 56,751,661 | 57,790,749 | 56,291,739 |
| Non-current | - | 25,509 | - | - |

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions. 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 ₦57,798,568,000 (December 2018: ₦56,298,638,000) have been reclassified from treasury bills FVOCI.

(d) Assets pledged as collateral are based on prices in an active market.

(e) Movement in Impairment on pledged assets

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Opening balance | 6,899 | - | 6,899 | - |
| Impact of IFRS 9 adoption | - | 7,960 | - | 7,960 |
| Addition during the year | 920 | - | 920 | - |
| Reversal during the year | - | (1,061) | - | (1,061) |
| **Closing balance** | **7,819** | **6,899** | **7,819** | **6,899** |

**28 Loans and advances to banks**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Loans and advances to banks | 1,581,489 | 2,997,306 | 81,205 | 48,738 |
| Less Impairment: | | | | |
| Stage 1 Loans | (60,155) | (39) | (730) | (39) |
| Stage 2 Loans | (5) | - | (5) | - |
| Stage 3 Loans | (8,019) | (2,625) | (8,019) | (2,625) |
| | **1,513,310** | **2,994,642** | **72,451** | **46,074** |
| | | | | |
| Current | 1,513,310 | 2,994,642 | 72,451 | 46,074 |
| Non-current | - | - | - | - |

**Reconciliation of allowance accounts for losses on loans and advances to banks**

**Dec-2019**
**Group**

| In thousands of Nigerian Naira | 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 1 January 2019 | 39 | - | 2,625 | 2,664 |
| Foreign currency translation and other adjustments | 2,000 | - | - | 2,000 |
| Increase/(reversal) in impairment allowances | 58,116 | 5 | 5,394 | 63,515 |
| | | | | |
| | **60,155** | **5** | **8,019** | **68,179** |

**Dec-2019**
**Parent**

| In thousands of Nigerian Naira | 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 1 January 2019 | 39 | - | 2,625 | 2,664 |
| Increase/(reversal) in impairment allowances | 691 | 5 | 5,394 | 6,090 |
| | | | | |
| | **730** | **5** | **8,019** | **8,754** |

**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) |
| Financial assets derecognised | - | - | - | - | (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 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 | 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** |

### Reconciliation of allowance accounts for losses on loans and advances to banks

**Group**
**Dec-2019**

| | 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 | - | - | 1,637 | 1,637 | 39 | - | 988 | 1,027 | - | - | - | - | 39 | - | 2,625 | 2,664 |
| Foreign currency translation and other adjustments | 2,000 | - | - | 2,000 | - | - | - | - | - | - | - | - | 2,000 | - | - | 2,000 |
| Increase/(reversal) in impairment allowances | 58,040 | - | (110) | 57,930 | 76 | 5 | 5,504 | 5,585 | - | - | - | - | 58,116 | 5 | 5,394 | 63,515 |
| **Balance, end of year** | **60,040** | **-** | **1,527** | **61,567** | **115** | **5** | **6,492** | **6,612** | **-** | **-** | **-** | **-** | **60,155** | **5** | **8,019** | **68,179** |

**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 | - | - | - | - | 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) |
| Financial assets derecognised | - | - | - | - | - | - | (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** |

**Parent**
**Dec-2019**

| 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 | - | - | 1,637 | 1,637 | 39 | - | 988 | 1,027 | - | - | - | - | 39 | - | 2,625 | 2,664 |
| Increase/(reversal) in impairment allowances | 615 | - | (110) | 505 | 76 | 5 | 5,504 | 5,585 | - | - | - | - | 691 | 5 | 5,394 | 6,090 |
| **Balance, end of year** | **615** | **-** | **1,527** | **2,142** | **115** | **5** | **6,492** | **6,612** | **-** | **-** | **-** | **-** | **730** | **5** | **8,019** | **8,754** |

**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 | - | - | - | - | 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** |

## 29 Loans and advances to customers

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Loans to individuals: | | | | |
| Loans | 189,960,935 | 142,630,600 | 141,654,126 | 92,103,624 |
| Overdrafts | 15,334,947 | 12,301,713 | 13,723,877 | 10,711,696 |
| Others[1] | 70,364 | 51,966 | - | - |
| **Gross loans** | **205,366,246** | **154,984,279** | **155,378,003** | **102,815,320** |
| Loans | (1,044,129) | (1,916,492) | (516,377) | (16,169) |
| Overdrafts | (483,894) | (23,055) | (119,406) | (21,370) |
| Others[1] | - | - | - | - |
| **Impairment on Stage 1 - 12 Months ECL** | **(1,528,023)** | **(1,939,547)** | **(635,783)** | **(37,539)** |
| Loans | (46,233) | (35,515) | (1,726) | (332) |
| Overdrafts | (108,747) | (20,123) | (52,237) | (20,116) |
| Others[1] | - | - | - | - |
| **Impairment on Stage 2 - Life Time ECL Not Credit Impaired** | **(154,980)** | **(55,638)** | **(53,963)** | **(20,448)** |
| Loans | (3,234,052) | (3,199,913) | (2,821,813) | (2,817,927) |
| Overdrafts | (2,887,650) | (2,185,578) | (2,868,550) | (2,183,327) |
| Others[1] | (1,124) | - | - | - |
| **Impairment on Stage 3 - Non Performing Loans** | **(6,122,826)** | **(5,385,491)** | **(5,690,363)** | **(5,001,254)** |
| Loans | (4,324,414) | (5,151,920) | (3,339,916) | (2,834,428) |
| Overdrafts | (3,480,291) | (2,228,756) | (3,040,193) | (2,224,813) |
| Others[1] | (1,124) | - | - | - |
| **Total impairment** | **(7,805,829)** | **(7,380,676)** | **(6,380,109)** | **(5,059,241)** |
| Loans | 185,636,521 | 137,478,680 | 138,314,210 | 89,269,196 |
| Overdrafts | 11,854,656 | 10,072,957 | 10,683,684 | 8,486,883 |
| Others[1] | 69,240 | 51,966 | - | - |
| **Carrying amount** | **197,560,417** | **147,603,603** | **148,997,894** | **97,756,079** |
| **Loans to Non-individuals:** | | | | |
| Loans | 1,207,788,617 | 997,775,648 | 1,094,986,500 | 878,193,363 |
| Overdrafts | 117,818,159 | 157,566,940 | 70,530,750 | 129,223,296 |
| Others[1] | 36,784,509 | 48,748,824 | 36,170,993 | 48,748,824 |
| **Gross loans** | **1,362,391,285** | **1,204,091,412** | **1,201,688,243** | **1,056,165,483** |
| Loans | (4,736,305) | (4,904,087) | (3,907,089) | (4,431,267) |
| Overdrafts | (2,122,903) | (560,642) | (552,233) | (492,606) |
| Others[1] | (88,744) | (217,869) | (88,744) | (217,869) |
| **Impairment on Stage 1 - 12 Months ECL** | **(6,947,952)** | **(5,682,598)** | **(4,548,066)** | **(5,141,742)** |
| Loans | (5,994,255) | (8,143,678) | (5,328,688) | (8,058,286) |
| Overdrafts | (638,076) | (3,080,889) | (133,714) | (3,055,774) |
| Others[1] | (41,424) | - | (41,424) | - |
| **Impairment on Stage 2 - Life Time ECL Not Credit Impaired** | **(6,673,755)** | **(11,224,567)** | **(5,503,826)** | **(11,114,060)** |
| Loans | (25,477,432) | (31,601,089) | (21,460,405) | (26,001,613) |
| Overdrafts | (20,168,214) | (44,040,086) | (18,352,534) | (43,528,812) |
| Others[1] | (112,303) | (136,316) | (659) | (136,316) |
| **Impairment on Stage 3 - Non Performing Loans** | **(45,757,949)** | **(75,777,491)** | **(39,813,598)** | **(69,666,741)** |
| Loans | (36,207,992) | (44,648,854) | (30,696,182) | (38,491,166) |
| Overdrafts | (22,929,193) | (47,681,617) | (19,038,481) | (47,077,192) |
| Others[1] | (242,471) | (354,185) | (130,827) | (354,185) |
| **Total impairment** | **(59,379,656)** | **(92,684,656)** | **(49,865,490)** | **(85,922,543)** |
| Loans | 1,171,580,625 | 953,126,794 | 1,064,290,318 | 839,702,197 |
| Overdrafts | 94,888,966 | 109,885,323 | 51,492,269 | 82,146,104 |
| Others[1] | 36,542,038 | 48,394,639 | 36,040,166 | 48,394,639 |
| **Carrying amount** | **1,303,011,629** | **1,111,406,756** | **1,151,822,753** | **970,242,940** |
| **Total carrying amount (individual and non individual)** | **1,500,572,046** | **1,259,010,359** | **1,300,820,647** | **1,067,999,019** |
| [1] Others include Usances and Usances Settlement | | | | |
| Current | 891,922,862 | 722,380,821 | 749,501,387 | 600,797,993 |
| Non-current | 608,649,184 | 536,629,538 | 551,319,260 | 467,201,026 |

**Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS**

**Dec-2019**
**Group**

| In thousands of Nigerian Naira | **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 1 January 2018 per IFRS 9 | 1,939,547 | 55,638 | 5,385,491 | 7,380,676 |
| Foreign currency translation and other adjustments | 34,962 | 13,185 | 3,086 | 51,233 |
| Net impairment allowances due to origination/ derecognition of financial instruments | 868,910 | 515,057 | 1,405,864 | 2,789,831 |
| Transfer between stages | (1,315,396) | (428,900) | 1,744,296 | - |
| Financial assets derecognised | - | - | (2,415,911) | (2,415,911) |
| **Balance, end of year** | **1,528,023** | **154,980** | **6,122,826** | **7,805,829** |

**Dec-2019**
**Parent**

| In thousands of Nigerian Naira | **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 1 January 2018 per IFRS 9 | 37,539 | 20,448 | 5,001,254 | 5,059,241 |
| Net impairment allowances due to origination/ derecognition of financial instruments | 598,244 | 33,515 | 1,134,055 | 1,765,814 |
| Transfer between stages | - | - | - | - |
| Financial assets derecognised | - | - | (444,946) | (444,946) |
| **Balance, end of year** | **635,783** | **53,963** | **5,690,363** | **6,380,109** |

**Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS (Cont'd)**
**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 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 | 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 | - |
| Financial assets derecognised | - | - | - | - | - | (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 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 | 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 | - |
| Financial assets derecognised | - | - | - | - | - | (2,848,767) | (2,848,767) |
| **Balance, end of year** | **-** | **-** | **-** | **37,539** | **20,448** | **5,001,254** | **5,059,241** |

**Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS**

**Dec-2019**
**Group**

| In thousands of Nigerian Naira | 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 1 January 2018 per IFRS 9 | 5,682,596 | 11,224,567 | 75,777,491 | 92,684,654 |
| Foreign currency translation and other adjustments | (42,343) | 64,051 | 2,844,738 | 2,866,446 |
| Net impairment allowances due to origination/ derecognition of financial instruments | (333,820) | (4,478,576) | 534,475 | (4,277,921) |
| Recovery | - | - | - | - |
| Transfer between stages | 1,641,519 | (136,287) | (1,505,232) | - |
| Financial assets derecognised | - | - | (31,893,523) | (31,893,523) |
| **Balance, end of year** | **6,947,952** | **6,673,755** | **45,757,949** | **59,379,656** |

**Dec-2019**

**Parent**

| In thousands of Nigerian Naira | 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 1 January 2018 per IFRS 9 | 5,141,742 | 11,114,060 | 69,666,741 | 85,922,543 |
| Foreign currency translation and other adjustments | - | - | 182,274 | 182,274 |
| Net impairment allowances due to origination derecognition of financial instruments | (593,676) | (5,610,234) | (1,576,238) | (7,780,148) |
| Transfer between stages | - | - | - | - |
| Financial assets derecognised | - | - | (28,459,178) | (28,459,178) |
| **Balance, end of year** | **4,548,066** | **5,503,826** | **39,813,599** | **49,865,491** |

**Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS (Cont'd)**
**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 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 | 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 | - |
| Financial assets derecognised | - | - | - | - | - | (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 | - |
| Financial assets derecognised | - | - | - | - | - | (109,701,132) | (109,701,132) |
| **Balance, end of year** | **-** | **-** | **-** | **5,141,742** | **11,114,060** | **69,666,741** | **85,922,543** |

**Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS**

**Group**

**Dec-2019**

| | 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 | 1,916,492 | 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 |
| Foreign currency translation and other adjustments | 23,890 | 3,933 | 1,630 | 29,453 | 11,072 | 9,252 | 1,455 | 21,779 | - | - | 1 | 1 | 34,962 | 13,185 | 3,086 | 51,233 |
| Increase/ (reversal) in impairment allowances due to derecognition | 419,143 | 423,375 | (658,421) | 184,097 | 449,767 | 91,682 | 2,062,800 | 2,604,249 | - | - | 1,485 | 1,485 | 868,910 | 515,057 | 1,405,864 | 2,789,831 |
| Transfer between stages | (1,315,396) | (416,590) | 1,731,986 | - | - | (12,310) | 12,310 | - | - | - | - | - | (1,315,396) | (428,900) | 1,744,296 | - |
| Financial assets derecognised | - | - | (1,041,056) | (1,041,056) | - | - | (1,374,493) | (1,374,493) | - | - | (362) | (362) | - | - | (2,415,911) | (2,415,911) |
| **Balance, end of year** | **1,044,129** | **46,233** | **3,234,052** | **4,324,414** | **483,894** | **108,747** | **2,887,650** | **3,480,291** | **-** | **-** | **1,124** | **1,124** | **1,528,023** | **154,980** | **6,122,826** | **7,805,829** |

**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 | 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/ (reversal) 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 | - |
| Financial assets derecognised | - | - | (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** |

## Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS (Cont'd)

### Parent
### Dec-2019

| | 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 impair-ment | 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 impair-ment | 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 impair-ment |
| Balance at 1 January | 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 |
| Increase/ (reversal) in impairment allowances due to derecognition | 500,208 | 1,394 | 3,886 | 505,488 | 98,036 | 32,121 | 1,130,169 | 1,260,326 | - | - | - | - | 598,244 | 33,515 | 1,134,055 | 1,765,814 |
| Financial assets derecognised | - | - | - | - | - | - | (444,946) | (444,946) | - | - | - | - | - | - | (444,946) | (444,946) |
| **Balance, end of year** | **516,377** | **1,726** | **2,821,813** | **3,339,916** | **119,406** | **52,237** | **2,868,550** | **3,040,193** | **-** | **-** | **-** | **-** | **635,783** | **53,963** | **5,690,363** | **6,380,109** |

### 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 impair-ment | 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 impair-ment | 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/ (reversal) 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 | - |
| Financial assets derecognised | - | - | - | - | - | - | (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** |

**Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS**

**Group**
**Dec-2019**

| | 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 | 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 |
| Foreign currency translation and other adjustments | (28,865) | 57,889 | 1,664,700 | 1,693,724 | (12,938) | 6,162 | 1,173,504 | 1,166,728 | (541) | - | 6,533 | 5,992 | (42,344) | 64,051 | 2,844,737 | 2,866,444 |
| Increase/ (reversal) in impairment allowances due to derecognition | (1,203,398) | (2,056,479) | (5,038,017) | (8,297,894) | 1,029,167 | (2,422,097) | 5,590,915 | 4,197,985 | (159,591) | - | (18,422) | (178,013) | (333,822) | (4,478,576) | 534,476 | (4,277,922) |
| Transfer between stages | 1,064,481 | (109,409) | (838,142) | 116,930 | 546,032 | (26,878) | (663,396) | (144,242) | 31,007 | - | (3,695) | 27,312 | 1,641,520 | (136,287) | (1,505,233) | - |
| Financial assets derecognised | - | - | (1,912,199) | (1,912,199) | - | - | (29,972,895) | (29,972,895) | - | - | (8,429) | (8,429) | - | - | (31,893,523) | (31,893,523) |
| **Balance, end of year** | **4,736,305** | **5,994,255** | **25,477,432** | **36,249,415** | **2,122,903** | **638,076** | **20,168,214** | **22,929,193** | **88,744** | **-** | **112,303** | **201,047** | **6,947,952** | **6,673,755** | **45,757,948** | **59,379,655** |

**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/ (revesal) 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 | - |
| Financial assets derecognised | - | - | (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** |

Reconciliation of allowance accounts for losses on Loans to NON - INDIVIDUALS (Cont'd)

**Parent**
**Dec-2019**

| | 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 | 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 |
| Foreign currency translation and other adjustments | - | - | 182,274 | 182,274 | - | - | - | - | - | - | - | - | - | - | 182,274 | 182,274 |
| Increase/ (reversal) in impairment allowances due to derecognition | (524,178) | (2,729,598) | (4,723,482) | (7,977,258) | 59,627 | (2,922,060) | 3,282,901 | 420,468 | (129,125) | 41,424 | (135,657) | (223,358) | (593,676) | (5,610,234) | (1,576,238) | (7,780,148) |
| Financial assets derecognised | - | - | - | - | - | - | (28,459,178) | (28,459,178) | - | - | - | - | - | - | (28,459,178) | (28,459,178) |
| **Balance, end of year** | **3,907,089** | **5,328,688** | **21,460,405** | **30,696,182** | **552,233** | **133,714** | **18,352,535** | **19,038,482** | **88,744** | **41,424** | **659** | **130,827** | **4,548,066** | **5,503,826** | **39,813,599** | **49,865,491** |

**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 | 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/ (reversal) 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 | - |
| Financial assets derecognised | - | - | - | - | - | - | (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** |

**30 Investment in subsidiaries**

a (i) Investment in subsidiaries comprises:

| | Parent Dec-2019 | Parent Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| | % ownership | % ownership | ₦'000 | ₦'000 |
| GTB Gambia | 77.81 | 77.81 | 574,278 | 574,278 |
| GTB Sierra Leone | 83.74 | 83.74 | 594,109 | 594,109 |
| GTB Ghana | 98.32 | 98.32 | 18,142,127 | 18,142,127 |
| 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 | 2,749,390 |
| | | | **55,814,032** | **55,814,032** |
| | | | | |
| Non-current | | | 55,814,032 | 55,814,032 |

a (i) The movement in investment in subsidiaries during the year is as follows:

| In thousands of Nigerian Naira | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|
| | | |
| Balance, beginning of the year | 55,814,032 | 46,207,004 |
| Additions during the year | - | 9,607,028 |
| **Balance, end of the year** | **55,814,032** | **55,814,032** |

**Condensed results of consolidated entities**

(b) Condensed results of the consolidated entities as at 31 December 2019, are as follows:

**Full year profit and loss**

**Dec-2019**

| 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 | 1,891,361 | 82,587 | 33,888,890 | 7,899,997 | 5,284,267 | 6,436,662 | 4,229,217 | 3,173,009 | 11,638,104 | 326,255 |
| Operating expenses | - | - | (10,711,152) | (3,470,553) | (2,959,696) | (5,392,963) | (2,577,063) | (1,727,673) | (7,994,976) | (894,563) |
| Loan impairment charges | (939,145) | - | (597,452) | (722,593) | (370,731) | (58,224) | (132,883) | (132,640) | (670,806) | (4,835) |
| **Profit before tax** | **952,216** | **82,587** | **22,580,286** | **3,706,851** | **1,953,840** | **985,475** | **1,519,271** | **1,312,696** | **2,972,322** | **(573,143)** |
| Taxation | - | - | (6,932,732) | (1,153,882) | (488,615) | (147,941) | (410,205) | (42,483) | (613,701) | - |
| Profit after tax from continuing operations | 952,216 | 82,587 | 15,647,554 | 2,552,969 | 1,465,225 | 837,534 | 1,109,066 | 1,270,213 | 2,358,621 | (573,143) |
| Loss after tax from discontinued operations | - | (16,385) | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the year** | **952,216** | **66,202** | **15,647,554** | **2,552,969** | **1,465,225** | **837,534** | **1,109,066** | **1,270,213** | **2,358,621** | **(573,143)** |

**Condensed financial position**
**Dec-2019**

| 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 | 236,461 | - | 27,912,490 | 16,975,572 | 7,214,382 | 134,998,215 | 12,963,225 | 3,516,631 | 26,743,190 | 220,248 |
| Loans and advances to banks | - | - | - | - | - | 216,358 | - | - | - | 1,224,502 |
| Loans and advances to customers | - | - | 37,515,874 | 16,778,353 | 24,261,536 | 30,330,016 | 7,713,958 | 8,162,287 | 74,435,337 | 1,396,018 |
| Financial assets at fair value through profit or loss | - | - | 28,768,413 | - | - | - | - | - | - | - |
| Investment securities: | | | | | | | | | | |
| – Fair Value through other comprehensive Income | 40,288,462 | - | - | - | - | 35,265,886 | 22,974,485 | 9,330 | 31,410,616 | - |
| – Held at amortised cost | - | - | 104,830,946 | 9,997,463 | 1,137,271 | - | 2,966,834 | 14,057,600 | 10,139,260 | 428,275 |
| Assets pledged as collateral | - | - | - | - | - | - | - | - | 246,106 | - |
| Restricted deposits and other assets | 1,300,000 | - | 11,670,562 | 636,170 | 5,752,697 | 573,700 | 398,307 | 2,119,095 | 2,675,504 | 209,992 |
| Property and equipment | - | - | 4,330,998 | 705,365 | 2,415,608 | 820,695 | 2,607,801 | 2,446,650 | 4,442,935 | 1,371,441 |
| Intangible assets | - | - | 254,240 | 31,550 | 59,600 | - | 110,714 | 52,534 | 1,238,984 | 345,375 |
| Deferred tax assets | - | - | 92,483 | 45,341 | - | 390,797 | - | - | 1,727,950 | - |
| **Total assets** | **41,824,923** | **-** | **215,376,006** | **45,169,814** | **40,841,094** | **202,595,667** | **49,735,324** | **30,364,127** | **153,059,882** | **5,195,851** |
| **Financed by:** | | | | | | | | | | |
| Deposits from banks | - | - | 15,897,679 | - | - | 117,283,836 | - | 69,137 | 8,172,052 | 177,532 |
| Deposits from customers | - | - | 141,559,884 | 33,239,816 | 29,484,485 | 65,859,894 | 42,422,284 | 20,309,437 | 110,624,646 | 2,277,904 |
| Current income tax liabilities | - | - | 151,489 | 118,012 | 492,426 | (5,258) | 92,340 | - | - | - |
| Other liabilities | 11,081,822 | - | 4,337,507 | 1,782,641 | 889,769 | 1,675,121 | 1,200,323 | 2,395,138 | 4,144,305 | 110,121 |
| Other borrowed funds | 1,427,528 | - | - | - | 257,344 | - | - | - | - | - |
| Deferred tax liabilities | - | - | 243,459 | - | 124,662 | 59,603 | 104,539 | - | 279,546 | - |
| Total liabilities | 12,509,350 | - | 162,190,018 | 35,140,469 | 31,248,686 | 184,873,196 | 43,819,486 | 22,773,712 | 123,220,549 | 2,565,557 |
| Equity and reserve | 29,315,573 | - | 53,185,988 | 10,029,345 | 9,592,408 | 17,722,471 | 5,915,838 | 7,590,415 | 29,839,333 | 2,630,294 |
| | **41,824,923** | **-** | **215,376,006** | **45,169,814** | **40,841,094** | **202,595,667** | **49,735,324** | **30,364,127** | **153,059,882** | **5,195,851** |

**Condensed cash flow**
**Dec-2019**

| 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 | (45,087,207) | (8,748) | 22,978,027 | 6,412,803 | 2,433,277 | (13,978,237) | 5,223,009 | 4,817,724 | 15,755,540 | (646,154) |
| - from investing activities | 44,417,616 | - | (49,921,569) | (3,108,467) | (1,128,530) | 407,342 | (6,317,816) | (3,537,843) | (13,212,932) | 691,053 |
| - from financing activities | 710,191 | - | (398,467) | (832,511) | (509,989) | - | (269,578) | - | - | - |
| **Increase in cash and cash equivalents** | **40,600** | **(8,748)** | **(27,342,009)** | **2,471,825** | **794,758** | **(13,570,895)** | **(1,364,385)** | **1,279,881** | **2,542,608** | **44,899** |
| Cash balance, beginning of year | 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 |
| Effect of exchange difference | - | 137 | (6,704,867) | (1,922,892) | 66,316 | 6,852,752 | (402,135) | (3,527) | 400,382 | 4,019 |
| **Cash balance, end of year** | **236,461** | **-** | **27,936,695** | **16,977,353** | **7,214,383** | **134,998,215** | **12,963,224** | **3,516,630** | **26,978,986** | **220,248** |

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2019, are as follows:

**Profit and loss**
**Dec-2019**

| In thousands of Nigerian Naira | GT Bank Kenya | GT Bank Uganda | GT Bank Rwanda |
|---|---|---|---|
| | | | |
| Operating income | 6,305,967 | 1,700,945 | 3,866,987 |
| Operating expenses | (4,188,006) | (1,535,692) | (2,394,255) |
| Loan impairment charges | (377,121) | 49,699 | (343,384) |
| **Profit before tax** | **1,740,840** | **214,952** | **1,129,348** |
| Taxation | (522,255) | (91,446) | - |
| **Profit after tax** | **1,218,585** | **123,506** | **1,129,348** |

**Condensed financial position**

**Dec-2019**

| In thousands of Nigerian Naira | GT Bank Kenya | GT Bank Uganda | GT Bank Rwanda |
|---|---|---|---|
| | | | |
| **Assets** | | | |
| Cash and bank balances | 4,934,991 | 9,470,002 | 12,338,197 |
| Loans and advances to customers | 48,664,699 | 8,310,035 | 17,460,603 |
| Investment securities: | | | |
| – Fair Value through other comprehensive Income | 31,410,616 | - | - |
| – Held at amortised cost | 1,835,634 | 2,777,671 | 5,525,955 |
| Assets pledged as collateral | - | 246,106 | - |
| Restricted deposits and other assets | 1,514,083 | 277,759 | 580,937 |
| Investment in subsidiaries | 12,129,937 | - | - |
| Property and equipment | 2,078,695 | 792,749 | 1,988,589 |
| Intangible assets | 542,611 | 264,472 | 353,530 |
| Deferred tax assets | 1,049,172 | 678,778 | - |
| **Total assets** | **104,160,438** | **22,817,572** | **38,247,811** |
| | | | |
| **Financed by:** | | | |
| Deposits from banks | 7,762,241 | 265 | 409,546 |
| Deposits from customers | 62,726,528 | 18,144,021 | 29,754,097 |
| Other liabilities | 1,911,018 | 814,955 | 1,418,332 |
| Deferred tax liabilities | 126,931 | - | 152,615 |
| **Total liabilities** | **72,526,718** | **18,959,241** | **31,734,590** |
| Equity and reserve | 31,633,720 | 3,858,331 | 6,513,221 |
| | **104,160,438** | **22,817,572** | **38,247,811** |

Condensed results of the consolidated entities as at 31 December 2018, are as follows:

**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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Condensed profit and loss | | | | | | | | | | |
| 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 results of the consolidated entities as at 31 December 2018, are as follows:

**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) | - |
| 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 | - | - | - | - | - |
| Deferred tax liabilities | - | - | 138,228 | 16,647 | - | - | 139,951 | - | 439,132 | - |
| **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** |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Condensed cash flow | | | | | | | | | | |
| **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 cash equivalents | 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 |
| Other liabilities | 386,300 | 603,314 | 446,403 |
| Other borrowed funds | - | - | - |
| Deferred tax liabilities | 263,575 | - | 175,557 |
| **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** |

**31 Property and equipment**
**(a)**

**Group**

**Cost**

| In thousands of Nigerian Naira | **Leasehold improvement and buildings[1]** | **Land[3]** | **Furniture & equipment** | **Motor vehicle** | **Aircraft** | **Capital work-in - progress[2]** | **Total** |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2019 | 62,507,128 | 14,327,056 | 90,163,092 | 12,291,035 | 12,802,852 | 18,495,284 | 210,586,447 |
| Exchange difference | (288,954) | (57,367) | (350,836) | (163,645) | - | (66,218) | (927,020) |
| Additions | 29,899,147 | - | 22,592,594 | 2,890,304 | 233,722 | 9,093,599 | 64,709,366 |
| Disposals/Reclass | (324,975) | - | (6,211,153) | (1,511,196) | - | - | (8,047,324) |
| Transfers | 6,926,884 | 1,028,281 | 5,078,882 | 173,571 | - | (13,207,618) | - |
| Reclassifications to other assets | - | (15,297,970) | - | - | - | (34,415) | (15,332,385) |
| **Balance at 31 December 2019** | **98,719,230** | **-** | **111,272,579** | **13,680,069** | **13,036,574** | **14,280,632** | **250,989,084** |
| | | | | | | | |
| 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 | (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** |

[1] Of this amount as at December 2019, Leasehold improvement accounts for ₦23,731,408,000 (24.2%) while Buildings accounts for ₦74,252,530,000 (75.8%)
[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] This relates to Property which has been reclassified to Right-of-use-assets in compliance with IFRS 16.

**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 2019 | 15,133,561 | 1,257,036 | 65,911,583 | 7,957,686 | 8,500,666 | - | 98,760,532 |
| Exchange difference | (92,934) | (5,328) | (239,770) | (98,536) | - | - | (436,568) |
| Charge for the year | 3,484,320 | - | 12,504,279 | 1,936,358 | 1,906,850 | - | 19,831,807 |
| Disposal | (624,540) | - | (5,617,588) | (1,447,714) | - | - | (7,689,842) |
| Reclassifications to other assets | - | (1,251,708) | - | - | - | - | (1,251,708) |
| **Balance at 31 December 2019** | **17,900,407** | **-** | **72,558,504** | **8,347,794** | **10,407,516** | **-** | **109,214,221** |
| | | | | | | | |
| 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 |
| | | | | | | | |
| Carrying amounts: | | | | | | | |
| **Balance at 31 December 2019** | **80,818,823** | **-** | **38,714,075** | **5,332,275** | **2,629,058** | **14,280,632** | **141,774,863** |
| **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** |

**Property and equipment (continued)**
**(b)**

**Parent**

**Cost**

| In thousands of Nigerian Naira | Leasehold improvement and buildings[1] | Land[3] | Furniture & equipment | Motor vehicle | Aircraft | Capital work-in - progress[2] | Total |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2019 | 51,185,367 | 13,409,632 | 73,617,701 | 9,004,521 | 12,802,852 | 17,275,940 | 177,296,013 |
| Additions | 25,916,930 | - | 20,278,507 | 2,363,467 | 233,722 | 7,217,568 | 56,010,194 |
| Disposals/Reclass | - | - | (4,058,000) | (1,091,294) | - | - | (5,149,294) |
| Transfers | 5,954,859 | 1,028,281 | 4,950,956 | 158,625 | - | (12,092,721) | - |
| Reclassifications to other assets | - | (14,437,913) | - | - | - | - | (14,437,913) |
| **Balance at 31 December 2019** | **83,057,156** | **-** | **94,789,164** | **10,435,319** | **13,036,574** | **12,400,787** | **213,719,000** |
| | | | | | | | |
| 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 | 2,900,978 | 216,300 | 10,991,043 | 1,839,680 | 199,726 | 7,639,865 | 23,787,592 |
| Disposals | - | - | (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** |

[1] Of this amount as at December 2019, Leasehold improvement accounts for ₦20,116,186,000 (24.2%) while Buildings accounts for ₦62,940,964,000 (75.8%)

[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]This relates to Property which has been reclassified to Right-of-use-assets in compliance with IFRS 16.

**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 2019 | 11,676,256 | 1,143,927 | 53,704,321 | 5,970,305 | 8,500,666 | - | 80,995,475 |
| Charge for the year | 2,322,507 | - | 10,588,699 | 1,522,358 | 1,906,850 | - | 16,340,414 |
| Disposal | - | - | (4,057,891) | (1,048,509) | - | - | (5,106,400) |
| Reclassifications to other assets | - | (1,143,927) | - | - | - | - | (1,143,927) |
| **Balance at 31 December 2019** | **13,998,763** | **-** | **60,235,129** | **6,444,154** | **10,407,516** | **-** | **91,085,562** |
| | | | | | | | |
| **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** |
| | | | | | | | |
| Carrying amounts: | | | | | | | |
| **Balance at 31 December 2019** | **69,058,393** | **-** | **34,554,035** | **3,991,165** | **2,629,058** | **12,400,787** | **122,633,438** |
| **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** |

(c) The Bank and Group had capital commitments of ₦284,851,000 (31 December 2018: ₦973,990,000) 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 (2018: nil)

**(32) Intangible assets**
**(a)**

**Group**

| In thousands of Nigerian Naira | Goodwill | Purchased Software | Total |
|---|---|---|---|
| | | | |
| **Cost** | | | |
| Balance at 1 January 2019 | 8,682,937 | 19,796,914 | 28,479,851 |
| Exchange translation differences | 1,419 | 8,786 | 10,205 |
| Additions | - | 6,692,435 | 6,692,435 |
| Disposals | - | (223,040) | (223,040) |
| **Balance at 31 December 2019** | **8,684,356** | **26,275,095** | **34,959,451** |
| | | | |
| 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** |
| | | | |
| **Amortization and impairment losses** | | | |
| Balance at 1 January 2019 | - | 12,077,230 | 12,077,230 |
| Exchange translation differences | - | (3,916) | (3,916) |
| Amortization for the year | - | 2,860,832 | 2,860,832 |
| Disposals | - | (219,927) | (219,927) |
| **Balance at 31 December 2019** | **-** | **14,714,219** | **14,714,219** |
| | | | |
| 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** |
| | | | |
| Carrying amounts: | | | |
| **Balance at 31 December 2019** | **8,684,356** | **11,560,876** | **20,245,232** |
| **Balance at 31 December 2018** | **8,682,937** | **7,719,684** | **16,402,621** |

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 2019 (2018: nil).

**(b) Parent**

| In thousands of Nigerian Naira | **Purchased Software** |
|---|---|
| | |
| **Cost** | |
| Balance at 1 January 2019 | 14,528,575 |
| Additions | 6,210,780 |
| **Balance at 31 December 2019** | **20,739,355** |
| | |
| Balance at 1 January 2018 | 11,593,688 |
| Additions | 2,934,888 |
| **Balance at 31 December 2018** | **14,528,576** |
| | |
| **Amortization and impairment losses** | |
| Balance at 1 January 2019 | 8,892,970 |
| Amortization for the year | 2,300,132 |
| **Balance at 31 December 2019** | **11,193,102** |
| | |
| Balance at 1 January 2018 | 7,092,393 |
| Amortization for the year | 1,800,577 |
| **Balance at 31 December 2018** | **8,892,970** |
| | |
| Carrying amounts: | |
| **Balance at 31 December 2019** | **9,546,253** |
| **Balance at 31 December 2018** | **5,635,606** |

**(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-19 | Dec -18 |
|---|---|---|
| **Cash Generating Units** | | |
| **Rest of West Africa:** | | |
| - Corporate Banking | 41,274 | 35,699 |
| - Commercial Banking | 4,774 | 6,906 |
| - Retail Banking | 13,302 | 15,326 |
| **East Africa:** | | |
| - Corporate Banking | 5,998,039 | 5,314,976 |
| - Commercial Banking | 693,839 | 1,028,198 |
| - Retail Banking | 1,933,126 | 2,281,831 |
| | **8,684,355** | **8,682,936** |

No impairment loss on goodwill was recognised during the year ended 31 December 2019 (31 December 2018: 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; 4.2 per cent and 6.1 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 18.47% derived using CAPM approach. It would require over ₦2.15 million change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired.

1 basis point increase in the discount rate will make the recoverable amount of the East Africa region Commercial segment equal to its carrying amount.

| 2019-Key Assumptions | Rest of West Africa | | | East Africa | | |
|---|---|---|---|---|---|---|
| | Corporate | Commercial | Retail | Corporate | Commercial | Retail |
| Revenue Growth Rate (%) | 42.8% | 43.8% | 44.3% | 5.7% | 5.7% | 5.7% |
| Operating Income Growth Rate (%) | 46.3% | 46.8% | 48.3% | 0.5% | 0.5% | 2.00% |
| Other Operating Costs (₦'Million) | 23,643 | 2,735 | 7,620 | 4,945 | 572 | 1,594 |
| Capital Expenditure (₦'Million) | 15,494 | 1,792 | 4,994 | 1,362 | 158 | 439 |
| Recoverable Amount (₦'Million) | 281,641 | 32,580 | 90,771 | 22,599 | 2,614 | 7,283 |
| Long Term Growth Rate (%) | 4%- 5% | 4%- 5% | 4%- 5% | 6%- 7% | 6%- 7% | 6%- 7% |
| Discount Rate (%) | 25.39% | 25.39% | 25.39% | 18.47% | 18.47% | 18.47% |

| 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 (₦'Million) | 70,351 | 13,610 | 30,203 | 6,805 | 1,317 | 2,922 |
| Capital Expenditure (₦'Million) | 8,170 | 1,580 | 3,507 | 1,227 | 237 | 527 |
| Recoverable Amount (₦'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% |

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-2019 | | | Dec-2018 | |
|---|---|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Net** | **Assets** | **Liabilities** | **Net** |
| Property and equipment, and software | 2,164,087 | - | 2,164,087 | 2,169,819 | - | 2,169,819 |
| Allowances for loan losses | 92,483 | - | 92,483 | - | - | - |
| **Net deferred tax assets/(liabilities)** | **2,256,570** | **-** | **2,256,570** | **2,169,819** | **-** | **2,169,819** |
| | | | | | | |
| | | | | | **Dec-2019** | **Dec-2018** |
| Deferred tax assets: | | | | | | |
| -Deferred tax assets to be recovered within 12 months | | | | | 92,483 | - |
| -Deferred tax assets to be recovered after more than 12 months | | | | | 2,164,087 | 2,169,819 |

**Group**
**Deferred tax liabilities**

| In thousands of Nigerian Naira | | Dec-2019 | | | Dec-2018 | |
|---|---|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Net** | **Assets** | **Liabilities** | **Net** |
| | | | | | | |
| Property and equipment, and software | - | 19,711,487 | 19,711,487 | - | 14,153,584 | 14,153,584 |
| Fair value reserves | - | 403,172 | 403,172 | 874,103 | - | (874,103) |
| Allowances for loan losses | 3,222,713 | - | (3,222,713) | 1,553,797 | - | (1,553,797) |
| Defined benefit obligation/actuarial loss | 1,837,460 | - | (1,837,460) | 1,069,948 | - | (1,069,948) |
| Revaluation gain and other assets | 4,485,952 | - | (4,485,952) | 3,579,780 | - | (3,579,780) |
| Foreign currency translation difference | - | - | - | - | - | - |
| **Net deferred tax (assets)/liabilities** | **9,546,125** | **20,114,659** | **10,568,534** | **7,077,628** | **14,153,584** | **7,075,956** |
| | | | | | | |
| | | | | | **Dec-2019** | **Dec-2018** |
| Deferred tax assets: | | | | | | |
| -Deferred tax assets to be recovered within 12 months | | | | | 9,546,125 | 7,077,628 |
| Deferred tax liabilities: | | | | | | |
| -Deferred tax liabilities to be recovered within 12 months | | | | | 2,615,784 | 1,556,894 |
| -Deferred tax liabilities to be recovered after more than 12 months | | | | | 17,498,875 | 12,596,690 |

**Parent**
**Deferred Tax Liabilities**

| In thousands of Nigerian Naira | Dec-2019 | | | Dec-2018 | | |
|---|---|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Net** | **Assets** | **Liabilities** | **Net** |
| Property and equipment, and software | - | 18,899,678 | 18,899,678 | - | 13,419,627 | 13,419,627 |
| Fair value reserves | - | 403,172 | 403,172 | 874,103 | - | (874,103) |
| Allowances for loan losses | 3,222,713 | - | (3,222,713) | 1,553,797 | - | (1,553,797) |
| Defined benefit obligation/actuarial loss | 1,837,460 | - | (1,837,460) | 1,069,948 | - | (1,069,948) |
| Revaluation gain and other assets | 1,948,791 | - | (1,948,791) | 2,743,219 | - | (2,743,219) |
| **Net deferred tax (assets)/liabilities** | **7,008,964** | **19,302,850** | **12,293,886** | **6,241,067** | **13,419,627** | **7,178,560** |

| | Dec-2019 | Dec-2018 |
|---|---|---|
| Deferred tax assets | | |
| -Deferred tax assets to be recovered within 12 months | 7,008,964 | 6,241,067 |
| Deferred tax liabilities | | |
| -Deferred tax liabilities to be recovered within 12 months | 2,526,486 | 1,476,159 |
| -Deferred tax liabilities to be recovered after more than 12 months | 16,776,365 | 11,943,468 |

**Movements in deferred tax assets during the year**

**Group**
**Dec-2019**

| 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 2019 | 2,169,819 | - | - | - | - | - | - | 2,169,819 |
| Recognised in profit or loss | (5,732) | - | 92,483 | - | - | - | - | 86,751 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| **Balance at 31 December 2019** | **2,164,087** | **-** | **92,483** | **-** | **-** | **-** | **-** | **2,256,570** |

**Movements in deferred tax liabilities during the year**

**Group**

**Dec-2019**

| 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 2019 | 14,153,585 | (874,104) | (1,553,797) | - | (1,069,948) | (3,579,780) | - | 7,075,956 |
| IFRS 16 adjustment | - | - | - | - | - | (23,439) | - | (23,439) |
| Exchange difference | (173,677) | 648,860 | 95,197 | - | - | (795,102) | (327,587) | (552,309) |
| Recognised in profit or loss | 5,731,579 | (810,349) | (1,764,113) | - | (139,351) | (87,631) | 2,524,469 | 5,454,604 |
| Other comprehensive income | - | 1,438,764 | - | - | (628,161) | - | (2,196,882) | (1,386,279) |
| **Balance at 31 December 2019** | **19,711,487** | **403,171** | **(3,222,713)** | **-** | **(1,837,460)** | **(4,485,952)** | **-** | **10,568,533** |

**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) | 6,447,873 | 4,745,461 | 17,437,766 |
| 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) | (8,043,136) | 1,230,534 | (881,153) |
| 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)** | **(3,579,780)** | **-** | **7,075,956** |

**Parent**

**Dec-2019**

| 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 2019 | 13,419,628 | (874,103) | (1,553,797) | - | (1,069,948) | (2,743,219) | - | 7,178,561 |
| Exchange difference | - | - | - | - | - | - | - | - |
| IFRS 16 adjustment | - | - | - | - | - | (23,439) | - | (23,439) |
| Recognised in profit or loss | 5,480,052 | - | (1,668,916) | - | (139,351) | 817,866 | - | 4,489,651 |
| Other comprehensive income | - | 1,277,274 | - | - | (628,161) | - | - | 649,113 |
| **Balance at 31 December 2019** | **18,899,680** | **403,171** | **(3,222,713)** | **-** | **(1,837,460)** | **(1,948,792)** | **-** | **12,293,886** |

**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) | 6,447,873 | - | 12,176,307 |
| Exchange difference | - | - | - | - | - | (796,848) | - | (796,848) |
| Recognised in profit or loss | 3,046,216 | - | 3,805,908 | - | (357,002) | (8,394,244) | - | (1,899,122) |
| 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)** | **(2,743,219)** | **-** | **7,178,561** |

**34 Restricted deposits and other assets**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Repossessed collaterals | 11,036,061 | 8,439,161 | 8,439,161 | 8,439,161 |
| Prepayments | 35,576,690 | 24,415,996 | 25,981,006 | 12,146,851 |
| Accounts Receivable | 14,445,319 | 20,885,923 | 6,816,192 | 20,885,923 |
| Foreign Banks - cash collateral | 15,855,099 | 13,731,769 | 15,800,229 | 13,731,769 |
| Restricted deposits with central banks (See note 34(i) below) | 443,652,883 | 416,107,467 | 443,636,961 | 414,667,717 |
| Contribution to AGSMEIS (See note 34(ii) below) | 22,752,062 | 14,406,074 | 22,752,062 | 14,406,074 |
| Recognised assets for defined benefit obligations (See note 39) | 10,799,957 | 11,012,687 | 10,799,957 | 11,012,687 |
| | **554,118,071** | **508,999,077** | **534,225,568** | **495,290,182** |
| Right-Of-Use Assets (See note 34(iii) below) | 23,580,802 | - | 18,143,188 | - |
| | **577,698,873** | **508,999,077** | **552,368,756** | **495,290,182** |
| Impairment on other assets (See note 34(iv) below) | (265,867) | (320,375) | (263,001) | (320,375) |
| | **577,433,006** | **508,678,702** | **552,105,755** | **494,969,807** |
| | | | | |
| Current | 542,146,605 | 497,666,015 | 522,617,077 | 483,957,120 |
| Non-current | 35,286,401 | 11,012,687 | 29,488,678 | 11,012,687 |

(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 ₦443,636,961,000 with the Central Bank of Nigeria (CBN) as at 31 December 2019 (December 2018: ₦414,667,717,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory total Naira deposits which should be held with the Central Bank of Nigeria as a regulatory requirement.

(ii) 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.

**(iii) Right-of-use-assets[1]**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Opening balance | - | - | - | - |
| Reclassification from Prepayments | 6,751,459 | - | 5,092,389 | - |
| Reclassification from PPE | 13,178,503 | - | 12,426,227 | - |
| IFRS 16 Adjustment | 73,215 | | 73,215 | |
| Additions during the year | 5,691,632 | - | 1,472,967 | - |
| Amortisation during the year | (2,071,840) | - | (879,443) | - |
| Short term leases recognised on a straight-line basis as expense | (42,167) | - | (42,167) | - |
| | | | | |
| **Closing balance** | **23,580,802** | **-** | **18,143,188** | **-** |

[1]IFRS 16 "Leases" became effective on January 1, 2019. The new standard required a Lessee in a lease contract to recognise Right-of-use-assets for all types of leases and this must be amortised through P&L. For the Group and Parent, the right-of-use assets relates to Property and lease rentals on branches. The amortisation during the year is shown in Note 18.Lease rentals was reported as part of Prepayments in Other Assets before the introduction of the new standard. As at Dec 2018, unamortised lease rentals amounting to ₦5,092,389,000 and ₦6,751,459,000 was included in Prepayments for the Parent and Group respectively.

Reclassification from PPE relates to Property which until January 1, 2019 was carried as an item of PPE but was reclassified to Right-of-Use Assets during the year in full compliance with IFRS 16 (Leases).

**(iv) Movement in impairment of other financial assets:**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Opening Balance | 320,375 | 126,846 | 320,375 | 126,846 |
| Charge/(reversal) for the year | (54,508) | 193,529 | (57,374) | 193,529 |
| **Closing Balance** | **265,867** | **320,375** | **263,001** | **320,375** |

**34 Assets classified as held for sale and discontinued operations**

**(b)**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Investment in subsidiaries | - | - | - | 3,220 |
| Other assets[1] | - | - | - | 935,725 |
| **Total assets of disposal group** | **-** | **-** | **-** | **938,945** |

**Liabilities classified as held for sale and discontinued operations**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Other borrowed funds[1] | - | - | - | 935,725 |
| **Total liabilities of disposal group** | **-** | **-** | **-** | **935,725** |

[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** |

**Loss from discontinued operations**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| **Revenues** | 56 | - | - | - |
| Expenses | (16,441) | - | - | - |
| **Loss before tax from discontinued operations** | **(16,385)** | **-** | **-** | **-** |
| Tax | - | - | - | - |
| **Loss from discontinued operations after tax** | **(16,385)** | **-** | **-** | **-** |

Discontinued operation relates to winding down of GTB Finance B.V. Netherlands (the Structured Entity). The Group established the Structured Entity to raise funds from the international financial market. The Bank, however, substituted the liability during 2018 financial year before its maturity and the Structured Entity was carried as Held For Sale. The final dissolution took place during the year.

**35 Deposits from banks**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Money market deposits | 22,439,806 | 4,640,988 | - | 721,071 |
| Other deposits from banks | 85,078,592 | 78,162,059 | 15,200 | 14,858 |
| | **107,518,398** | **82,803,047** | **15,200** | **735,929** |
| | | | | |
| Current | 107,518,398 | 82,803,047 | 15,200 | 735,929 |
| Non-current | - | - | - | - |

### 36 Deposits from customers

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| **Retail customers:** | | | | |
| Term deposits | 170,607,419 | 171,715,702 | 126,067,457 | 122,363,332 |
| Current deposits | 426,371,243 | 358,612,519 | 357,866,791 | 262,896,491 |
| Savings | 676,354,756 | 571,714,465 | 580,888,269 | 475,052,168 |
| | | | | |
| **Corporate customers:** | | | | |
| Term deposits | 211,770,999 | 195,263,989 | 165,762,456 | 160,007,356 |
| Current deposits | 1,047,435,967 | 976,596,468 | 856,225,097 | 845,496,825 |
| | **2,532,540,384** | **2,273,903,143** | **2,086,810,070** | **1,865,816,172** |
| | | | | |
| Current | 2,531,213,037 | 2,265,812,606 | 2,086,801,362 | 1,865,760,385 |
| Non-current | 1,327,347 | 8,090,537 | 8,708 | 55,787 |

### 37 Financial liabilities at fair value through profit or loss

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Bond short positions | - | 107,560 | - | 107,560 |
| Treasury bills short positions | 1,615,735 | 1,757,859 | 1,615,735 | 1,757,859 |
| | **1,615,735** | **1,865,419** | **1,615,735** | **1,865,419** |
| | | | | |
| Current | 1,615,735 | 1,865,419 | 1,615,735 | 1,865,419 |
| Non-current | - | - | - | - |

## 38 Other liabilities

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Restated Parent Dec-2018 |
|---|---|---|---|---|
| Cash settled share based payment liability (Note 38(c)) | 11,081,822 | 9,869,968 | - | - |
| Lease liabilities (Note 38(f)) | 5,275,289 | - | 151,396 | - |
| Liability for defined contribution obligations (Note 38(a)) | 402,749 | 4,316 | 33 | 33 |
| Deferred income on financial guarantee contracts | 91,554 | 140,403 | 34,874 | 31,583 |
| Litigation claims provision (Note 38(d)) | 250,665 | 91,720 | 189,870 | 91,720 |
| Certified cheques | 5,799,807 | 8,745,128 | 4,909,666 | 5,094,684 |
| Customers' deposit for foreign trade (Note 38(b)) | 16,626,361 | 14,429,129 | 16,393,689 | 13,992,994 |
| Customers' escrow balances | 120,397,846 | 64,119,085 | 119,851,339 | 64,119,085 |
| Account payables | 33,542,379 | 27,861,859 | 30,351,050 | 28,724,792 |
| Creditors and agency services | 33,032,814 | 7,027,157 | 27,417,104 | 2,352,860 |
| Customers deposit for shares of other Corporates | 462,115 | 1,057,854 | 462,115 | 1,057,854 |
| Impairment on contingents (Note 38(e)) | 6,462,312 | 7,100,889 | 6,056,692 | 6,713,128 |
| | **233,425,713** | **140,447,508** | **205,817,828** | **122,178,733** |
| Current | 215,329,151 | 119,089,414 | 199,326,183 | 108,820,874 |
| Non-current | 18,096,562 | 21,358,094 | 6,491,645 | 13,357,859 |

(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) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credi transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(c) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | Dec-2019 | | Dec-2018 | |
|---|---|---|---|---|
| | **Average Exercise Price Per Share** | **Share Rights (thousands)** | **Average Exercise Price Per Share** | **Share Rights (thousands)** |
| At 1 January | 27.12 | 363,918 | 22.54 | 378,859 |
| Granted | 17.41 | 23,436 | 15.52 | 33,652 |
| Exercised | 30.08 | (21,900) | 36.12 | (48,593) |
| **As at end of the year** | **30.32** | **365,454** | **27.12** | **363,918** |

The total unit of shares of the scheme stood at 1,356,514,000 as at December 2019 (Dec 2018: 1,318,246,000), out of which 365,454,00 (Dec 2018: 363,918,000) have been granted. Out of the 365,454,000 Share Appreciation Right (SARs) granted as at December 2019 (Dec 2018: 363,918,000 SARs ), 272,723,000 SARs (Dec 2018: 271,741,000 ) have met the vesting criteria. SARs exercised in 2019 resulted in 21,900,000 shares (Dec 2018:48,593,000) being granted at a weighted average price of ₦30.08 each (Dec 2018: ₦36.12 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 organisation for non-vested shares.

As at 31st December 2019, the impact of the SAR on the statement of financial position of the Group stood at ₦11,081,822,000 (2018: ₦9,869,968,000 ).

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.

As at 31 Dec 2019, the impact of the SAR on the statement of financial position of the Group stood at ₦11,081,822,000 (2018:₦9,869,968,000). Of this amount, the liability on vested but unexercised SARs was ₦9,586,920,000 (2018: ₦8,629,921,000). The impact on the income statement for the year ended 31 Dec 2019 stood at ₦803,836,000 (2018: ₦809,857,000)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| | Exercise price | | Share options (thousands of Naira) | |
|---|---|---|---|---|
| Grant-Vest | Dec-2019 | Dec-2018 | Dec-2019 | Dec-2018 |
| | | | | |
| 2004-2009 | 35.08 | 31.59 | 4,063,147 | 4,001,69 |
| 2004-2017 | 33.40 | 29.26 | 143,705 | 125,901 |
| 2005-2010 | 32.19 | 28.07 | 584,916 | 510,071 |
| 2005-2013 | 33.33 | 29.67 | 783,676 | 697,593 |
| 2006-2011 | 33.08 | 29.89 | 176,687 | 153,687 |
| 2006-2014 | 34.80 | 31.13 | 340,331 | 304,425 |
| 2007-2012 | 33.11 | 29.51 | 884,831 | 773,832 |
| 2007-2013 | 31.62 | 28.86 | 99,937 | 87,044 |
| 2007-2014 | 32.91 | 28.68 | 158,626 | 283,829 |
| 2007-2015 | 33.89 | 30.38 | 67,778 | 57,731 |
| 2007-2016 | 29.49 | 26.33 | 234,497 | 285,449 |
| 2008-2013 | 31.08 | 27.40 | 511,383 | 418,860 |
| 2008-2014 | 31.12 | 28.34 | 79,468 | 66,717 |
| 2008-2015 | 30.22 | 26.79 | 95,424 | 79,121 |
| 2008-2017 | 32.83 | 29.33 | 63,021 | 69,455 |
| 2009-2014 | 29.70 | 26.89 | 109,748 | 92,416 |
| 2009-2015 | 27.48 | 31.76 | 19,126 | 15,403 |
| 2008-2026 | 23.97 | - | 10,359 | - |
| 2010-2015 | 25.77 | 26.81 | 32,184 | 23,458 |
| 2010-2016 | 31.42 | 27.77 | 95,173 | 79,852 |
| 2010-2017 | 35.15 | 29.16 | 35,650 | 55,814 |
| 2010-2018 | 28.87 | 25.83 | 61,591 | 49,945 |
| 2010-2019 | 35.15 | 29.22 | 78,782 | 65,486 |
| 2011-2016 | 27.73 | 24.59 | 578,444 | 446,388 |
| 2011-2017 | 32.68 | 29.88 | 50,280 | 41,478 |
| 2011-2018 | 32.13 | 29.26 | 64,254 | 54,133 |
| 2011-2019 | 26.09 | 20.85 | 80,997 | 61,504 |
| 2011-2020 | 24.85 | 19.60 | 52,178 | 37,235 |
| 2012-2017 | 27.62 | 23.91 | 147,687 | 113,689 |
| 2012-2018 | 31.11 | 24.63 | 25,199 | 19,951 |
| 2012-2021 | 31.40 | 26.54 | 9,419 | 7,961 |
| 2019-2024 | 4.99 | - | 17,546 | - |
| 2013-2018 | 26.24 | 22.04 | 345,609 | 261,680 |
| 2014-2019 | 25.80 | 19.92 | 230,227 | 155,264 |
| 2014-2022 | 17.12 | 18.87 | 6,787 | 3,708 |
| 2015-2020 | 24.05 | 16.74 | 232,780 | 142,164 |
| 2015-2022 | 25.25 | 15.03 | 63,117 | 34,574 |
| 2015-2023 | 16.49 | 14.50 | 8,957 | 5,228 |
| 2015-2024 | 13.31 | 7.05 | 1,185 | 627 |
| 2016-2021 | 17.66 | 8.92 | 341,450 | 138,373 |
| 2016-2025 | 10.37 | 5.34 | 13,450 | 5,875 |
| 2017-2022 | 10.13 | 6.35 | 46,060 | 26,573 |
| 2017-2023 | 9.25 | 5.43 | 1,849 | 1,087 |
| 2018-2026 | 5.37 | 4.01 | 513 | 201 |
| 2018-2023 | 6.83 | 4.18 | 33,793 | 14,490 |
| | | | **11,081,822** | **9,869,968** |

(d) 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 December 31, 2019. Please see Note 43 for further information on Litigations.

**Movement in provision for litigation claims during the year is as follows:**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Opening Balance | 91,720 | 178,710 | 91,720 | 178,710 |
| Increase/(reversal) during the year | 158,945 | (86,990) | 98,150 | (86,990) |
| **Closing Balance** | **250,665** | **91,720** | **189,870** | **91,720** |

This relates to provision on pending cases that the bank is currently involved in. Please refer to Note 43 for more information.
Timing of resulting outflows of economic resources with respect to the provision can not readily be determined.

**(e) Movement in impairment on contingents during the year is as follows:**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Opening balance | 7,100,889 | - | 6,713,128 | - |
| Additional impairmant on initial application of IFRS 9 | - | 6,741,958 | - | 6,741,958 |
| Effect of exchange rate fluctuation | (103,953) | - | - | - |
| Charge/(Reversal) for the year | (534,624) | 358,931 | (656,436) | (28,830) |
| **Closing Balance** | **6,462,312** | **7,100,889** | **6,056,692** | **6,713,128** |

(f) The Group leases a number of propeties to serve as its branch outlets.
The Group and Parent has applied 11.49% as the weighted average incremental borrowing rate to lease liability on transition date.

The period of future economic outflows of the lease liabilities is analysed below:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| 1-5years | 1,398,267 | - | 40,129 | - |
| 3-6 months | 22,928 | - | 658 | - |
| 6-12 months | 195,024 | - | 5,597 | - |
| Less than 3 months | 133,349 | - | 3,827 | - |
| More than 5 years | 3,525,722 | - | 101,185 | - |
| | **5,275,290** | **-** | **151,396** | **-** |

Reconciliation of lease liabilities as at the transition date:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Opening balance | - | - | - | - |
| Lease liabilities due to adoption of IFRS 16 | 5,275,290 | - | 151,396 | - |
| **Lease liabilities as at the date of adoption of IFRS 16** | **5,275,290** | **-** | **151,396** | **-** |

There were no operating lease commitments as at December 2018.

### 39. 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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Present value of funded obligations | (4,030,995) | (3,327,565) | (4,030,995) | (3,327,565) |
| Total present value of defined benefit obligations | (4,030,995) | (3,327,565) | (4,030,995) | (3,327,565) |
| Fair value of plan assets | 14,830,952 | 14,340,252 | 14,830,952 | 14,340,252 |
| Present value of net asset/(obligations) | 10,799,957 | 11,012,687 | 10,799,957 | 11,012,687 |
| **Recognized asset/(liability) for defined benefit obligations** | **10,799,957** | **11,012,687** | **10,799,957** | **11,012,687** |

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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| (Deficit)/surplus on defined benefit obligations, beginning of year | 11,012,687 | 9,658,362 | 11,012,687 | 9,658,362 |
| Net (Expense) / Income recognised in Profit and Loss[1] | 1,736,134 | 1,403,286 | 1,736,134 | 1,403,286 |
| Re-measurements recognised in Other Comprehensive Income[2] | (2,093,871) | (238,928) | (2,093,871) | (238,928) |
| Contributions paid | 145,007 | 189,967 | 145,007 | 189,967 |
| **(Deficit)/surplus for defined benefit obligations, end of year** | **10,799,957** | **11,012,687** | **10,799,957** | **11,012,687** |

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Interest income on Net defined benefit obligation[a] | 1,806,441 | 1,472,056 | 1,806,441 | 1,472,056 |
| Current service costs | (70,307) | (68,770) | (70,307) | (68,770) |
| | **1,736,134** | **1,403,286** | **1,736,134** | **1,403,286** |

[a]Interest cost on Net Defined benefit Obligation is analysed below:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Interest income on assets | 2,351,801 | 1,920,510 | 2,351,801 | 1,920,510 |
| Interest cost on defined benefit obligation | (545,360) | (448,454) | (545,360) | (448,454) |
| | **1,806,441** | **1,472,056** | **1,806,441** | **1,472,056** |

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Return on plan assets, excluding amounts included in interest expense/income | (1,861,101) | (583,106) | (1,861,101) | (583,106) |
| Effect of Exchange rate fluctuation | - | 367,916 | - | 367,916 |
| Gain due to experience variance | 381,392 | | 381,392 | |
| Loss from change in demographic assumptions | (614,162) | (23,738) | (614,162) | (23,738) |
| | **(2,093,871)** | **(238,928)** | **(2,093,871)** | **(238,928)** |

(c) Plan assets consist of the following:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Equity securities: | | | | |
| - Quoted | 2,964,386 | 3,339,627 | 2,964,386 | 3,339,627 |
| Government securities | | | | |
| - Quoted | 2,160,418 | 1,961,403 | 2,160,418 | 1,961,403 |
| Offshore investments | | | | |
| - Quoted | - | 1,080,000 | - | 1,080,000 |
| Cash and bank balances | | | | |
| - Unquoted | 9,706,148 | 7,959,222 | 9,706,148 | 7,959,222 |
| | **14,830,952** | **14,340,252** | **14,830,952** | **14,340,252** |

**Group**

| In thousands of Nigerian Naira | Dec-2019 | | Dec-2018 | |
|---|---|---|---|---|
| | | | | |
| Equity securities | 2,964,386 | 20% | 3,339,627 | 23% |
| Government securities | 2,160,418 | 15% | 1,961,403 | 14% |
| Offshore investments | - | 0% | 1,080,000 | 8% |
| Cash and bank balances | 9,706,148 | 65% | 7,959,222 | 56% |
| | **14,830,952** | **100%** | **14,340,252** | **100%** |

**Parent**

| In thousands of Nigerian Naira | Dec-2019 | | Dec-2018 | |
|---|---|---|---|---|
| Equity securities | 2,964,386 | 20% | 3,339,627 | 23% |
| Government securities | 2,160,418 | 15% | 1,961,403 | 14% |
| Offshore investments | - | 0% | 1,080,000 | 8% |
| Cash and bank balances | 9,706,148 | 65% | 7,959,222 | 56% |
| | **14,830,952** | **100%** | **14,340,252** | **100%** |

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

The ₦2,964,386,000 equity investments of the scheme includes the Group's ordinary shares with a fair value of ₦2,766,735,000 (Dec 2018: ₦3,121,095,000). Additionally, out of the cash and bank balances of ₦9,706,148,000 an amount with a fair value of Expected contributions to post-employment benefit plans for the year ending 31 December 2020 are ₦175,384,000
(December 2019: ₦167,502,000) while gratuity payments are estimated to be ₦175,384,000 (December 2019: ₦167,502,000)

(d) Defined benefit cost for year ending December 2020 is expected to be as follows:

| In thousands of Nigerian Naira | Parent Dec-2020 | Parent Dec-2019 |
|---|---|---|
| Current service cost | 106,961 | 70,307 |
| Net Interest on Net benefit liability | (1,487,735) | (1,806,441) |
| **Expense/(Income) recognised in profit or loss** | **(1,380,774)** | **(1,736,134)** |

Components of net interest on defined benefit liability for the year ending December 2020 is estimated to be as follows:

| | Parent Dec-2020 | Parent Dec-2019 |
|---|---|---|
| Interest cost on defined benefit obligation | 558,936 | 545,360 |
| Interest income on assets | (2,046,671) | (2,351,801) |
| **Total net interest cost** | **(1,487,735)** | **(1,806,441)** |

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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Fair value of plan assets, beginning of the year | 14,340,252 | 12,634,931 | 14,340,252 | 12,634,931 |
| Contributions paid into/(withdrawn from) the plan | 145,007 | 189,967 | 145,007 | 189,967 |
| Benefits paid by the plan | (145,007) | (189,967) | (145,007) | (189,967) |
| Actuarial loss | (1,861,101) | (215,189) | (1,861,101) | (215,189) |
| Return on plan assets | 2,351,801 | 1,920,510 | 2,351,801 | 1,920,510 |
| **Fair value of plan assets, end of the year** | **14,830,952** | **14,340,252** | **14,830,952** | **14,340,252** |

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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Present value of obligation, beginning of the year | 3,327,565 | 2,976,569 | 3,327,565 | 2,976,569 |
| Interest cost | 545,360 | 448,454 | 545,360 | 448,454 |
| Current service cost | 70,307 | 68,770 | 70,307 | 68,770 |
| Benefits paid | (145,007) | (189,967) | (145,007) | (189,967) |
| Actuarial loss on obligation | 232,770 | 23,739 | 232,770 | 23,739 |
| **Present value of obligation at end of the year** | **4,030,995** | **3,327,565** | **4,030,995** | **3,327,565** |

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | 2019 | 2018 |
|---|---|---|
| | | |
| Discount rate | 13.8% | 16.4% |
| Salary increase rate | 12.5% | 12.5% |
| Inflation | 14.4% | 14.4% |
| 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-2019**

| In thousands of Nigerian Naira except percentages | Impact on defined benefit obligation | | |
|---|---|---|---|
| | | | |
| | Change in Defined benefit obligation | | |
| | Assumption | Increase | Decrease |
| Discount rate | 1.00% | (3,772,387) | 4,323,922 |
| Salary increase rate | 1.00% | 4,333,003 | (3,759,841) |
| Mortality rate | 1 year | 4,031,500 | (4,030,534) |

**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) |

**Parent**

**Dec-2019**

| In thousands of Nigerian Naira except percentages | Impact on defined benefit obligation | | |
|---|---|---|---|
| | | | |
| | Change in Defined benefit obligation | | |
| | Assumption | Increase | Decrease |
| Discount rate | 1.00% | (3,772,387) | 4,323,922 |
| Salary increase rate | 1.00% | 4,333,003 | (3,759,841) |
| Mortality rate | 1 year | 4,031,500 | (4,030,534) |

**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) |

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 | - | 87,672 | 41,188 | 72,436,367 | 72,565,227 |
| | **-** | **87,672** | **41,188** | **72,436,367** | **72,565,227** |

(j) Historical information

| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | Dec-2017 | Dec-2016 | Dec-2015 |
|---|---|---|---|---|---|
| | | | | | |
| Present value of the defined benefit obligation | (3,798,225) | (3,303,826) | (2,621,754) | (3,613,593) | (2,693,447) |
| Fair value of plan assets | 16,692,053 | 14,555,441 | 11,441,106 | 9,216,954 | 9,131,514 |
| Experience adjustments on plan liabilities | (232,770) | (23,739) | (354,815) | 1,290,766 | (484,967) |
| Experience adjustments on plan assets | (1,861,101) | (215,189) | 1,193,825 | 612,175 | (857,767) |
| **Surplus/(deficit)** | **10,799,957** | **11,012,687** | **9,658,362** | **7,506,302** | **5,095,333** |

(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 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.

**40 Other borrowed funds**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Due to IFC (see note (i) below) | 43,883,237 | 59,940,225 | 43,883,237 | 59,940,225 |
| Due to FMO | - | 450,290 | - | - |
| Due to BOI (see note (ii) below) | 32,104,591 | 38,396,728 | 32,104,591 | 38,396,728 |
| Due to CACS (see note (iii) below) | 16,003,270 | 25,172,146 | 16,003,270 | 25,172,146 |
| Due to Proparco (see note (iv) below) | 8,631,603 | 12,308,296 | 8,374,259 | 11,553,004 |
| MSME Development Fund (see note (v) below) | 47,391 | 121,393 | 47,391 | 121,393 |
| Excess Crude Account -Secured Loans Fund (see note (vi) below) | 13,860,702 | 14,219,713 | 13,860,702 | 14,219,713 |
| RSSF on lending (see note (vii) below) | 25,313,433 | 25,292,215 | 25,313,433 | 25,292,215 |
| SANEF Intervention Fund (see note (viii) below) | 1,005,100 | 1,000,000 | 1,005,100 | 1,000,000 |
| NESF Fund (see note (ix) below) | 1,658,801 | 1,665,794 | 1,658,801 | 1,665,794 |
| Due to DBN Intervention Fund (see note (x) below) | 20,491,781 | - | 20,491,781 | - |
| | **162,999,909** | **178,566,800** | **162,742,565** | **177,361,218** |
| Current | 45,394,838 | 51,297,699 | 45,137,494 | 50,847,409 |
| Non-current | 117,605,071 | 127,269,101 | 117,605,071 | 126,513,809 |

(i). The amount of ₦43,833,237,000 (USD 143,686,000) (December 2018: ₦59,940,225,000 ; USD 167,062,000) representsthe outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014( USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

(ii). The amount of ₦32,104,591,000 (December 2018: ₦38,396,728,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/ restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund ( PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

(iii). The amount of ₦16,003,270,000 (December 2018: N25,172,146,000) 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.

(iv). The amount of ₦8,374,259,000 (USD 22,974,000) (December 2018: ₦11,553,004,000 ; USD 32,200,000) 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.

v). The amount of ₦47,391,000 (December 2018: ₦121,393,000) 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.

vi). The amount of ₦13,860,702,000 (December 2018: ₦14,219,713,000) 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.

vii). The amount of ₦25,313,433,000 (December 2018: ₦25,292,215,000) 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.

xiii). 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.

ix). 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.

x). Due to DBN intervention fund is a scheme in which the Development Bank of Nigeria (DBN) availed the Parent a facility to meet the financing need of entrepreneurs in the Micro, Small and Medium Enterprises sector. The facility attracts an interest rate of 9.6% per annum for 3 years tenor.

**40 Reconciliation of Financial Liabilities**
(b)

**Group**
**Dec-2019**

| In thousands of Nigerian Naira | Debt securities issued | Long term borrowings | Finance lease |
|---|---|---|---|
| | | | |
| **Opening Balance** | **-** | **178,566,800** | **-** |
| Cash inflow - Principal | - | 31,780,731 | - |
| Cash outflow - Principal | - | (48,447,620) | - |
| Cash outflow - Interest | - | (9,149,396) | - |
| Effect of exchange rate fluctuation | - | 1,103,506 | - |
| Other non-cash | - | 9,145,888 | - |
| **Closing Balance** | **-** | **162,999,909** | **-** |

**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) |
| 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** | **-** |

**Parent**

**Dec-2019**

| In thousands of Nigerian Naira | Debt securities issued | Long term borrowings | Finance lease |
|---|---|---|---|
| **Opening Balance** | **-** | **177,361,218** | **-** |
| Cash inflow - Principal | - | 31,780,731 | - |
| Cash outflow - Principal | - | (47,591,449) | - |
| Cash outflow - Interest | - | (8,741,922) | - |
| Effect of exchange rate fluctuation | - | 1,143,287 | - |
| Other non-cash | - | 8,790,700 | - |
| **Closing Balance** | **-** | **162,742,565** | **-** |

**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 | 21,910.00 |
| Other non-cash | 5,145,980 | 8,131,704 | - |
| **Closing Balance** | **-** | **177,361,218** | **-** |

## 41 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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| (a) Authorised: | | | | |
| 50,000,000,000 ordinary shares of 50k each | | | | |
| (31 December 2018: 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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| (b) Issued and fully paid: | | | | |
| 29,431,179,224 ordinary shares of 50 kobo each (31 December 2018: 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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| 27,310,572,137 ordinary shares (Non-GDR) of 50k each (31 December 2018: 26,789,923,737) | 13,655,286 | 13,394,962 | 13,655,286 | 13,394,962 |
| 2,120,607,087 ordinary shares (GDR) of 50k each (31 December 2018: 2,641,255,487) | 1,060,304 | 1,320,628 | 1,060,304 | 1,320,628 |
| | **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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Balance, beginning of year | 14,715,590 | 14,715,590 | 14,715,590 | 14,715,590 |
| **Balance, end of year** | **14,715,590** | **14,715,590** | **14,715,590** | **14,715,590** |

**Share capital**

Movement in the components of share capital is as shown below:

| | Number of shares (thousands) | Ordinary shares | Share premium | Treasury shares |
|---|---|---|---|---|
| At January 2018 | 29,431,180 | 14,715,590 | 123,471,114 | (5,291,245) |
| (Purchases)/sales of treasury shares | - | - | - | (292,390) |
| **At 31 December 2018/1 January 2019** | **29,431,180** | **14,715,590** | **123,471,114** | **(5,583,635)** |
| (Purchases)/sales of treasury shares | - | - | - | (948,114) |
| **At 31 December 2019** | **29,431,180** | **14,715,590** | **123,471,114** | **(6,531,749)** |

**Share premium**
Share premium is the excess paid by shareholders over the nominal value for their shares.

**Other regulatory reserves**
The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

(i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of 'profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

In the current period, the bank appropriated ₦26,268,792,000 representing 15% of its profit after tax to statutory reserves. Total statutory reserves was ₦298,877,835,000 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 ₦4,232,478,000 at the end of the year.

(iii) **Treasury shares:** Treasury shares in the sum of ₦6,531,749,000 (31 December 018:₦5,583,635,000) represents the Bank's shares held by the Staff Investment Trust as at 31 December 2019.

(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 inline 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 ₦62,317,634,000.

(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-2019 | Group Dec-2018 | Group Dec-2019 | Group Dec-2018 |
|---|---|---|---|---|
| | % | % | N'000 | N'000 |
| GTB (Gambia) Limited | 22.19 | 22.19 | 1,345,364 | 1,163,198 |
| GTB (Sierra Leone) Limited | 16.26 | 16.26 | 1,718,292 | 1,575,155 |
| GTB (Ghana) Limited | 1.68 | 1.68 | 920,640 | 690,769 |
| GTB Liberia | 0.57 | 0.57 | 55,363 | 47,049 |
| GTB Kenya Limited | 30.00 | 30.00 | 8,906,873 | 8,025,001 |
| GTB Tanzania | 30.00 | 30.00 | 783,492 | 932,289 |
| | | | **13,730,024** | **12,433,461** |

Please refer to Note 44 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-2019 | | | |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Statutory Reserves** | **SMEEIS Reserves** | **AGSMEIS Reserves** | **Total** |
| Opening Balance | 272,609,043 | 4,232,478 | 14,406,074 | 291,247,595 |
| Total comprehensive income for the year: | | | | |
| Transfers for the year | 26,268,792 | - | 8,345,988 | 34,614,780 |
| **Total transactions with equity holders** | **26,268,792** | **-** | **8,345,988** | **34,614,780** |
| **Balance as at 31 December 2019** | **298,877,835** | **4,232,478** | **22,752,062** | **325,862,375** |

| | 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 | 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** |

## 42 Dividends

The following dividends were declared and paid by the Group during the year ended:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Balance, beginning of year | - | - | - | - |
| Final dividend declared[1] | 72,452,854 | 70,634,830 | 72,106,389 | 70,634,830 |
| Interim dividend declared | 8,829,354 | 8,829,354 | 8,829,354 | 8,829,354 |
| Payment during the year | (81,282,208) | (79,464,184) | (80,935,743) | (79,464,184) |
| **Balance, end of year** | **-** | **-** | **-** | **-** |

[1]This relates to the final dividend declared for the 2018 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 250k per share (Dec 2018: 245k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

## 43 Contingencies

**Claims and litigation**
The Bank, in its ordinary course of business, is presently involved in 512 cases as a defendant (31 December 2018: 484) and 436 cases as a plaintiff (31 December 2018: 426). The total amount claimed in the 512 cases against the Bank is estimated at ₦462.09 Billion and $39.03 Million (31 December 2018: ₦476.03 Billion and $39.68 Million) while the total amount claimed in the 436 cases instituted by the Bank is ₦109.30 Billion (31 December 2018: ₦111.00 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 ₦189.87 Million (31 December 2018: ₦91.72 Million). This probable liability has been fully provided for by the Bank (please refer to Note 38).

**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-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| | | | | |
| Contingent liabilities: | | | | |
| Transaction related bonds and guarantees | 351,764,791 | 386,386,612 | 320,056,325 | 362,816,565 |
| | **351,764,791** | **386,386,612** | **320,056,325** | **362,816,565** |
| | | | | |
| Commitments: | | | | |
| Clean line facilities and letters of credit | 57,673,046 | 46,922,591 | 22,753,615 | 22,059,650 |
| Other commitments | 3,903,752 | 7,742,322 | - | - |
| | **61,576,798** | **54,664,913** | **22,753,615** | **22,059,650** |

b. 50% (₦161,289,804,000) of all the transaction related bonds and guarantees are collaterised (December 2018: 63% (₦228,695,679,000)) while the balance of ₦158,766,520,000 (December 2018: ₦134,120,884,000) is non-collaterized

## 44. Group entities

The Group is controlled by Guaranty Trust Bank Plc "the ultimate Parent" (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

**i Significant subsidiaries**

| | | Country of incorporation | Ownership interest Dec-19 | NCI Dec-19 | Ownership interest Dec-18 | NCI Dec-18 |
|---|---|---|---|---|---|---|
| | | | | | | |
| 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% | 83.74% | 16.26% |
| 3 | Guaranty Trust Bank Ghana Limited | Ghana | 98.32% | 1.68% | 98.32% | 1.68% |
| 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 Dec-19 | NCI Dec-19 | Ownership interest Dec-18 | NCI Dec-18 |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| 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 in July 14th 2016 and commenced operations in December 2017 to spread its delivery of superior financial services to its East African customers.
(i) Staff Investment Trust (SIT) is the Special Purpose Vehicle (SPV) set up to operate the Share-Based Payment compensation scheme of the Bank.

**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 the year ended 31 December, 2019:

| Significant subsidiaries | Principal place of business | Accumulated Non-controlling Interest | | Profit or loss Allocated to Non-controlling Interest | |
|---|---|---|---|---|---|
| In thousands of Nigerian Naira | | Dec-19 | Dec-18 | Dec-19 | Dec-18 |
| Guaranty Trust Bank Gambia Limited | Gambia | 1,345,364 | 1,163,198 | 145,917 | 103,265 |
| Guaranty Trust Bank Sierra Leone Ltd | Sierra Leone | 1,718,292 | 1,575,155 | 230,868 | 236,635 |
| Guaranty Trust Bank Ghana Limited | Ghana | 916,945 | 690,769 | 142,575 | 108,672 |
| Guaranty Trust Bank Liberia Limited | Liberia | 55,363 | 47,049 | 4,213 | 5,860 |
| Guaranty Trust Bank Kenya Limited | Kenya | 8,906,873 | 8,025,001 | 358,644 | 169,760 |
| Guaranty Trust Bank Tanzania Limited | Tanzania | 783,492 | 932,289 | (88,487) | (85,555) |

### 45. 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 | ₦3,012,312,000 (Dec-2018: ₦2,905,580,000) |
| **Maximum exposure to loss | ₦3,012,312,000 (Dec-2018: ₦2,905,580,000) |
| 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.

## 46. 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 Tanzania, GTBank Sierra Leone and GTBank Gambia to the tune of ₦39,946,000, ₦1,168,000 and ₦538,000 respectively as at 31 December, 2019 (2018: GTBank Tanzania: ₦26,197,000; GTBank Ghana: N580,802,000; GTBank Cote D'Ivoire: ₦34,816,000). The Bank also received interest of ₦348,714,000 on its placement with GTBank UK (2018: ₦336,137,000).
The Bank also received dividend in the sum of ₦227,353,000 (Dec 2018: Nil) from GTBank Gambia and ₦360,534,000 (Dec 2018: Nil) from GTBank Sierra Leone.

### (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 2019

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc (Director Related) or related to a Key Management Personnel (Insider Related) at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦155,615,000 (31 December 2018:₦179,316,000 ) was outstanding on these facilities at the end of the year. The bank earned a sum of ₦28,658,000 (Dec 2018: ₦52,566,000) 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 | Relationship | Facility type | Status | Nature of Security | Parent | Parent |
|---|---|---|---|---|---|---|
| In thousands of Nigerian Naira | | | | | Dec-2019 | Dec-2018 |
| | | | | | | |
| Jaykay Pharmacy Ltd | Director Related | Overdraft | Performing | Mortgage Debenture | - | 7,125 |
| Mediabloc Consulting Nigeria Ltd. | Insider Related | Term Loan / Overdraft | Performing | Domiciliation; Personal Guarantee | - | 4,209 |
| Ahukanna Godson Okechukwu | Insider Related | Quick Credit | Performing | | 696 | - |
| School Kits Limited | Insider Related | Time Loan / Term Loan | Performing | Tripartite Legal Mortgage, Personal Guarantee | 47,249 | 50,208 |
| Hassan Ibrahim | Director Related | Gt Mortgage | Performing | Legal Mortgage | 69,174 | 58,230 |
| Agusto, Olabode Mubasheer | Director Related | Term Loan | Performing | Legal Mortgage | 38,496 | 59,544 |
| | | | | | **155,615** | **179,316** |

**(e) Director/insiders related deposit liabiilties**

| Name of company/Individual | Relationship | Type of Deposit | Parent | Parent |
|---|---|---|---|---|
| In thousands of Nigerian Naira | | | **Dec-2019** | **Dec-2018** |
| Agusto & Co. Limited | Director Related | Demand Deposit | 28,930 | 38,122 |
| Alliance Consulting | Director Related | Demand Deposit | 167 | 167 |
| Comprehensive Project Mgt. Services | Director Related | Demand Deposit | 14,662 | 34,468 |
| Cubic Contractors Limited | Director Related | Demand Deposit | 2,194 | 2,194 |
| Eterna Plc | Director Related | Demand Deposit | 64,858 | 74,966 |
| IBFC Limited | Director Related | Demand Deposit | 50 | 50 |
| Jaykay Pharmacy Limited | Director Related | Demand Deposit | 50 | 9 |
| Kresta Laurel Limited | Director Related | Demand/Time Deposits | 219,806 | 226,053 |
| Main One Cable Company Ltd | Director Related | Demand Deposit | 770 | 814 |
| WSTC Financial Services Ltd | Director Related | Demand/Time Deposits | 186,123 | 150,273 |
| WSTC Nominee Limited | Director Related | Demand Deposit | 431 | 431 |
| Wstc Securities Limited | Director Related | Demand Deposit | 91,300 | 66,038 |
| International Travel Express Ltd | Director Related | Demand Deposit | 16 | 15 |
| Mediabloc Consulting Nigeria Ltd. | Insider Related | Demand Deposit | 26 | 9 |
| Ahukanna Godson Okechukwu | Insider Related | Demand Deposit | 125 | - |
| Polystyrene Industries Ltd | Director Related | Demand Deposit | 3,417 | 2,663 |
| Touchdown Travels Limited | Director Related | Demand/Time Deposits | 13,921 | 19,569 |
| Agbaje, Olufemi Augustus | Director Related | Demand Deposit | 10,553 | 21,155 |
| Adeola Razack Adeyemi | Director Related | Demand Deposit | 14,594 | 21,271 |
| IBFC Alliance | Director Related | Demand Deposit | 989 | 265 |
| Fcsl Asset Mgt Company Ltd | Director Related | Demand Deposit | 20,921 | 4,160 |
| Ithena Logic Limited | Director Related | Demand Deposit | 1 | 1 |
| School Kits Limited | Insider Related | Demand Deposit | 1,516 | 3,545 |
| Uzoewulu, Lisa Obiageli | Insider Related | Demand Deposit | 3 | 23 |
| Adeola Fola | Director Related | Demand Deposit | 749,489 | 265,675 |
| Hassan Ibrahim | Director Related | Demand Deposit | 919 | 1,185 |
| Agusto, Olabode Mubasheer | Director Related | Demand Deposit | 3,313 | 1,799 |
| Downtown Hotel & Cat. Services | Director Related | Demand Deposit | 1,149 | 158 |
| | | | **1,430,293** | **935,078** |

Interest expense on insider related deposits was ₦40,109,000 (Dec 2018: ₦25,422,000) during the year.

**(f) Subsidiaries' deposit account balances**

| Name of company/Individual | Relationship | Type of Deposit | Dec-2019 | Dec-2018 |
|---|---|---|---|---|
| In thousands of Nigerian Naira | | | | |
| GTB Sierra Leone | Subsidiaries | Domicilliary | 1,349 | 1,328 |
| GTB Ghana | Subsidiaries | Demand Deposit | 3,462 | 3,462 |
| GTB Ghana | Subsidiaries | Domicilliary | 43,226 | 42,548 |
| | | | **48,037** | **47,338** |

**(g) Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:**

Loans and advances:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Secured loans | 155,615 | 179,316 | 155,615 | 179,316 |

Deposits:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Total deposits | 1,430,293 | 935,078 | 1,430,293 | 935,078 |

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 end of the year.

**(h) Key management personnel compensation for the year comprises:**

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Wages and salaries | 1,728,061 | 1,749,832 | 1,558,657 | 1,541,903 |
| Post-employment benefits | 20,244 | 68,170 | 15,183 | 68,170 |
| Share-based payments | 545,232 | 1,552,765 | 545,232 | 1,224,789 |
| Increase /(decrease) in share appreciation rights | 693,367 | 790,583 | - | - |
| | **2,986,904** | **4,161,350** | **2,119,072** | **2,834,862** |

**(i) (i) Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

| In thousands of Nigerian Naira | Group Dec-2019 | Group Dec-2018 | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|---|---|
| Fees as directors | 499,290 | 376,065 | 33,000 | 24,500 |
| Other allowances | 287,801 | 209,905 | 239,591 | 209,400 |
| | 787,091 | 585,970 | 272,591 | 233,900 |
| Executive compensation | 911,776 | 806,202 | 911,776 | 806,202 |
| | **1,698,867** | **1,392,172** | **1,184,367** | **1,040,102** |

(ii) The directors' remuneration shown above includes:

| In thousands of Nigerian Naira | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|
| | | |
| Chairman | 45,993 | 26,367 |
| | | |
| Highest paid director | 399,697 | 384,157 |

(iii) The emoluments of all other directors fell within the following ranges:

| | Parent Dec-2019 | Parent Dec-2018 |
|---|---|---|
| | | |
| ₦6,500,001 - ₦11,000,000 | 1 | 2 |
| ₦13,000,001 - ₦13,500,000 | - | 1 |
| ₦13,500,001 - ₦22,500,000 | - | 4 |
| Above ₦22,500,001 | 13 | 7 |
| | **14** | **14** |

**47 Contraventions**

| INFRACTION | AMOUNT |
|---|---|
| | |
| AML/CFT regulation on three tiered KYC | ₦2,000,000 |
| 2018 Risk Based Examination findings | ₦10,000,000 |
| Transformation of account- Failure to reverse debit interest. | ₦2,000,000 |
| Penalty for failure to comply with regulatory directive | ₦46,000,000 |
| Penalty for allowing BDC operate without BVN | ₦24,000,000 |

**48 Subsequent events**

Aside from the final dividend of ₦2.50k per share declared by the Board of Directors and the new Finance Act signed into law on January 2020 and was the basis upon which the Bank's tax was calculated, there were no other events subsequent to the financial position date which require adjustment to or disclosure in, these financial statements.

**49 Adjustments recognised on adoption of IFRS 16**

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The measurement principles of IFRS 16 are only applied after that date.

The change in accounting policy affected the following items on 1 January 2019:

| In thousands of Nigerian Naira | Group | Parent |
|---|---|---|
| | | |
| Prepayments decreased by: | 6,751,459 | 5,092,389 |
| PPE decreased by: | 13,178,503 | 12,426,227 |
| Right-of-use assets increased by: | 13,251,718 | 12,499,442 |
| Lease liabilities increased by: | 5,275,289 | 151,396 |
| Deferred tax liabilities increased by: | 23,439 | 23,439 |
| Retained earnings decreased by: | 598,872 | 54,690 |

## 50 Restatement of comparative financial information

**Prior year corresponding balances**

Certain prior year balances have been reclassified in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate:

**Statements of financial position**

| In thousands of Nigerian Naira | Reported Group Dec-2018 | Restatements Group Dec-2018 | Restated Group Dec-2018 | Reported Parent Dec-2018 | Restatements Parent Dec-2018 | Restated Parent Dec-2018 |
|---|---|---|---|---|---|---|
| | | | | | | |
| **Assets** | | | | | | |
| Cash and cash equivalents | 676,989,012 | - | 676,989,012 | 457,497,929 | - | 457,497,929 |
| Financial assets held for trading | 11,314,814 | - | 11,314,814 | 8,920,153 | - | 8,920,153 |
| Derivative financial assets | 3,854,921 | - | 3,854,921 | 3,854,921 | - | 3,854,921 |
| Investment securities: | | | | | | |
| – Fair value through profit or loss | 2,620,200 | - | 2,620,200 | 2,620,200 | - | 2,620,200 |
| – Fair Value through other comprehensive income | 536,084,955 | - | 536,084,955 | 459,629,259 | - | 459,629,259 |
| – Held at amortised cost | 98,619,509 | - | 98,619,509 | 2,003,272 | - | 2,003,272 |
| Assets pledged as collateral | 56,777,170 | - | 56,777,170 | 56,291,739 | - | 56,291,739 |
| Loans and advances to banks | 2,994,642 | - | 2,994,642 | 46,074 | - | 46,074 |
| Loans and advances to customers | 1,259,010,359 | - | 1,259,010,359 | 1,067,999,019 | - | 1,067,999,019 |
| Restricted deposits and other assets | 508,678,702 | - | 508,678,702 | 494,969,807 | - | 494,969,807 |
| Investment in subsidiaries | - | - | - | 55,814,032 | - | 55,814,032 |
| Property and equipment | 111,825,917 | - | 111,825,917 | 96,300,538 | - | 96,300,538 |
| Intangible assets | 16,402,621 | - | 16,402,621 | 5,635,606 | - | 5,635,606 |
| Deferred tax assets | 2,169,819 | - | 2,169,819 | - | - | - |
| | **3,287,342,641** | **-** | **3,287,342,641** | **2,711,582,549** | **-** | **2,711,582,549** |
| Assets classified as held for sale and discontinued operations | - | - | - | 938,945 | - | 938,945 |
| **Total assets** | **3,287,342,641** | **-** | **3,287,342,641** | **2,712,521,494** | **-** | **2,712,521,494** |
| | | | | | | |
| **Liabilities** | | | | | | |
| Deposits from banks | 82,803,047 | - | 82,803,047 | 735,929 | - | 735,929 |
| Deposits from customers | 2,273,903,143 | - | 2,273,903,143 | 1,865,816,172 | - | 1,865,816,172 |
| Financial liabilities at fair value through profit or loss | 1,865,419 | - | 1,865,419 | 1,865,419 | - | 1,865,419 |
| Derivative financial liabilities | 3,752,666 | - | 3,752,666 | 3,752,666 | - | 3,752,666 |
| Other liabilities | 140,447,508 | - | 140,447,508 | 119,812,419 | 2,366,314 | 122,178,733 |
| Current income tax liabilities | 22,650,861 | - | 22,650,861 | 22,511,233 | - | 22,511,233 |
| Other borrowed funds | 178,566,800 | - | 178,566,800 | 177,361,218 | - | 177,361,218 |
| Deferred tax liabilities | 7,785,850 | (709,894) | 7,075,956 | 7,888,454 | (709,894) | 7,178,560 |
| | **2,711,775,294** | **(709,894)** | **2,711,065,400** | **2,199,743,510** | **1,656,420** | **2,201,399,930** |
| Liabilities classified as held for sale and discontinued operations | - | - | - | 935,725 | - | 935,725 |
| **Total liabilities** | **2,711,775,294** | **(709,894)** | **2,711,065,400** | **2,200,679,235** | **1,656,420** | **2,202,335,655** |

**Statements of financial position (Continued)**

| In thousands of Nigerian Naira | Reported Group Dec-2018 | Restatements Group Dec-2018 | Restated Group Dec-2018 | Reported Parent Dec-2018 | Restatements Parent Dec-2018 | Restated Parent Dec-2018 |
|---|---|---|---|---|---|---|
| **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 | (5,583,635) | - | (5,583,635) | - | - | - |
| Retained earnings | 106,539,050 | 709,894 | 107,248,944 | 79,668,689 | (1,656,420) | 78,012,269 |
| Other components of equity | 323,991,767 | - | 323,991,767 | 293,986,866 | - | 293,986,866 |
| **Capital and reserves attributable to equity holders of the parent entity** | **563,133,886** | **709,894** | **563,843,780** | **511,842,259** | **(1,656,420)** | **510,185,839** |
| **Non-controlling interests in equity** | **12,433,461** | **-** | **12,433,461** | **-** | **-** | **-** |
| **Total equity** | **575,567,347** | **709,894** | **576,277,241** | **511,842,259** | **(1,656,420)** | **510,185,839** |
| **Total equity and liabilities** | **3,287,342,641** | **-** | **3,287,342,641** | **2,712,521,494** | **-** | **2,712,521,494** |

The reported changes relate to recognition of prior year liability to GTB Finance B.V. , a Special Purpose Vehicle set up by the Bank to raise funds from the international financial market.

**Income statements**

| In thousands of Nigerian Naira | Reported Group Dec-2018 | Restatements Group Dec-2018 | Restated Group Dec-2018 | Reported Parent Dec-2018 | Restatements Parent Dec-2018 | Restated Parent Dec-2018 |
|---|---|---|---|---|---|---|
| Interest income calculated using effective interest rate | 303,435,736 | - | 303,435,736 | 255,887,904 | - | 255,887,904 |
| Interest income on financial assets at fair value through profit or loss | 3,527,746 | - | 3,527,746 | 2,123,082 | - | 2,123,082 |
| Interest expense | (84,529,681) | - | (84,529,681) | (69,569,079) | (85,985) | (69,655,064) |
| **Net interest income** | **222,433,801** | **-** | **222,433,801** | **188,441,907** | **(85,985)** | **188,355,922** |
| Loan impairment charges | (4,906,485) | - | (4,906,485) | (1,504,303) | - | (1,504,303) |
| **Net interest income after loan impairment charges** | **217,527,316** | **-** | **217,527,316** | **186,937,604** | **(85,985)** | **186,851,619** |
| Fee and commission income | 52,367,605 | - | 52,367,605 | 36,110,550 | - | 36,110,550 |
| Fee and commission expense | (1,897,532) | - | (1,897,532) | (957,708) | - | (957,708) |
| **Net fee and commission income** | **50,470,073** | **-** | **50,470,073** | **35,152,842** | **-** | **35,152,842** |
| Net gains on financial instruments held at fair value through profit or loss | 24,583,974 | - | 24,583,974 | 16,652,294 | - | 16,652,294 |
| Other income | 50,783,908 | - | 50,783,908 | 45,758,534 | (152,131) | 45,606,403 |
| Net impairment reversal / (charge) on other financial assets | (650,015) | - | (650,015) | 120,299 | - | 120,299 |
| Personnel expenses | (36,856,121) | - | (36,856,121) | (23,681,401) | - | (23,681,401) |
| Operating lease expenses | (2,085,035) | - | (2,085,035) | (663,998) | - | (663,998) |
| Depreciation and amortization | (17,629,276) | - | (17,629,276) | (14,255,334) | - | (14,255,334) |
| Other operating expenses | (70,558,054) | - | (70,558,054) | (55,811,554) | - | (55,811,554) |
| **Profit before income tax** | **215,586,770** | **-** | **215,586,770** | **190,209,286** | **(238,116)** | **189,971,170** |
| Income tax expense | (30,947,176) | 71,435 | (30,875,741) | (23,289,521) | 71,435 | (23,218,086) |
| **Profit for the year** | **184,639,594** | **71,435** | **184,711,029** | **166,919,765** | **(166,681)** | **166,753,084** |

The restatement of prior year resulted from recognition of prior year expense as well as revaluation loss on unsettled liability to GTB Finance B.V., a Special Purpose Vehicle set up by the Bank to raise funds from the international financial market.

# OTHER NATIONAL DISCLOSURE/ OTHER INFORMATION

**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 up to 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 up to 90days | 0% of total outstanding balance |
| 1A | Substandard | Markup / interest or principal past due by 90days to 1year | 25% of total outstanding balance |
| 2 | Doubtful | Markup / interest or principal past due by 1 to 2years | 50% of total outstanding balance |
| 3 | Very Doubtful | Markup / interest or principal past due by 2 to 3 years | 75% of total outstanding balance |
| 4 | Lost | Markup / interest or principal past due by more than 3 years | 100% of total outstanding balance |

ii). Mortgage Loans

| Category | Classification | Days past due | Treatment of Unrealised Markup/ Interest income | % provision |
|---|---|---|---|---|
| 1 | Watchlist | Markup / Interest or principal Days past due by more than 90 days | Suspend | 0% of total outstanding balance |
| 2 | Substandard | Markup / interest or principal past due by more than 180days | Suspend | 10% of total outstanding balance |
| 3 | Doubtful | Markup / interest or principal past due by more than 1year | Suspend | Un-provided balance should not exceed 50% of NRV of security. |
| 4 | Lost | Markup / interest or principal past due by more than 2 years | Suspend | 100% of total outstanding balance |

iii. Margin Loans

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlining shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

| Category | Classification | Days past due | Treatment of Income | % provision |
|---|---|---|---|---|
| 1 | Watchlist | Repayment on obligation between 60% and 75% of amount due or installment up to180days 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 up to 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 up to 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 up to 90days | 0% of total outstanding balance |
| 1A | Substandard | Markup / interest or principal past due by 90days to 1year | 25% of total outstanding balance |
| 2 | Doubtful | Markup / interest or principal past due by 1 to 2years | 50% of total outstanding balance |
| 3 | Very Doubtful | Markup / interest or principal past due by 2 to 3 years | 75% of total outstanding balance |
| 4 | Lost | Markup / interest or principal past due by more than 3 years | 100% of total outstanding balance |

vii. Real Estate Loan (Commercial and Residential)

| Category | Classification | Days past due | Treatment of Income | % provision |
|---|---|---|---|---|
| 1 | Watchlist | Repayment on obligation between 60% and 75% of amount due or installment up to 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's provision level adequately meets the recommended provision by the Regulators. The reassessed CBN recommended provision as at December 31, 2019 amounted to ₦124,311,946,000. Of the amount recommended by the Central Bank of Nigeria, ₦392,023,460,000 relates to 2% General Loan Loss Provision on performing loans and contingents, while ₦511,206,000 relates to Other Known Losses. The Bank transferred ₦57,955,721,000 into the Regulatory Risk Reserve during the year. 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 ₦62,317,634,000 at the end of the year.
The Reconciliation between the CBN Recommended provisions and that under IFRS as at December 2019 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 | | 84,777,280 | 39,023,460 | 123,800,740 |
| Impairment allowance per IFRS 9 | (Notes 28, 29 & 38) | (62,311,045) | - | (62,311,045) |
| **Additional provision required in Regulatory Risk Reserve[1]** | | **22,466,235** | **39,023,460** | **61,489,695** |
| **Amount in Regulatory Risk Reserve** | (SOCIE - Page 71) | | | **(62,317,634)** |

| In thousands of Nigerian Naira | | | | |
|---|---|---|---|---|
| | | | | |
| **b** | **Provision for Other Known Losses:** | | | |
| | Provision for Other Known Losses – CBN recommended (A) | | | 511,206 |
| | | | | |
| | **IFRS Impairment on Other Financial Instruments** | | | |
| | Other Assets | (Note 34) | (263,001) | |
| | **Total (B)** | | | **(263,001)** |
| | **Additional provision required on other financial instruments (A-B)** | | | **248,205** |

[1]Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

| In thousands of Nigerian Naira | | | |
|---|---|---|---|
| | | | |
| **c** | **Impairment of loans and advances and Other Known Losses (OKL)** | | |
| | | | |
| | Regulatory reserve required for loans and advances | | 61,489,695 |
| | Regulatory reserve required for other financial instruments | | 248,205 |
| | **Balance required in Regulatory Risk Reserve (C)** | | **61,737,900** |
| | Balance currently on Regulatory Risk Reserve (D) | (SOCIE - Page 83) | (62,317,634) |
| | **Surplus provisions in Regulatory Risk Reserve (C+D)** | | **(579,734)** |

| In thousands of Nigerian Naira | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| **d** | **Movement in Regulatory Reserves** | | | | |
| | | **Specific** | **General** | **Others** | **Total** |
| | Balance as at 1 January | - | 4,298,020 | 63,893 | 4,361,913 |
| | Additional amount | - | 57,771,409 | 184,312 | 40,955,721 |
| | **Balance, end of the year** | **-** | **62,069,429** | **248,205** | **62,317,634** |

# OPERATIONAL RISK MANAGEMENT

# 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". These risks originate from the actions of the Bank's staff, its processes and systems, activities of interested parties and events that have direct or indirect impact on the Bank.

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.

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 ten years. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

**Risk and Control Self Assessment (RCSA)**

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 set with thresholds 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 5 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 Procedure Initiatives –** In line with ISO 45001 and global best practices, the bank commits to ensuring the health, safety and welfare of all staff, customers and 3rd parties visiting the Bank's premises. Branch Risk Assessments and Fire Risk Assessments are conducted in branches to identify health and safety hazards in order to recommend adequate control measures for identified risks; Regular and Table talk (facilitated discussions for regions unable to conduct regular drills due to security scare) Fire Drills are conducted quarterly to enlighten staff, visitors and customers on its premises on emergency preparedness and response procedures.

Health and Safety related incidents reported to Operational Risk Management are thoroughly investigated for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence. 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).

**Strategic and Reputational Risk Monitoring –** 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.

**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 Organisations (COSO) and International Organisation 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, Monthly and Quarterly reports are circulated to relevant stakeholders highlighting key operational risks identified 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 year ended 31 December 2019.

**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-19 | Dec-18 | Dec-19 | Dec-18 | Dec-19 | Dec-18 |
| | '000 | '000 | ₦'mm | ₦'mm | ₦'mm | ₦'mm |
| Naira denominated debit cards | 359,667 | 284,224 | 131,722 | 75,685 | 2,864,119 | 2,390,508 |
| Foreign currency credit cards | 346 | 277 | 31,250 | 27,629 | - | - |
| Foreign currency debit cards | 1,618 | 1,529 | 79,342 | 68,563 | 2,087 | 2,699 |

Breakdown of transactions done using GTBank Cards (Number of transactions)

| | International Transactions | | | | Local Transactions | | | |
|---|---|---|---|---|---|---|---|---|
| | ATM | | POS/Web | | ATM | | POS/Web | |
| In thousands | Dec-19 | Dec-18 | Dec-19 | Dec-18 | Dec-19 | Dec-18 | Dec-19 | Dec-18 |
| Naira MasterCard debit | 466 | 85 | 5,790 | 3,967 | 196,694 | 188,423 | 156,717 | 91,749 |
| | | | | | | | | |
| **Foreign Currency Denominated Cards:** | | | | | | | | |
| | | | | | | | | |
| MasterCard debit | 93 | 95 | 798 | 814 | 25 | 18 | 194 | 105 |
| MasterCard credit | 10 | 11 | 144 | 112 | - | - | - | - |
| Visa classic debit | 40 | 46 | 439 | 348 | 9 | 8 | 19 | 95 |
| Visa classic credit | 11 | 12 | 168 | 131 | - | - | - | - |
| World credit | 1 | 1 | 13 | 9 | - | - | - | - |
| **Total** | **621** | **250** | **7,352** | **5,381** | **196,727** | **188,449** | **156,931** | **91,949** |

Breakdown of transactions done using GTBank Cards (Value of Transactions)

| | International Transactions | | | | POS/Web | | | |
|---|---|---|---|---|---|---|---|---|
| In millions of Naira | ATM | | POS/Web | | ATM | | POS/Web | |
| | Dec-19 | Dec-18 | Dec-19 | Dec-18 | Dec-19 | Dec-18 | Dec-19 | Dec-18 |
| Naira MasterCard debit | 19,736 | 3,337 | 111,986 | 72,348 | 1,755,764 | 1,677,752 | 1,108,355 | 712,756 |
| | | | | | | | | |
| MasterCard debit | 10,578 | 9,699 | 40,773 | 31,934 | 360 | 233 | 668 | 1,781 |
| MasterCard credit | 1,389 | 1,326 | 9,780 | 8,375 | - | - | - | - |
| Visa classic debit | 4,870 | 5,112 | 23,121 | 21,818 | 124 | 125 | 936 | 560 |
| Visa classic credit | 1,442 | 1,518 | 16,022 | 14,228 | - | - | | - |
| World credit | 107 | 102 | 2,510 | 2,080 | - | - | | - |
| **Total** | **38,122** | **21,094** | **204,191** | **150,783** | **1,756,247** | **1,678,110** | **1,109,959** | **715,097** |

**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 | Dynamic currency conversion transactions<br>Usage on non-EMV terminals<br>Insufficient funds | 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.<br>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.<br><br>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 SLA .<br>Proactive reversal of failed transactions that are not auto reversed.<br>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 2019**

**Group**

| | Dec-2019 | | | | Dec-2018 | | | |
|---|---|---|---|---|---|---|---|---|
| In thousands of Nigerian Naira | Continuing operations | Discontinued operations | Total | % | Continuing operations | Discontinued operations | Total | % |
| | | | | | | | | |
| Gross earnings | 435,306,541 | 56 | 435,306,597 | | 434,698,969 | - | 434,698,969 | |
| | | | | | | | | |
| Interest expense: | | | | | | | | |
| -Local | (47,310,478) | - | (47,310,478) | | (58,507,370) | - | (58,507,370) | |
| - Foreign | (17,531,119) | - | (17,531,119) | | (26,022,311) | - | (26,022,311) | |
| | **370,464,944** | **56** | **370,465,000** | | **350,169,288** | **-** | **350,169,288** | |
| Loan impairment charges / Net impairment loss on financial assets | (4,811,193) | - | (4,811,193) | | (5,556,500) | - | (5,556,500) | |
| | **365,653,751** | **56** | **365,653,807** | | **344,612,788** | **-** | **344,612,788** | |
| Bought in materials and services | | | | | | | | |
| - Local | (73,772,297) | (16,441) | (73,788,738) | | (74,340,071) | - | (74,340,071) | |
| - Foreign | (196,779) | - | (196,779) | | (200,550) | - | (200,550) | |
| | | | | | | | | |
| **Value added** | **291,684,675** | **(16,385)** | **291,668,290** | **100** | **270,072,167** | **-** | **270,072,167** | **100** |
| | | | | | | | | |
| **Distribution:** | | | | | | | | |
| | | | | | | | | |
| **Employees** | | | | | | | | |
| - Wages, salaries, pensions, gratuity and other employee benefits | 37,284,204 | - | 37,284,204 | 12 | 36,856,121 | - | 36,856,121 | 14 |
| | | | | | | | | |
| **Government** | | | | | | | | |
| - Taxation | 34,842,168 | - | 34,842,168 | 12 | 30,875,741 | - | 30,875,741 | 11 |
| | | | | | | | | |
| **Retained in the Group** | | | | | | | | |
| - For replacement of Property and equipment / intangible assets (depreciation and amortisation) | 22,692,637 | - | 22,692,637 | 9 | 17,629,276 | - | 17,629,276 | 7 |
| -Profit/(Loss) for the year (including non - controlling interest, statutory and regulatory risk reserves) | 196,865,666 | (16,385) | 196,849,281 | 67 | 184,711,029 | - | 184,711,029 | 68 |
| | | | | | | | | |
| | **291,684,675** | **(16,385)** | **291,668,290** | **100** | **270,072,167** | **-** | **270,072,167** | **100** |

# VALUE ADDED STATEMENTS

**Parent**

| In thousands of Nigerian Naira | Dec-2019 Continuing operations | Dec-2019 Discontinued operations | Dec-2019 Total | % | Dec-2018 Continuing operations | Dec-2018 Discontinued operations | Dec-2016 Total | % |
|---|---|---|---|---|---|---|---|---|
| Gross earnings | 350,926,907 | - | 350,926,907 | | 356,380,233 | - | 356,380,233 | |
| Interest expense: | | | | | | | | |
| -Local | (47,659,192) | - | (47,659,192) | | (58,843,507) | - | (58,843,507) | |
| - Foreign | (4,200,392) | - | (4,200,392) | | (10,811,557) | - | (10,811,557) | |
| | **299,067,323** | **-** | **299,067,323** | | **286,725,169** | **-** | **286,725,169** | |
| Loan impairment charges / Net impairment loss on financial assets | (1,859,247) | - | (1,859,247) | | (1,384,004) | - | (1,384,004) | |
| | **297,208,076** | **-** | **297,208,076** | | **285,341,165** | **-** | **285,341,165** | |
| Bought in materials and services | | | | | | | | |
| - Local | (54,862,205) | - | (54,862,205) | | (57,232,710) | - | (57,232,710) | |
| - Foreign | (196,779) | - | (196,779) | | (200,550) | - | (200,550) | |
| **Value added** | **242,149,092** | **-** | **242,149,092** | **100** | **227,907,905** | **-** | **227,907,905** | **100** |
| **Distribution:** | | | | | | | | |
| **Employees** | | | | | | | | |
| - Wages, salaries, pensions, gratuity and other employee benefits | 23,330,656 | - | 23,330,656 | 10 | 23,681,401 | - | 23,681,401 | 10 |
| **Government** | | | | | | | | |
| - Taxation | 25,052,609 | - | 25,052,609 | 10 | 23,218,086 | - | 23,218,086 | 10 |
| **Retained in the Bank** | | | | | | | | |
| - For replacement of Property and equipment / intangible assets (depreciation and amortisation) | 18,640,546 | - | 18,640,546 | 8 | 14,255,334 | - | 14,255,334 | 6 |
| - Profit for the year (including statutory and regulatory risk reserves) | 175,125,281 | - | 175,125,281 | 72 | 166,753,084 | - | 166,753,084 | 74 |
| | **242,149,092** | **-** | **242,149,092** | **100** | **227,907,905** | **-** | **227,907,905** | **100** |

# FIVE YEAR FINANCIAL SUMMARY

## FIVE YEAR FINANCIAL SUMMARY

**Statements of financial Position**

**Group**

| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | Dec-2017 | Dec-2016 | Dec-2015 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and bank balances | 593,551,117 | 676,989,012 | 641,973,784 | 455,863,305 | 254,633,215 |
| Financial assets at fair value through profit or loss | 73,486,101 | 11,314,814 | - | - | - |
| Financial assets held for trading | - | - | 23,945,661 | 12,053,919 | 34,626,186 |
| Derivative financial assets | 26,011,823 | 3,854,921 | 2,839,078 | 1,042,470 | - |
| Investment securities: | | | | | |
| – Fair Value through profit or loss | 33,084,367 | 2,620,200 | - | - | - |
| – Fair Value through other comprehensive Income | 585,392,248 | 536,084,955 | - | - | - |
| – Available for sale | - | - | 517,492,733 | 448,056,733 | 364,180,150 |
| – Held at amortised cost | 145,561,232 | 98,619,509 | - | - | - |
| – Held to maturity | - | - | 96,466,598 | 80,155,825 | 29,408,045 |
| Assets pledged as collateral | 58,036,855 | 56,777,170 | 58,976,175 | 48,216,412 | 61,954,777 |
| Loans and advances to banks | 1,513,310 | 2,994,642 | 750,361 | 653,718 | 1,051,521 |
| Loans and advances to customers | 1,500,572,046 | 1,259,010,359 | 1,448,533,430 | 1,589,429,834 | 1,371,925,547 |
| Restricted deposits and other assets | 577,433,006 | 508,678,702 | 444,946,897 | 371,995,835 | 303,110,737 |
| Property and equipment | 141,774,863 | 111,825,917 | 98,669,998 | 93,488,055 | 87,988,778 |
| Intangible assets | 20,245,232 | 16,402,621 | 14,834,954 | 13,858,906 | 12,470,612 |
| Deferred tax assets | 2,256,570 | 2,169,819 | 1,666,990 | 1,578,427 | 3,244,141 |
| **Total assets** | **3,758,918,770** | **3,287,342,641** | **3,351,096,659** | **3,116,393,439** | **2,524,593,709** |
| | | | | | |
| **Liabilities** | | | | | |
| Deposits from banks | 107,518,398 | 82,803,047 | 85,430,514 | 125,067,848 | 26,256,839 |
| Deposits from customers | 2,532,540,384 | 2,273,903,143 | 2,062,047,633 | 1,986,246,232 | 1,610,349,689 |
| Financial liabilities at fair value through profit or loss | 1,615,735 | 1,865,419 | - | - | - |
| Financial liabilities held for trading | - | - | 2,647,469 | 2,065,402 | - |
| Derivative financial liabilities | 2,315,541 | 3,752,666 | 2,606,586 | 987,502 | - |
| Other liabilities | 233,425,713 | 140,447,508 | 224,116,829 | 118,893,100 | 104,605,713 |
| Current income tax liabilities | 20,597,088 | 22,650,861 | 24,147,356 | 17,928,279 | 17,739,676 |
| Debt securities issued | - | - | 92,131,923 | 126,237,863 | 180,117,424 |
| Other borrowed funds | 162,999,909 | 178,566,800 | 220,491,914 | 219,633,604 | 165,122,908 |
| Deferred tax liabilities | 10,568,534 | 7,075,956 | 17,437,766 | 17,641,384 | 6,839,522 |
| **Total liabilities** | **3,071,581,302** | **2,711,065,400** | **2,731,057,990** | **2,614,701,214** | **2,111,031,771** |
| | | | | | |
| **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 | (6,531,749) | (5,583,635) | (5,291,245) | (5,291,245) | (4,754,156) |
| Retained earnings | 119,247,653 | 107,248,944 | 123,257,080 | 87,062,977 | 51,089,585 |
| Other components of equity | 422,704,836 | 323,991,767 | 352,403,527 | 272,891,094 | 222,651,255 |
| **Total equity attributable to owners of the Bank** | **673,607,444** | **563,843,780** | **608,556,066** | **492,849,530** | **407,173,388** |
| Non-controlling interests in equity | 13,730,024 | 12,433,461 | 11,482,603 | 8,842,695 | 6,388,550 |
| **Total equity** | **687,337,468** | **576,277,241** | **620,038,669** | **501,692,225** | **413,561,938** |
| | | | | | |
| **Total equity and liabilities** | **3,758,918,770** | **3,287,342,641** | **3,351,096,659** | **3,116,393,439** | **2,524,593,709** |

## Statements of comprehensive income

### Group

| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | Dec-2017 | Dec-2016 | Dec-2015 |
|---|---|---|---|---|---|
| | | | | | |
| Interest income | 296,204,699 | 306,963,482 | 327,333,512 | 262,494,101 | 229,236,715 |
| Interest expense | (64,841,597) | (84,529,681) | (80,670,351) | (67,093,923) | (69,289,592) |
| **Net interest income** | **231,363,102** | **222,433,801** | **246,663,161** | **195,400,178** | **159,947,123** |
| Loan impairment charges | (4,911,666) | (4,906,485) | (12,169,120) | (65,290,310) | (12,408,194) |
| **Net interest income after loan impairment charges** | **226,451,436** | **217,527,316** | **234,494,041** | **130,109,868** | **147,538,929** |
| Fee and commission income | 62,418,779 | 52,367,605 | 42,921,857 | 39,403,171 | 51,865,608 |
| Fee and commission expense | (2,975,272) | (1,897,532) | (2,189,661) | (3,456,257) | (3,079,439) |
| **Net fee and commission income** | **59,443,507** | **50,470,073** | **40,732,196** | **35,946,914** | **48,786,169** |
| Net gains on financial instruments classified as held for trading | 20,889,849 | 24,583,974 | 11,338,819 | 5,218,451 | 12,237,394 |
| Other income | 55,793,214 | 50,783,908 | 37,632,083 | 107,499,864 | 8,510,394 |
| **Total other income** | **76,683,063** | **75,367,882** | **48,970,902** | **112,718,315** | **20,747,788** |
| **Operating income** | **362,578,006** | **343,365,271** | **324,197,139** | **278,775,097** | **217,072,886** |
| Net impairment reversal / (charge) on other financial assets | 100,473 | (650,015) | (696,680) | - | - |
| **Net operating income after net impairment loss on financial assets** | **362,678,479** | **342,715,256** | **323,500,459** | **278,775,097** | **217,072,886** |
| Personnel expenses | (37,284,204) | (36,856,121) | (32,832,341) | (29,453,465) | (27,721,723) |
| Right-of-use asset amortisation | (2,114,007) | - | - | - | - |
| Operating lease expenses | - | (2,085,035) | (1,596,413) | (1,375,228) | (1,124,691) |
| Depreciation and amortization | (22,692,637) | (17,629,276) | (15,383,697) | (15,249,366) | (12,594,522) |
| Other operating expenses | (68,879,797) | (70,558,054) | (76,002,963) | (70,197,495) | (54,937,146) |
| **Total expenses** | **(130,970,645)** | **(127,128,486)** | **(125,815,414)** | **(116,275,554)** | **(96,378,082)** |
| **Profit before income tax** | **231,707,834** | **215,586,770** | **197,685,045** | **162,499,543** | **120,694,804** |
| Income tax expense | (34,842,168) | (30,875,741) | (29,772,387) | (32,855,806) | (21,257,923) |
| **Profit for the year from continuing operations** | **196,865,666** | **184,711,029** | **167,912,658** | **129,643,737** | **99,436,881** |
| Loss for the year from discontinued operations | (16,385) | - | - | - | - |
| **Profit for the year** | **196,849,281** | **184,711,029** | **167,912,658** | **129,643,737** | **99,436,881** |

**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 | 6.96 | 6.54 | 5.94 | 4.67 | 3.51 |
| – Diluted | 6.96 | 6.54 | 5.94 | 4.67 | 3.51 |

## Statements of financial Position

### Bank

| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | Dec-2017 | Dec-2016 | Dec-2015 |
|---|---|---|---|---|---|
| | | | | | |
| **Assets** | | | | | |
| Cash and cash bank balances | 396,915,777 | 457,497,929 | 455,296,196 | 233,847,233 | 173,133,109 |
| Financial assets at fair value through profit or loss | 44,717,688 | 8,920,153 | - | - | - |
| Financial assets held for trading | - | - | 16,652,356 | 6,321,370 | 25,075,618 |
| Derivative financial assets | 26,011,823 | 3,854,921 | 2,839,078 | 1,042,470 | - |
| Investment securities: | | | | | |
| – Fair value through profit or loss | 33,084,367 | 2,620,200 | - | - | - |
| – Fair Value through other comprehensive Income | 495,731,932 | 459,629,259 | - | - | - |
| – Available for sale | - | - | 453,089,625 | 408,246,905 | 327,585,822 |
| – Held at amortised cost | 2,003,583 | 2,003,272 | - | - | - |
| – Held to maturity | - | - | 2,007,253 | 5,219,262 | 3,210,575 |
| Assets pledged as collateral | 57,790,749 | 56,291,739 | 58,961,722 | 48,205,702 | 61,946,270 |
| Loans and advances to banks | 72,451 | 46,074 | 43,480 | 29,943 | 638,817 |
| Loans and advances to customers | 1,300,820,647 | 1,067,999,019 | 1,265,971,688 | 1,417,217,952 | 1,265,207,443 |
| Restricted deposits and other assets | 552,105,755 | 494,969,807 | 433,528,669 | 364,152,777 | 297,240,082 |
| Investment in subsidiaries | 55,814,032 | 55,814,032 | 46,207,004 | 43,968,474 | 41,905,781 |
| Property and equipment | 122,633,438 | 96,300,538 | 84,979,798 | 81,710,025 | 79,192,748 |
| Intangible assets | 9,546,253 | 5,635,606 | 4,501,296 | 3,377,961 | 2,492,959 |
| | **3,097,248,495** | **2,711,582,549** | **2,824,078,165** | **2,613,340,074** | **2,277,629,224** |
| Assets classified as held for sale and discontinued operations | - | 938,945 | 850,820 | - | - |
| **Total assets** | **3,097,248,495** | **2,712,521,494** | **2,824,928,985** | **2,613,340,074** | **2,277,629,224** |
| | | | | | |
| **Liabilities** | | | | | |
| Deposits from banks | 15,200 | 735,929 | 42,360 | 40,438 | 39,941 |
| Deposits from customers | 2,086,810,070 | 1,865,816,172 | 1,697,560,947 | 1,681,184,820 | 1,422,550,125 |
| Financial liabilities at fair value through profit or loss | 1,615,735 | 1,865,419 | - | - | - |
| Financial liabilities held for trading | - | - | 2,647,469 | 2,065,402 | - |
| Derivative financial liabilities | 2,315,541 | 3,752,666 | 2,606,586 | 987,502 | - |
| Other liabilities | 205,817,828 | 122,178,733 | 205,147,602 | 93,271,050 | 85,126,211 |
| Current income tax liabilities | 19,748,074 | 22,511,233 | 24,009,770 | 17,819,039 | 19,378,526 |
| Debt securities issued | - | - | 92,131,923 | - | - |
| Other borrowed funds | 162,742,565 | 177,361,218 | 210,671,384 | 332,317,881 | 338,580,300 |
| Deferred tax liabilities | 12,293,886 | 7,178,560 | 12,176,307 | 11,946,699 | 6,345,773 |
| | **2,491,358,899** | **2,201,399,930** | **2,246,994,348** | **2,139,632,831** | **1,872,020,876** |
| Liabilities included in assets classified as held for sale and discontinued operations | - | 935,725 | 847,600 | - | - |
| **Total liabilities** | **2,491,358,899** | **2,202,335,655** | **2,247,841,948** | **2,139,632,831** | **1,872,020,876** |
| | | | | | |
| **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 | 78,110,906 | 78,012,269 | 108,104,500 | 80,778,889 | 46,048,031 |
| Other components of equity | 389,591,986 | 293,986,866 | 330,795,833 | 254,741,650 | 221,373,613 |
| **Total equity** | **605,889,596** | **510,185,839** | **577,087,037** | **473,707,243** | **405,608,348** |
| **Total equity and liabilities** | **3,097,248,495** | **2,712,521,494** | **2,824,928,985** | **2,613,340,074** | **2,277,629,224** |

## Statements of comprehensive income

### Bank

| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | Dec-2017 | Dec-2016 | Dec-2015 |
|---|---|---|---|---|---|
| Interest income | 241,177,613 | 258,010,986 | 284,442,547 | 226,579,479 | 206,478,499 |
| Interest expense | (51,859,584) | (69,655,064) | (66,792,928) | (55,551,522) | (61,445,632) |
| **Net interest income** | **189,318,029** | **188,355,922** | **217,649,619** | **171,027,957** | **145,032,867** |
| Loan impairment charges | (2,221,501) | (1,504,303) | (10,834,612) | (63,542,640) | (11,769,374) |
| **Net interest income after loan impairment charges** | **187,096,528** | **186,851,619** | **206,815,007** | **107,485,317** | **133,263,493** |
| Fee and commission income | 44,919,113 | 36,110,550 | 30,048,147 | 28,527,039 | 44,034,897 |
| Fee and commission expense | (1,788,175) | (957,708) | (1,561,766) | (2,947,714) | (2,689,751) |
| **Net fee and commission income** | **43,130,938** | **35,152,842** | **28,486,381** | **25,579,325** | **41,345,146** |
| Net gains on financial instruments classified as held for trading | 9,971,086 | 16,652,294 | 6,542,636 | 2,248,241 | 9,189,686 |
| Other income | 54,859,095 | 45,606,403 | 39,203,978 | 108,562,100 | 9,173,208 |
| **Total other income** | **64,830,181** | **62,258,697** | **45,746,614** | **110,810,341** | **18,362,894** |
| **Total Operating income** | **295,057,647** | **284,263,158** | **281,048,002** | **243,874,983** | **192,971,533** |
| Net impairment reversal / (charge) on other financial assets | 362,254 | 120,299 | (696,680) | - | - |
| **Net operating income after net impairment loss on financial assets** | **295,419,901** | **284,383,457** | **280,351,322** | **243,874,983** | **192,971,533** |
| Personnel expenses | (23,330,656) | (23,681,401) | (22,354,351) | (20,704,772) | (20,727,835) |
| Right-of-use asset amortisation | (921,610) | - | - | - | - |
| Operating lease expenses | - | (663,998) | (654,665) | (670,172) | (674,958) |
| Depreciation and amortization | (18,640,546) | (14,255,334) | (13,042,425) | (12,730,298) | (10,787,370) |
| Other operating expenses | (52,349,199) | (55,811,554) | (60,652,252) | (58,401,172) | (47,754,313) |
| **Total expenses** | **(95,242,011)** | **(94,412,287)** | **(96,703,693)** | **(92,506,414)** | **(79,944,476)** |
| **Profit before income tax** | **200,177,890** | **189,971,170** | **183,647,629** | **151,368,569** | **113,027,057** |
| Income tax expense | (25,052,609) | (23,218,086) | (24,919,924) | (27,168,695) | (18,718,934) |
| **Profit for the year** | **175,125,281** | **166,753,084** | **158,727,705** | **124,199,874** | **94,308,123** |

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

| | | | | | |
|---|---|---|---|---|---|
| – Basic | 5.95 | 5.67 | 5.39 | 4.31 | 3.20 |
| – Diluted | 5.95 | 5.67 | 5.39 | 4.31 | 3.20 |

# SHARE CAPITALISATION HISTORY

# SHARE CAPITALISATION HISTORY

**Share Capitalisation 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 |
| 2019 | 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 December 31, 2019**

| Dividend No. | Dividend Type | Financial Year Ended | Total Dividend Amount Declared | Dividend Per Share | Net Dividend Amount Unclaimed as at | Percentage Dividend Amount Unclaimed |
|---|---|---|---|---|---|---|
| Payment 35 | Final | 31-12-09 | 13,990,311,460.50 | 75 kobo | 580,593,980.49 | 4.15% |
| Payment 36 | Interim | 24-09-10 | 5,829,296,441.75 | 25 kobo | 231,977,521.46 | 3.98% |
| Payment 37 | Final | 31-12-10 | 17,487,889,324.50 | 75 kobo | 691,697,799.28 | 3.96% |
| Payment 38 | Interim | 09-09-11 | 7,286,620,552.30 | 25 Kobo | 292,246,257.23 | 4.01% |
| Payment 39 | Final | 31-12-11 | 25,016,502,340.40 | 85 Kobo | 914,528,098.48 | 3.66% |
| Payment 40 | Interim | 09-11-12 | 7,357,794,806.00 | 25 Kobo | 278,154,150.84 | 3.78% |
| Payment 41 | Final | 31-12-12 | 38,260,532,991.20 | 130 kobo | 1,367,689,651.01 | 3.57% |
| Payment 42 | Interim | 12-09-13 | 7,357,794,806.00 | 25 Kobo | 302,603,926.06 | 4.11% |
| Payment 43 | Final | 31-12-13 | 42,675,209,874.80 | 145 kobo | 1,626,875,072.91 | 3.81% |
| Payment 44 | Interim | 15-09-14 | 7,357,794,806.00 | 25 Kobo | 294,981,750.66 | 4.01% |
| Payment 45 | Final | 31-12-14 | 44,146,768,836.00 | 150 kobo | 1,611,850,951.56 | 3.65% |
| Payment 46 | Interim | 18-09-15 | 7,357,794,806.00 | 25 Kobo | 279,394,725.84 | 3.80% |
| Payment 47 | Final | 31-12-15 | 44,735,392,420.48 | 152 Kobo | 1,591,035,235.67 | 3.56% |
| Payment 48 | Interim | 09-09-16 | 7,357,794,806.00 | 25 Kobo | 288,698,537.07 | 3.92% |
| Payment 49 | Final | 31-12-16 | 51,504,563,642.00 | 175 kobo | 1,903,736,713.64 | 3.70% |
| Payment 50 | Interim | 05-09-17 | 8,829,353,767.20 | 30 kobo | 361,654,857.92 | 4.10% |
| Payment 51 | Final | 31-12-17 | 70,634,830,137.60 | 240 kobo | 4,018,945,510.57 | 5.69% |
| Payment 52 | Interim | 29-08-18 | 8,829,353,767.20 | 30 kobo | 504,677,382.65 | 5.72% |
| Payment 53 | Final | 31-12-18 | 72,106,389,098.80 | 245 kobo | 4,123,715,765.46 | 5.72% |
| Payment 54 | Interim | 10-09-19 | 8,829,353,767.20 | 30 kobo | 509,165,779.867 | 5.77% |

# CORPORATE INFORMATION

# CORPORATE INFORMATION

**MANAGEMENT TEAM**

**Segun Agbaje**
Managing Director / CEO

**Demola 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 - Financial Technology Division

**Dan Shuaib**
General Manager - 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

**Lara Ogunlaja**
General Manager - Head, Syndicated Corporate Finance Group

**Olusina Ayegbusi**
General Manager - Head, Technology Division

**Paul Abiagam**
General Manager - Head, Corporate Bank, Lagos Island

**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

**Chima Azubuike**
Deputy General Manager - Head, South East Division

**Deji Oguntonade**
Deputy General Manager - Head, FINTECH & Innovation Division

**Femi Nedd**
Deputy General Manager - Head, Lagos Island Division

**Kelvin Biiranee**
Deputy General Manager - Head, Financial Institutions & Telecoms (FINTEL)

**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

**Oyinade Adegite**
Deputy General Manager - Head, Communication and External Affairs Group

**Oyiza Salu**
Deputy General Manager - Head, Human Resources Group

**Paul Ogwemoh**
Deputy General Manager - Head, Service Delivery 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

**Adeola Oyegbade**
Assistant General Manager - Head, Small and Medium Enterprises Lagos Mainland Division 1

**Ayodele Adewumi**
Assistant General Manager - Head, Small and Medium Enterprises (Lagos Island)

**Chinedu Okoli**
Assistant General Manager - Head, Lagos Mainland Division

**Chioma Mogbo**
Assistant General Manager - Head, Transaction Services Division (South-South & South-East)

## CORPORATE INFORMATION

**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

**Glory Esiejobor**
Assistant General Manager - Head,
Small and Medium Enterprises (South East Division)

**Modupe Olafimihan**
Assistant General Manager - Head,
Procurement & Expense Control Group

**Olanrewaju Kola-Banjo**
Assistant General Manager - Head,
International Settlement 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

**Oluyemisi Harrison-Bayagbon**
Assistant General Manager - Head,
Business Process Re-Engineering Group

**Omolara Ismail**
Assistant General Manager - Head, Retail Division (Lagos Island)

**Osa Aiwerioghene**
Assistant General Manager - Head, Compliance Group

**Oso Adewumi**
Assistant General Manager - Head,
Emerging Technologies Division

**Ronald Nwaezeapu**
Assistant General Manager - Head,
Asset & Liability Management Group

**Sherifat Dawodu**
Assistant General Manager - Head,
Public Sector Division (Lagos)

# CORPORATE INFORMATION

**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

**Isiaka Ajani-Lawal**
Managing 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

**Quick Credit**

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.

**QUICK CREDIT FOR BUSINESS**

This is a time loan product aimed at financing the working capital of small businesses in various industries. Quick Credit for Business offers small enterprises up to 10 Million Naira at a low-interest rate of 1.33% monthly to pay back over 6 - 12 months.

**GTCrea8 Account**
**Free Banking for Undergraduates Aged 16 - 25.**

The GTCrea8 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. GTCRea8 also allows undergraduates between the ages of 16-25 to bank for free with Guaranty Trust Bank (GTBank).

Some of the charges that GTCrea8 account holders do not have to pay for include charges on bank transfers, even when the transfer is to other banks. Undergraduates will also not be charged for transactions using the Bank's Internet Banking Platform, Mobile Banking Applications and 737 USSD service. They will also not be charged for transaction alerts.

GTCrea8 account holders will also enjoy special offers and discounts when they make use of GTBank's trendsetting digital platforms, such as Habari, which offers access to music and video streaming, shopping, messaging, and bills payment all in one place.

**Habari**

Habari gives you unlimited access to local and international music, and at the same time, allows you to shop online, split bills with friends and take care of your everyday needs, in one place.

**With Habari you can:**
PLAY Everything: From the hit songs of your favourite artists to thrilling Ndani series and short videos.
CHAT: with friends in new and exciting ways, shake your phone to find friends, split bills at hangouts or when shopping and send money as easily as you send an emoji.
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.

**GTWORLD**
**It's Banking, only Easier.**

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.

**Food Industry Credit**

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.

### 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

**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.

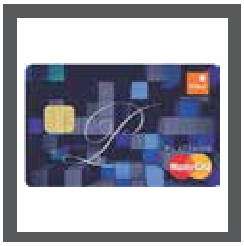
Merchants can request for GTBank POS terminals by downloading a POS Merchant Registration form at www.gtbank.com, completing it and submitting at any of our branches nationwide.

**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**

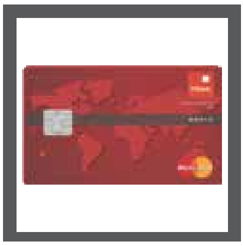
The GTBank Platinum Debit MasterCard is a Naira denominated premium card which offers the cardholder with premium benefits beyond those enjoyed by Standard Naira MasterCard holders. These include travel benefits, preferential treatment/ rewards, higher transaction limits and access to exclusive products/services offered by partner organisations.

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.

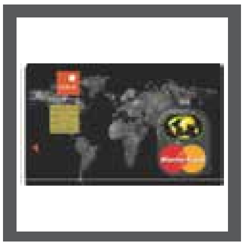


**GTBank World MasterCard**
**With You as You Conquer the World**

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.

**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#.


**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.

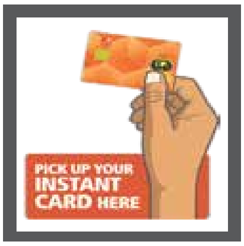
As a prepaid card, the GTBank Prepaid Virtual Card is preloaded through money transfer from your regular account to a Card account.
To get a GTBank Virtual Naira MasterCard, simply log on to Internet Banking to create your prepaid card instantly.

**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.

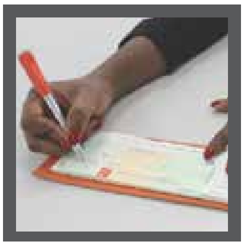

**GTBank Digital Newsstand**
**Extra! Extra! Read all about it**

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 that enable parents to save for their children whilst inculcating in their kids the value of saving. To open an SKS Account for your child (aged 0-19), please visit 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. Parents can now also save for their kids in multiple currencies, including Dollars, Pounds, and Euros. To get started, you can send an email to sks@gtbank.com.

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

**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)

**Mobile Banking App**

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.

**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 organisations* 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 organisations 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)


**WHATSAPP BANKING**
**Chat with us on 07016974994**

The GTBank WhatsApp Banking channel offers our customers a more personalized and easy-to-access customer service from anywhere in the world. With WhatsApp Banking, customers can log complaints and dispense errors, open new accounts, make enquiries, and resolve service complaints.

Our WhatsApp number is 07016974994 and available between the hours of 8am and 5pm from Monday to Friday.

**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 preorder 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.

**HELP CENTRE**

www.gtbank.com/help-centre
This is our online, one-stop self-service platform where customers resolve issues or make enquiries about their account. The Help Centre also provides useful and easy-to-find information about the Bank's products and services with a wide range of Frequently Asked Questions and how-to guides covering everything, from banking basics to fraud protection.

# CORPORATE SOCIAL RESPONSIBILITY

# CORPORATE SOCIAL RESPONSIBILITY

At Guaranty Trust Bank, Corporate Social Responsibility (CSR) is hard-wired to our business strategy and a major lens through which we view our role in empowering communities, supporting sustainable development and bringing about a more inclusive and prosperous world. Helping people thrive and giving back to society is a fundamental part of who we are as a platform for enriching lives. It is for this reason that we continue to commit time, expertise and financial resources to improve educational outcomes for young people, support underserved communities, promote the Arts, protect the Environment and champion the endeavours and entrepreneurial ventures of our customers and people in communities where we operate.

Below is a summary of our Corporate Social Responsibility efforts for the year ended December 31, 2019. You can find a comprehensive overview of our CSR activities for the year on the CSR section of our corporate website: www.gtbank.com/csr

| Pillar | Amount (₦) |
|---|---:|
| Arts | 500,000 |
| Community Development | 375,490,487 |
| Education | 117,395,826 |
| Others | 11,979,101 |
| **Total** | **505,365,414** |

**Improving Access to Education for Children in Rural Communities**

In May 2019, we kicked off a Nationwide campaign tagged #BeatTheDistance, in Jalingo, Taraba, to improve educational outcomes for children in rural communities by easing the difficulties they face with mobility to school and back. Through this initiative, we are providing hundreds of students in some of the remotest parts of the country with bicycles to reduce the time and energy they expend in getting to school, thereby helping them focus better on their academics. One of the beneficiaries of #BeatTheDistance is Jerry Hannatu, a student of the Government Technical Training School in Jalingo. Before receiving his bicycle, Jerry had to walk all of 10 kilometres to school every morning. He would spend an hour and a half on the road; meaning he needed to set out at least 2 hours before the bell for the first class was rung at school. Now, thanks to the #BeatTheDistance campaign, Jerry spends less than a quarter of the time he used commuting to and from school.

**Rekindling the Culture of Reading**

**Online Book Club**

In 2019, we spread the joy of reading to more people across Nigeria and beyond through our newly founded online book club, Pages. With Pages, readers were not just given book readings of the month, they were also provided with free physical copies of these books in order to grow the culture of reading and solve the major problems they face daily, which are affordability and accessibility to books. Since the inception of Pages, over 1000 free books have been delivered to the door stops of our readers across Nigeria.

**Book Reading Sessions with Nigerian Authors**

Our first book reading of the year was with Bisi Adjapon, the author of the highly-rated debut novel 'Of Women and Frogs,' at the GTBank YouRead Library, Yaba. Bisi's book has received very positive reviews from the public and her YouRead Book Reading Session served to further stimulate a culture of reading and encourage young people to embrace literature. Award-winning novelist, Oyinkan Braithwaite, was the second writer we hosted at the YouRead library to discuss her critically acclaimed book, 'My Sister, the Serial Killer'. The novel, a winner of the 2019 Rooster award and a favourite among book lovers, provided literature enthusiasts with an opportunity to connect with the author, learn about her writing process and gain so much more.

**Simple Change Big Impact: Warri Library**

In continuation of our #SimpleChangeBigImpact campaign, we sponsored an innovative Library Project in Warri, Delta State, which was carried out by NewWarri, a social reform organisation. The project included providing a free community library with the aim of filling the gap in learning resources for children and adults in local communities.

**Being a Voice for People Living with Autism**

For a decade, we have been at the forefront of the advocacy for people living with Autism and supported their parents and caregivers alike. In 2019 we continued to build on this support, organizing the 9th edition of the Annual Autism Conference themed Autism: Transitions, Vocational skills and The Role of Technology." The Annual Autism Conference brought to the fore the challenges facing children living with Autism as they grow into adulthood and featured renowned medical experts such as Dr. Loretta Burns, a leading expert in the field of neurodevelopmental disorders and the founder of ABE International Clinic, Dr. Tisa Hooper-Johnson, the Medical Director of the HFHS Center for Autism and Developmental Disabilities (CADD), the USA and Janette Washington, a speech-language pathologist, amongst others. Following the Autism Conference, we also held several series of free one-on-one consultations for children with Autism and other developmental challenges, as well as counselling sessions for parents and guardians.

**Orange Heart Staff Charity Initiative**

As embodiments of the Bank's values, our members of staff always come together to make a positive impact in the communities where they live and work through our Orange Heart Staff Charity Initiative. In 2019, our staff continued their long-held commitment to people living with Sickle Cell, raising funds throughout the year to cover the cost of healthcare for sickle cell patients. They also actively participated in our Staff Responsibility Challenge wherein, coming together in groups, they undertook dozens of social projects across the communities where our branches are located.
In December, staff members came together again to spread the spirit of the holidays in Massey's Children's hospital. The staff

organized a Christmas party and were also present to ring in the holidays with the children, treating them to gifts and making sure they had some fun for the season. These employee-led social causes reflect the DNA of our bank as an organisation of globally-minded and socially conscious people inspired by the vision to be champions of progress and driven by an unflinching commitment to touching lives.

**Promoting Financial Literacy**

In line with the mandate by the Central Bank of Nigeria to achieve financial inclusion and enhance the knowledge of young people on finance, we marked the Financial Literacy Day in Port Harcourt, Benue, Cross-River, Kaduna, Ebonyi, Kogi & Ondo states. Over 2,000 students were positively impacted through this financial literacy training exercise.

**Building Nigeria's First Digital Play Centre**

How and where children play contributes significantly to their cognitive and intellectual development. In the first half of 2019, we completed and launched the GTBank PlayCenter, Africa's first digital playground for children. Equipped with a wide range of interactive games, the Play Centre gives children a fun and immersive digital experience whilst aiding their mental and intellectual development.

Some features of the Play Centre include the Sketch Town, where kids can design cars, launch rockets, and bring all their sketches to life. At the playground, children can also use the wide range of bricks available to build whatever excites their curiosity and also express themselves creatively by scribbling, writing and drawing on a digital chalkboard.

**The 2019 GTBank Food and Drink Festival**

Created in 2016, the GTBank Food and Drink Festival has become the premier culinary event in Africa, bringing together more than 600,000 people from across the continent and beyond to support and celebrate Nigeria's vibrant and burgeoning small businesses in the food retail sector. In 2019, the GTBank Food and Drink Festival which held for 4 days featured over a dozen food and drink experts from around the world and offered free retail spaces to 300 small businesses in Nigeria's food industry. By the end of the festival, we had not only put together Africa's biggest food and drink festival we had also given hundreds of thousands of people the exposure, networks, and inspiration to build the successful businesses that will power Africa's economic transformation.

**2019 GTBank Fashion Weekend**

Since 2016, the GTBank Fashion Weekend has brought together industry leaders, style connoisseurs and fashion enthusiasts across the globe to interact with hundreds of thousands of young Africans passionate about fashion and entrepreneurship. During the 4th edition of the GTBank Fashion Weekend, held from Saturday the 9th and Sunday the 10th of November 2019 guests were treated to an exciting repertoire of fashion moments, from fashion and entrepreneurial masterclasses facilitated by internationally renowned fashion experts to enthralling runway shows that presented the latest in fashion styles and design trends. The event also provided more than 130 indigenous small businesses with free stalls to showcase and sell Africa's finest ensemble of apparel and fashion accessories.

***Trunk Show***

For the first time ever, the GTBank fashion weekend hosted a trunk show, which featured 15 of Nigeria and Africa's rising designers who gave an exclusive showcase of their latest collection. To promote the designers, the Trunk Show had in attendance, the Buying Director of Matches Fashion Natalie Kingham, Editor in Chief of Wonderland Magazine Toni Blaize, Editor in Chief of Vogue, Hong Kong, David Au, amongst others.

***Sketch to Fame***

The Sketch2Fame competition is part of the GTBank Fashion Weekend initiative which provides young and aspiring fashion designers across Africa the opportunity to produce their fashion sketches and showcase it at the GTBank Fashion Weekend. This year the competition was opened to the public from September to October and after hundreds of entries from across Africa, Viera Amber, a rising Nigeria fashion designer, emerged as the winner of the second edition of Sketch2Fame.

# CORPORATE DIRECTORY

# CORPORATE DIRECTORY

**Guaranty Trust Bank (Cote d'Ivoire) Limited.**
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Fax: +44 207 947 9720
Email: info@gtbankuk.com
Web: www.gtbankuk.com

## CORRESPONDENT BANKING RELATIONSHIPS

| S/No | BANK | LOCATION |
|---|---|---|
| 1 | ABSA BANK LIMITED | SOUTH AFRICA |
| 2 | BANK OF BEIRUT UK LTD | LONDON |
| 3 | BANK OF CHINA | CHINA |
| 4 | BANQUE CANTONALE DE GENEVE | SWITZERLAND |
| 5 | BYBLOS BANK LONDON | LONDON |
| 6 | CITIBANK, N.A. | LONDON, NEW YORK |
| 7 | CREDIT SUISSE | SWITZERLAND |
| 8 | DEUTSCHE BANK | HONK KONG, NEW YORK, GERMANY |
| 9 | GTBANK (UK) LTD | LONDON |
| 10 | ING BANK | BELGIUM |
| 11 | JP MORGAN CHASE | LONDON, NEW YORK |
| 12 | MASHREQ BANK | UNITED ARAB EMIRATES |
| 13 | NORDEA BANK | SWEDEN |
| 14 | RAND MERCHANT BANK | SOUTH AFRICA |
| 15 | STANDARD BANK OF SOUTH AFRICA | SOUTH AFRICA |
| 16 | STANDARD CHARTERED BANK | LONDON, GERMANY, CHINA, HONG KONG, NEW YORK |
| 17 | SUMITOMO MITSUI BANKING CORPORATION | LONDON |
| 18 | SVENSKA HANDELSBANKEN | SWEDEN |
| 19 | UBS | SWITZERLAND |

## BRANCH NETWORK

# BRANCH NETWORK

# BRANCH NETWORK

| BRANCHES | | | |
|---|---|---|---|
| S/N | STATE | LOCATION | ADDRESS |
| 1 | ABUJA (F C T) | Adetokunbo Ademola Wuse 2 | Plot 98, Adetokunbo Ademola Crescent, Wuse 2 Abuja, Fct, Nigeria |
| 2 | ABUJA (F C T) | Aminu Kano Cres Wuse 2 | Plot 1200A Ndjamena Cresent Off Aminu Kano Cresent,cadestral Zone A07, Abuja FCT, Nigeria |
| 3 | ABUJA (F C T) | Apo | Samuel Jereton Mariere Road, Gud District, Abuja |
| 4 | ABUJA (F C T) | Area 11 Garki | Plot 1473, Ahmadu Bello Way, Area 11, Garki, Abuja FCT, Nigeria. |
| 5 | ABUJA (F C T) | Asokoro | No.69, Yakubu Gowon Cresent, Asokoro District, Abuja FCT, Nigeria. |
| 6 | ABUJA (F C T) | Cadastral Zone, Cbd | Plot 171 Central Business District, next to Tofa house, Abuja FCT, Nigeria |
| 7 | ABUJA (F C T) | Garki, Area 3 | Plot 1072, J.S Tarka/Faskari Street, Area 3, Abuja, FCT, Nigeria |
| 8 | ABUJA (F C T) | Gwagwalada | Plot 598, Gwagwalada Expansion Layout, University Teaching Hospital Road, Gwagwalada, Abuja, FCT |
| 9 | ABUJA (F C T) | Gwarinpa | Plot 140A, 3rd Avenue, Gwarinpa II Estate, Abuja |
| 10 | ABUJA (F C T) | Jabi | Plot 818, Jabi District, Jabi |
| 11 | ABUJA (F C T) | Kaura Namoda, Garki Area 3 | Plot 1088, Cadastral Zone A1, Garki, Kaura Namoda Close, Abuja FCT, Nigeria |
| 12 | ABUJA (F C T) | Kubwa, Abuja | Plot 47, Cadastral Zone, 07-06 Kubwa Commercial District, Gado Nasko Road, Kubwa FCT, Nigeria |
| 13 | ABUJA (F C T) | National Assembly | National Assembly Complex, Three Arms Zone, Abuja FCT, Nigeria |
| 14 | ABUJA (F C T) | ULO Plaza | Plot 1953, Cadastral Zone A2, ULO Plaza, Zone 5, Abuja FCT, Nigeria |
| 15 | ABUJA (F C T) | Wuse 2 - Abuja | Plot 211, Adetokunbo Ademola Crescent, Cadastral Zone, Wuse 2, Abuja FCT, Nigeria |
| 16 | ABUJA (F C T) | Wuse Market - Abuja | Plot 2388, Cadestral Zone AO2, Herbert Macauly way, Wuse Market, Abuja |
| 17 | LAGOS | Adeola Odeku | 56A, Adeola Odeku Street, Victoria Island, Lagos State, Nigeria |
| 18 | LAGOS | Adetokunbo Ademola | 714, Adetokunbo Ademola Street, Victoria Island, Lagos State, Nigeria |
| 19 | LAGOS | Ajah | Km 22, Lekki-Epe Expressway, Ajah, Lagos State, Nigeria |
| 20 | LAGOS | Ajose Adeogun | 279, Ajose Adeogun Street, Victoria Island, Lagos State, Nigeria |
| 21 | LAGOS | Akin Adesola | 635 Akin Adesola, Victoria Island, Lagos State, Nigeria |
| 22 | LAGOS | Bayo Kuku | 19, Bayo Kuku Road, off Osborne Road, Ikoyi, Lagos State, Nigeria |
| 23 | LAGOS | Broad Street | 82/86, Broad Street, Lagos State, Nigeria |
| 24 | LAGOS | Catholic Mission | 22/24, Catholic Mission Street, Lagos Island, Lagos State, Nigeria |
| 25 | LAGOS | Chevron Drive | Block LXXIV A, Ojomu land, Beside Chevron Roundabout, Lekki/Epe Expressway, Lagos State, Nigeria |
| 26 | LAGOS | Idumota | 134, Nnamdi Azikwe Street, Lagos Island, Lagos State, Nigeria |
| 27 | LAGOS | Ikota | Block K7 - 11 & K18 - 22, Ikota Shopping Complex, Lekki-Epe Express-way, Lagos State, Nigeria |
| 28 | LAGOS | Ikoyi- Awolowo Road | 178, Awolowo Road, Ikoyi, Lagos State, Nigeria |
| 29 | LAGOS | Lekki | Block 5, Plot 5, Victoria Island Annex, Lekki, Lagos State, Nigeria |
| 30 | LAGOS | Lekki Admiralty Road | Block 31A, Admiralty way, Lekki Pennisular scheme, Lekki |
| 31 | LAGOS | Marina | 49A, Marina Street, Lagos State, Nigeria |
| 32 | LAGOS | Moloney | 30, Moloney Street, Lagos Island, Lagos State, Nigeria |
| 33 | LAGOS | Oke Arin | 40, John Street, Oke-Arin, Lagos Island, Lagos State, Nigeria |
| 34 | LAGOS | Plural House | Plot 1669, Oyin Jolayemi Street, Victoria Island, Lagos State, Nigeria |
| 35 | LAGOS | St Gregory | No. 1 Obadeyi Close, off St. Gregory Road, Ikoyi, Lagos State, Nigeria |
| 36 | LAGOS | Tiamiyu Savage | Plot 1400, Tiamiyu Savage Road, Victoria Island, Lagos State, Nigeria |
| 37 | LAGOS | Abule Egba | 402, Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria |
| 38 | LAGOS | Abule Egba 2 | 641 Lamgan Plaza Abule Tailor Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria |

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| 39 | LAGOS | Adeniyi Jones | 31, Adeniyi Jones Avenue, Ikeja, Lagos State, Nigeria |
| 40 | LAGOS | Akowonjo | 35, Shasha Road, Akowonjo, Lagos State, Nigeria |
| 41 | LAGOS | Alaba Market | 13, Obosi Plaza, Alaba International Market, Lagos State, Nigeria |
| 42 | LAGOS | Alausa | Technical Reference Centre, Lagos State Secretariat, Alausa, Ikeja, Lagos State, Nigeria |
| 43 | LAGOS | Alausa CBD | Plot 11, Block A, IPM Road, Central Business District, Alausa, Lagos State, Nigeria |
| 44 | LAGOS | Allen Avenue | 80/82, Allen Avenue, Ikeja, Lagos State, Nigeria |
| 45 | LAGOS | Amuwo Odofin | Plot B16, Block 41B, Akin Mateola Close, Amuwo Odofin Residential Scheme, Amuwo Odofiin LGA. |
| 46 | LAGOS | Anthony | 7, Anthony Village Road, Anthony Village, Lagos State, Nigeria |
| 47 | LAGOS | Apapa, Duolla Road | 12, Dualla Road, Apapa, Lagos State. |
| 48 | LAGOS | Apapa1 - Commercial Road | Doyin House, 4 Commercial Avenue Apapa, Lagos State, Nigeria |
| 49 | LAGOS | Apapa2 Creek Road | 35, Creek Road, Apapa, Lagos State, Nigeria |
| 50 | LAGOS | Aspamda (Trade Fair) | Zone A, R1 Aspamda Plaza, International Trade Fair Complex, Ojo, Lagos State, Nigeria |
| 51 | LAGOS | Ayangberu Ikorodu | 68, Ayangbure Road, Ikorodu |
| 52 | LAGOS | Berger Paints Oba-Akran | Plot 10, Oba Akran Avenue, Ikeja, Lagos State, Nigeria |
| 53 | LAGOS | Bode Thomas 2 | 124, Bode Thomas Street, Surulere, Lagos State, Nigeria |
| 54 | LAGOS | Burma Road, Apapa | Plot 17, Burma Road, Apapa, Lagos State, Nigeria |
| 55 | LAGOS | Cele Ijesha | 44,Ajijedudun Street, Off Agulejika Bus -Stop Ijesha |
| 56 | LAGOS | Computer Village Ikeja | 5, Osintelu Street, off Oremeji Street, Computer Village, Ikeja, Lagos State, Nigeria |
| 57 | LAGOS | Diya Gbagada | 14, Diya Street, Ifako, Gbagada, Lagos State, Nigeria |
| 58 | LAGOS | Egbe | 8, Egbe Road, Isolo, Lagos |
| 59 | LAGOS | Egbeda Idimu | 26 - 28 Akowonjo Road, Egbeda, Lagos State, Nigeria |
| 60 | LAGOS | Festac | House 11, 301 Road, 2nd Avenue, Festac Town, Lagos State, Nigeria |
| 61 | LAGOS | Festac 2 | Plot 22o, 23 Road, Opposite J Close, Festc Town |
| 62 | LAGOS | Ibafo | 1,Bakare Street, Ibafon, Apapa Expressway, Lagos State, Nigeria |
| 63 | LAGOS | Idi - Oro | 110, Agege Motor Road, Idi-Oro, Mushin, Lagos State, Nigeria |
| 64 | LAGOS | Iju | 90, Iju Fagba Road, Iju |
| 65 | LAGOS | Ikorodu | 47, Lagos Road, Ikorodu Town, Lagos State, Nigeria |
| 66 | LAGOS | Ikorodu 3 (Owutu-Agric) | No 218 Lagos Road, Owutu-Agric, Ikorodu, Lagos |
| 67 | LAGOS | Ikosi | Plot A3C, Ikosi Road, Oregun, Ikeja, Lagos State, Nigeria |
| 68 | LAGOS | Ikotun | No. 49, Idimu-Ikotun Road, Ikotun, Lagos State, Nigeria |
| 69 | LAGOS | Ilupeju | 48, Town Planning Way, Ilupeju, Lagos State, Nigeria |
| 70 | LAGOS | Intl Airport Rd 2 | 10, International Airport Road,Mafoluku Oshodi, Lagos State, Nigeria. |
| 71 | LAGOS | Intl Airport Rd Isolo | 15, International Airport Road, Isolo, Lagos State, Nigeria |
| 72 | LAGOS | Ipaja | 199, Ipaja Road, Ipaja |
| 73 | LAGOS | Isheri/Omole | 792,Shomide Odujirin Avenue,Omole Phase 2,Lagos. |
| 74 | LAGOS | Isolo | 1, Abimbola Way, Isolo, Lagos State, Nigeria |
| 75 | LAGOS | Itire Road | 41/43 Itire road, Surulere, Lagos |
| 76 | LAGOS | Ketu | 570, Ikorodu Road, Ketu, Kosofe L.G.A, Lagos State, Nigeria |
| 77 | LAGOS | Laspotech | Lagos State Polytechnic, KM 7, Sagamu Road, Odogunyan, Ikorodu |
| 78 | LAGOS | Lawanson | Muniru Baruwa Shopping Complex By Olatilewa Junction Itire Road, Lawanson, Lagos State, Nigeria |
| 79 | LAGOS | Luth | Route 1, Lagos University Teaching Hospital (LUTH) premises, Idi-Araba, Lagos State, Nigeria |
| 80 | LAGOS | Magodo | 16 CMD Road, Magodo, Lagos |

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| 81 | LAGOS | Masha | 145, Ogunlana Drive by Masha Roundabout, Surulere |
| 82 | LAGOS | Matori | 135, Ladipo Street, Matori, Lagos State, Nigeria |
| 83 | LAGOS | MM Way, Yaba | 352, Murital Mohammed Way, Yaba Lagos |
| 84 | LAGOS | Mobolaji Bank Anthony Way | 31, Mobolaji Bank-Anthony Way, Ikeja, Lagos State, Nigeria |
| 85 | LAGOS | Mushin | 311, Agege Motor Road, Olorunsogo, Mushin, Lagos State, Nigeria |
| 86 | LAGOS | Oba Akran | 33, Oba Akran Avenue, Ikeja, Lagos State, Nigeria |
| 87 | LAGOS | Ogba | 4, Ogunnusi Road, Ogba, Lagos State, Nigeria |
| 88 | LAGOS | Ogba 2 | 19, Isheri Road, Opposite WAEC building, Ijaiye-Ogba, Ikeja |
| 89 | LAGOS | Ojodu | 50, Isheri Road, Ojodu, Lagos State, Nigeria |
| 90 | LAGOS | Ojuelegba | 74/76, Ojuelegba Road, Lagos State, Nigeria |
| 91 | LAGOS | Okota | 115A, Okota Road, Okota, Lagos State, Nigeria |
| 92 | LAGOS | Onipanu | 196, Ikorodu Road, Onipanu, Lagos State, Nigeria |
| 93 | LAGOS | Opebi | 14, Opebi Road, Ikeja, Lagos State, Nigeria |
| 94 | LAGOS | Oregun | 100, Kudirat Abiola Way, Oregun, Ikeja, Lagos State, Nigeria |
| 95 | LAGOS | Orile Coker | Plot 3, Block C, Amuwo Odofin Industrial Scheme, Orile Coker, Lagos State, Nigeria |
| 96 | LAGOS | Surulere- Bode Thomas | 94, Bode Thomas Street, Surulere, Lagos State, Nigeria |
| 97 | LAGOS | Unilag | University of Lagos, Akoka, Lagos State, Nigeria |
| 98 | LAGOS | Western Avenue | 89, Western Avenue, Surulere, Lagos State, Nigeria |
| 99 | LAGOS | Yaba | 216/218, Herbert Macaulay Way, Yaba, Lagos State, Nigeria |
| 100 | NASARAWA | Karu | Plot 13754, Abuja – Keffi, Expressway, Mararaba, Karu, LGA., Nasarawa State, Nigeria |
| 101 | NASARAWA | Karu New Market | GTBank, Along Keffi Express Way, Before Orange Market, Mararaba, Nassarawa State. |
| 102 | NASARAWA | Lafia | Jos Road, Lafia, Nasarawa State, Nigeria |
| 103 | KOGI | Lokoja | Plot 27, IBB Way, Lokoja, Kogi State, Nigeria |
| 104 | BENUE | Makurdi | 41 A/B, New Bridge Road, Makurdi, Benue State, Nigeria |
| 105 | KOGI | Obajana | Obajana Cement Factory Complex, Obajana, Kogi State, Nigeria |
| 106 | KOGI | Okene | Auchi-Abuja Expressway, Okene, Kogi State, Nigeria |
| 107 | ADAMAWA | AUN Yola | American University of Nigeria, Yola, Adamawa State, Nigeria |
| 108 | BAUCHI | Azare (Closed) | No 1, Jama're Road, Azare, Bauchi State, Nigeria |
| 109 | KANO | Bayero University Kano VI | Bayero University, New site Campus, Gwarzo Rd, Kano |
| 110 | YOBE | Damaturu | Potiskum Road, Damaturu, Yobe State, Nigeria |
| 111 | JIGAWA | Dutse | Plot 727, Kiyawa Road, Dutse, Jigawa State, Nigeria |
| 112 | GOMBE | Gombe | Plot 45, New Commercial Layout, Gombe, Gombe State, Nigeria |
| 113 | TARABA | Jalingo | Plot 106B, Hamman Ruwa Way, Jalingo, Taraba State, Nigeria |
| 114 | KANO | Kano I | 145 Muritala Mohammed Way, Kano, Kano State, Nigeria |
| 115 | KANO | Kano II - Zaria Road | Plot 22, Zaria Road, Gyadi-Gyadi, Kano Municipal District, Kano State, Nigeria |
| 116 | KANO | Kano III - Bello Road | Plot12E, Bello Road, Kano, Kano State, Nigeria |
| 117 | KANO | Kano IV - Bachiwara | 24, Bachirawa road, Along Katsina Road, Kano, Kano State, Nigeria |
| 118 | KANO | Kano V - Wapa | 59, Murtala Muhammed Way, Wapa, Kano, Kano State, Nigeria |
| 119 | KANO | France Road | 11A Galadima Street, By France Road Junction, Kano State |
| 120 | BORNO | Maiduguri | 59, Kashim Ibrahim Way, Maiduguri, Borno State, Nigeria |
| 121 | BORNO | Maiduguri II | 81, Ali Monguno Street, Monday Market, Maiduguri, Borno State, Nigeria |
| 122 | ADAMAWA | Mubi | 60, Ahmadu Bello Way, Mubi, Adamawa State, Nigeria |

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| 123 | TARABA | Wukari | No 3, Ibi Road, Wukari G.R A., Taraba State, Nigeria |
| 124 | ADAMAWA | Yola | No 43, Galadima Aminu Way, Jimeta-Yola, Adamawa State, Nigeria |
| 125 | KADUNA | Alkali Road | 17B Alkali Road by Suleiman Crescent, Alkali Kaduna State |
| 126 | BAUCHI | Bauchi | No 6, Murtala Muhammed Way, Bauchi, Bauchi State, Nigeria |
| 127 | KEBBI | Birnin Kebbi | No 9, Sultan Abubakar Way, Birnin Kebbi, Kebbi State, Nigeria |
| 128 | ZAMFARA | Gusau | 5, Sani Abacha Way, Gusau, Zamfara State, Nigeria |
| 129 | PLATEAU | Jos I - Jengre Road | 13B, Commercial Layout, Jengre Road, Jos, Plateau State, Nigeria |
| 130 | PLATEAU | Jos II - Ahmadu Bello Way | Plot 1902, Ahmadu Bello Way, Jos, Plateau State, Nigeria |
| 131 | KADUNA | Kaduna 1 MM Square | 7/10 Muritala Mohammed Square, Kaduna, Kaduna State, Nigeria |
| 132 | KADUNA | Kaduna 2 Nnamdi Azikwe | Plot 9-11, Nnamdi Azikiwe Expressway, Kaduna Bye pass, Kaduna, Kaduna State, Nigeria |
| 133 | KADUNA | Kaduna 3 Kano Road | PPMC, Kaduna, Kaduna State, Nigeria |
| 134 | KADUNA | Kaduna 4 (Barnawa) | Plot 1A, Zaire Road, Barnawa Phase 1, Barnawa, Kaduna, Kaduna State, Nigeria |
| 135 | KATSINA | Katsina | No. 120, IBB Way, Katsina, Katsina State, Nigeria |
| 136 | NIGER | Kontagora | Plot 6C, KTF 139, Lagos - Kaduna Road, Kontagora, Niger State, Nigeria |
| 137 | NIGER | Minna | Plot 4936, Paiko Road, Minna, Niger State, Nigeria |
| 138 | KADUNA | NDA Kaduna | N.D.A New site, Afarka, Mando, Kaduna State. |
| 139 | SOKOTO | Sokoto 1 | No.101, Ahmadu Bello Way, Sokoto, Sokoto State, Nigeria |
| 140 | SOKOTO | Sokoto 2 Maduguri Rd | No.41, Maiduguri Road, Sokoto, Sokoto State, Nigeria |
| 141 | SOKOTO | Usman Dan Fodio | Usman Dan Fodiyo University, Sokoto, Nigeria |
| 142 | KADUNA | Zaria | 13/15, Manchester Road, GRA, Zaria, Kaduna State, Nigeria |
| 143 | RIVERS | Aba Road - PH 2 | Plot 279A, Tombia Street, off Aba Road, Port Harcourt, Rivers State, Nigeria |
| 144 | RIVERS | Aba Road PH eBranch (Happy Bite) | Happy Bite Plaza, Opposite Air force base, Aba Road, Port Harcourt |
| 145 | RIVERS | East West Rd- PH 5 | 11, East West Road, Port Harcourt, Rivers State, Nigeria |
| 146 | RIVERS | Ikwerre Rd- PH 6 | 225, Ikwerre Road Mile 4, Port Harcourt, Rivers State, Nigeria |
| 147 | RIVERS | Industrial Layout - PH 7 | Plot 23, Trans-Amadi Layout, Port Harcourt, Rivers State, Nigeria |
| 148 | RIVERS | NAOC/Agip - PH 9 | NAOC Agip New Base Station Rumueme, Port Harcourt, Rivers |
| 149 | RIVERS | Nnamdi Azikwe Road - PH 4 | 5, Nnamdi Azikiwe Road, Port Harcourt, Rivers State, Nigeria |
| 150 | RIVERS | NTA Rd, Mgbuoba- PH 8 | 110 NTA Road, Location junction, Mgbuoba, Port Harcourt Rivers State, Nigeria |
| 151 | RIVERS | Rivers State Govt. Secretariat - PH 10 | Ground Floor, Block A, RVSG Secretariat, Port Harcourt |
| 152 | RIVERS | Shell RA - PH 3 | Plot 215, Aba – Port Harcourt Road, Shell Residential Area, Port Harcort, Rivers State, Nigeria |
| 153 | RIVERS | Trans Amadi - PH 1 | 44,Trans Amadi Industrial Layout, Port Harcourt, Rivers State, Nigeria |
| 154 | RIVERS | Woji | 44 Woji Road, Port Harcourt City, Rivers State |
| 155 | ABIA | Aba I | 28, Aba - Owerri Road, Aba, Abia State, Nigeria |
| 156 | ABIA | Aba II | 4/6, Port-Harcourt Road, Aba, Abia State, Nigeria |
| 157 | EBONYI | Abakaliki | 35A, Ogoja Road, Abakaliki, Ebonyi State, Nigeria |
| 158 | ANAMBRA | Awka | 96, Nnamdi Azikiwe Avenue, Awka, Anambra State, Nigeria |
| 159 | ENUGU | Enugu I - Ogui Road | 1, Ogui Road, Enugu, Enugu State, Nigeria |
| 160 | ENUGU | Enugu II - Rangers Avenue | Plot 381 Igboeze Street, Rangers Avenue, Independence Layout, Enugu, Enugu State, Nigeria |
| 161 | ANAMBRA | Nnamdi Azikwe University, Awka | Nnamdi Azikwe University, Awka Anambra State |
| 162 | ANAMBRA | Nnewi | No 7, Edo-Ezemewi Street, Nnewi, Anambra State, Nigeria |

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| 163 | ENUGU | Nsukka | No 16, University road, Nsukka Enugu State. |
| 164 | IMO | Okigwe (Closed) | Plot C/RH Government Layout Okigwe Township Owerri Road Imo State |
| 165 | ANAMBRA | Onitsha II - New Market | 15, New Market Road, Onitsha, Anambra State, Nigeria |
| 166 | ANAMBRA | Onitsha III - Bridge Head | No 4, Port Harcourt Road, Niger bridge Onitsha |
| 167 | IMO | Orlu (Closed) | Plot 5 Asika Ilobi Street Orlu |
| 168 | IMO | Owerri | Plot 265, Ikenegbu Layout, Aladinma Ikenga Road, Owerri, Imo State, Nigeria |
| 169 | IMO | Owerri II | Plot 17, Port Harcourt Road, Opp. Owerri Girls High School, Owerri, Imo State, Nigeria |
| 170 | ABIA | Umuahia | 34, Aba Road, (Opposite Federal Medical Centre) Umuahia, Abia State, Nigeria |
| 171 | DELTA | Airport Road, Warri | 7B Airport Road, Warri, Delta State, Nigeria |
| 172 | DELTA | Asaba | 457, Nnebisi Road Asaba, Delta State, Nigeria |
| 173 | DELTA | Asaba 2 | Ezenel Avenue by Oni Edozien Road, Asaba Delta State |
| 174 | RIVERS | Bonny | 34, King Perekule Road, Bonny Island, Rivers State, Nigeria |
| 175 | CROSS RIVER | Calabar | 11, Calabar Road, Calabar, Cross River State, Nigeria |
| 176 | CROSS RIVER | Calabar 2 | 65, Marian Road, Calabar Municipality, Cross River State |
| 177 | DELTA | Delta State University, Abraka | Delta State University, Abraka, Delta State |
| 178 | DELTA | Effurun Road, Warri | 85, Effurun-Warri, Effurun, Delta State, Nigeria |
| 179 | CROSS RIVER | Ikom | 18, Ogoja Road, Ikom, Cross River State, Nigeria |
| 180 | DELTA | Sapele | 80, Ajogodo, Sapele - Warri Road, Sapele, Delta State, Nigeria |
| 181 | AKWA-IBOM | Uyo | 26, Aka Road, Uyo, Akwa Ibom State, Nigeria |
| 182 | AKWA-IBOM | Uyo 2 | Plot 2, Block F, Salvation Army Road, Banking Layout, Uyo, Akwa Ibom |
| 183 | BAYELSA | Yenagoa | Barracuda Square, Ekeki-Ekpe Area, Yenogoa, Bayelsa State, Nigeria |
| 184 | OGUN | Abeokuta | IBB Boulevard Road, Abeokuta, Ogun State, Nigeria |
| 185 | EKITI | Ado-Ekiti | 21/22, New Iyin/Secretariat Road, Ado Ekiti, Ekiti State, Nigeria |
| 186 | OGUN | Agbara | Plot C 2/4, Ilaro Road, Agbara Industrial Estate, Agbara, Ogun State, Nigeria |
| 187 | ONDO | Akure | Plot 3, Alagbaka Quarters, Alagbaka, Akure, Ondo State, Nigeria |
| 188 | OYO | Apata - Ibadan | SW9/21A, Ibadan - Abeokuta Road, Apata, Ibadan, Oyo State, Ngeria |
| 189 | OGUN | Asero - Abeokuta | Block 7, Plot 17/20, Abeokuta/Ibadan Road, Asero, Abeokuta, Ogun State, Nigeria |
| 190 | EDO | Auchi | 31, Polytechnic Road, Auchi, Edo State, Nigeria |
| 191 | OGUN | Babcock | Babcock University Campus, Ilisan-Remo, Ogun State, Nigeria |
| 192 | EDO | Benin I - Sapele Road | 35B, Benin-Sapele Road, Benin City, Edo State, Nigeria |
| 193 | EDO | Benin II - Uselu | 158, New Lagos Road, Benin City, Edo State, Nigeria |
| 194 | EDO | Benin III-Akpakpava | 43, Akpakpava Street, Benin City, Edo State, Nigeria |
| 195 | EDO | Benin IV - Ekenwan Rd | No 90, Ekenwan Road, Oredo LGA, Benin City, Edo State, Nigeria |
| 196 | EDO | Benin V - Ikpoba Hill | 62, Agbor Road, Ikpoba Hills, Benin City, Edo State, Nigeria |
| 197 | OYO | Bodija - Ibadan | Plot 6A, U.I-Secretriat Road, Bodija, Ibadan, Oyo State, Nigeria |
| 198 | OYO | Bodija 2 - Ibadan | 30, Awolowo Road Old Bodija Ibadan |
| 199 | OYO | Challenge - Ibadan | Plot 14, JFK Osibodu Layout, Ijebu Road, Challenge, Ibadan, Oyo State, Nigeria |
| 200 | OYO | Dugbe, Ibadan | 11B, Jimoh Odutola Road, Dugbe, Ibadan, Oyo State, Nigeria |
| 201 | EKITI | Ekiti | Faculty of Education, Ekiti State University, Ado Ekiti |
| 202 | EDO | Ekpoma | No 2 Ihumudumu Road, Ekpoma Edo State. |
| 203 | ONDO | FUTA Akure | Federeal University of Technology, Akure, Ondo State, Nigeria |

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| 204 | OGUN | Ijebu - Ode | 183, Folagbade Street, Ijebu Ode L.G.A., Ijebu Ode, Ogun State, Nigeria |
| 205 | OSUN | Ile-Ife | 3, Lagere Road, Ile-Ife, Osun State, Nigeria |
| 206 | OSUN | Ilesa | 196, Isokun Street, Along Ilesha-Osogbo Road, Ilesa, Osun State, Nigeria |
| 207 | KWARA | Ilorin | 1, Wahab Folawiyo Road, Ilorin, Kwara State, Nigeria |
| 208 | KWARA | Ilorin GRA | 10, Umar Audi Road, GRA, Ilorin, Kwara State, Nigeria |
| 209 | KWARA | Kwara Poly | Kwara Polytechnic Main Campus, Old Jebba Road, Ilorin, Kwara |
| 210 | OYO | Lautech | Ladoke Akintola University of Technology LAUTECH |
| 211 | OYO | Mokola Ibadan | 27, Majaro Street, Old Oyo Road, Cocacola Area, Mokola, Ibadan, Oyo State, Nigeria |
| 212 | OSUN | OAU Ile-Ife | Road 1, Obafemi Awolowo University Campus, Ile- Ife, Osun State, Nigeria |
| 213 | KWARA | Offa | No 53, Olofa Way, Offa, Kwara State, Nigeria |
| 214 | OYO | Ogbomoso | Ibapon Area, Ilorin-Ogbomoso Express Road, Ogbomoso, Oyo State, Nigeria |
| 215 | ONDO | Ondo | 48, Yaba, Ondo Town , Ondo State Nigeria |
| 216 | OGUN | OOU Ago-Iwoye | P.S. Olabisi Onabanjo University, Ago Iwoye, Ogun State, Nigeria |
| 217 | OSUN | Oshogbo | No 67, Gbongan / Ibadan Road, Ogo Oluwa, Osogbo, Osun State, Nige-ria |
| 218 | OSUN | Oshogbo 2 | 68, Ikirun Road opposite Oshogbo Stadium, Oshogbo, Osun State |
| 219 | OYO | Oyo | Ibadan – Ogbomoso Express Road, Owode, Oyo Town, Oyo State, Nigeria |
| 220 | OGUN | RCCG Redemption Camp | Redeem Christain Church Camp Ground, KM 46 Lagos Ibadan Express-way, No 1 Salvation Way |
| 221 | OYO | Ring Road Ibadan | 106, Ring Road, Lister Bus Stop, Ibadan, Oyo State, Nigeria |
| 222 | OGUN | Sagamu | 143, Akarigbo Street, Sabo, Sagamu, Ogun State, Nigeria |
| 223 | OGUN | Sango Otta | 63, Abeokuta Expressway, Joju Junction, Sango Otta, Ogun State, Nigeria |
| 224 | KWARA | Taiwo Road,Ilorin | 147 Upper Taiwo Rd Ilorin Kwara State |
| 225 | OGUN | Unaab | University of Agriculture, off Alabata Road, Alabata, Abeokuta, Ogun State, Nigeria |
| 226 | EDO | Uniben | University of Benin, Benin City |
| 227 | KWARA | Unilorin | University of Ilorin, Campus, Kwara State, Nigeria |
| 228 | OGUN | Sango Otta 2 | 54 Abeokuta Expressway, Sango Otta, Ogun State |

## 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 | LAGOS | Ikota eBranch | KM 21, Lekki Epe Expressway, Ikota Shopping Complex, Vgc Ajah (Road 5) |
| 4 | LAGOS | Sura eBranch | 22A Lewis Street opposite Police Baracks Sandgrouse Sura Lagos State |
| 5 | LAGOS | Adeniran Ogunsanya eBranch | No 31 Adeniran Ogunsanya Street, Surulere , Lagos , Nigeria |
| 6 | LAGOS | Costain eBranch | Costain Roundabout Lagos |
| 7 | LAGOS | Diya Gbagada eBranch | No 59, Diya Gbagada Street, Ifako, Gbagada, Lagos, Nigeria. |
| 8 | LAGOS | Egbeda eBranch | 26/28 Egbeda Akowonjo Road ,Egbeda,Lagos |
| 9 | LAGOS | Ikeja Cantonment eBranch | Headquarters 9 Brigade, Nigerian Army Cantonment,Ikeja Lagos |
| 10 | LAGOS | Ilupeju eBranch | No 3 Ilupeju Bye Pass, Ilupeju, Lagos Nigeria. |
| 11 | LAGOS | Ogudu eBranch | 126 Ogudu Road, Ojota, Lagos |

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| 12 | LAGOS | Shogunle eBranch | 360, Agege Motor Road,Pwd,Shogunle Oshodi, Lagos |
| 13 | LAGOS | Toyin Street eBranch | 47,Toyin Street, Ikeja Lagos |
| 14 | RIVERS | Shell RA Port Harcourt eBranch | Shell Residential Area Port Harcourt |
| 15 | RIVERS | Genesis Port Harcourt eBranch | Plot 45 Genesis E-branch Trans Amadi |
| 16 | OYO | Ring Road eBranch | 1 Akinyemi street, off Ring road, Ibadan, Oyo state. |

## CASH CENTRES

| S/N | STATE | LOCATION | ADDRESS |
|---|---|---|---|
| 1 | LAGOS | MMA 2 | New Local Wing, Murtala Mohammed Airport 2, Ikeja, Lagos State, Nigeria |
| 2 | OGUN | Sango Idiroko | Idilroko Road, opposite Fowobi filling station, Oju Ore, Sango Otta |
| 3 | BENUE | BCC GBOKO | Benue Central Company, Gboko, Benue State, Nigeria |
| 4 | BENUE | NAF BASE | Nigerian Air force Base, Makurdi, Benue State |
| 5 | KANO | AKTH, Kano | Aminu Kano Teaching Hospital, Zaria Road, Kano State, Nigeria |
| 6 | KADUNA | KRPC, Kaduna | Kaduna Refinery Complex, Kaduna, Kaduna State, Nigeria |
| 7 | ENUGU | UNTH, Ituku Ozalla | University Road, University of Nigeria Teaching Hospital, Enugu State, Nigeria |
| 8 | RIVERS | NLNG | GTB Cash Centre Shopping Complex NLNG Residential Area |
| 9 | RIVERS | ONNE | Dangote Depot Intel Onne |
| 10 | CROSS RIVER | Obudu | Obudu Cattle Ranch, Obudu, Cross River State, Nigeria |
| 11 | OSUN | JABU | Joseph Abu Babalola University, Ikeji-Arakeji, Osun State, Nigeria |
| 12 | ONDO | Akure Cash Center | No 16, Oba Ile,Owo Road, Akure, Ondo State Nigeria. |
| 13 | EDO | Gaius Obaseki, GRA Benin | Didio Plaza, 66 Gaius Obaseki Shopping Complex, Oko Central, GRA Benin, Edo State, Nigeria |
| 14 | OGUN | Ewekoro | Lagos - Abeokuta Expressway, opposite Larfage Cement, Ogun State, Nigeria |

## AGENT BANKING

| S/N | STATE | LOCATION | ADDRESS |
|---|---|---|---|
| 1 | ABUJA | Forte Oil, New Nyanya | Karu Abuja Way, New Nyanya, Abuja |
| 2 | ABUJA | Forte Oil, Jikwoyi 1, Abuja | Jikwoyi - Karshi Way, Abuja |
| 3 | ABUJA | Forte Oil, Jikwoyi By Living Faith | Beside Living Faith Chruch, Jikwoyi - Karu, Abuja |
| 4 | LAGOS | Forte Oil Campus Road | 1, Igbosere Road, Campos Lagos Island |
| 5 | LAGOS | Forte Oil, Awolowo Road | 111 – 113 Awolowo Road, Ikoyi |
| 6 | LAGOS | Forte Oil, Bank Road | 1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos |
| 7 | LAGOS | Hubmart Supermarket | Plot 1263, Adeola Odeku Street, Victoria Island Lagos |
| 8 | LAGOS | Tantalizer - Admiralty Lekki | Admirality Road Lekki, Lagos |
| 9 | LAGOS | Total, Sura - Lagos Island | Simpson Street beside Sura shopping complex, Lagos Island |
| 10 | LAGOS | Total, Lakowe, Ajah | lakowe Road, Ajah, Lekki |
| 11 | LAGOS | De Prince Supermarket | 3A Adejokun Street, Isheri-Magodo |
| 12 | LAGOS | Forte Oil Idimu 2 | 215/217 Idimu Ikotun Road, Egbeda |
| 13 | LAGOS | Forte Oil, Ajiwe-Ajah | Opposite Abraham Adesanya Estate, Ajah |
| 14 | LAGOS | Forte Oil, Bariga | 6/ 8 Fetuga Street, Bariga |
| 15 | LAGOS | Forte Oil, Egbe | 71, Egbe Road, Powerline Bustop, Ejigbo road Egbe |
| 16 | LAGOS | Forte Oil, Festac Town | 21, Road, Festac Town, Lagos |

| | | | |
|---|---|---|---|
| 17 | LAGOS | Forte Oil, Idimu | 222 Egbeda-Idimu road, Carwash Bus-stop, Idimu |
| 18 | LAGOS | Forte Oil, Ikorodu Round About | 2, Sagamu Road, Ikorodu |
| 19 | LAGOS | Forte Oil, Jebba | 80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos |
| 20 | LAGOS | Forte Oil, Kingsway Road Apapa | Kingsway Avenue Apapa, Lagos |
| 21 | LAGOS | Forte Oil, Ladipo-Mushin | 110, Ladipo Street , Matori Industrial Estate Mushin |
| 22 | LAGOS | Forte Oil, Mushin | 259, Agege Motor Road, Mushin, Lagos |
| 23 | LAGOS | Forte Oil, Oba-Akran | 39, Oba Akran Avenue Ikeja Lagos |
| 24 | LAGOS | Forte Oil, Ogba | Oba Ogunji Road, Pen Cinema, Ogba Lagos |
| 25 | LAGOS | Forte Oil, Okota | 51 Okota Road Opposite Police Barracks, Okota |
| 26 | LAGOS | Forte Oil, Old Airport Road | Muritala Mohammed 2, Local Airport Road, Ikeja |
| 27 | LAGOS | Forte Oil, Old Apapa Road, Costain | 80, Old Apapa Road Ebute Metta West , Costain Lagos |
| 28 | LAGOS | Forte Oil, Oshodi Apapa (Mile 2) | Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos |
| 29 | LAGOS | Forte Oil, Shomolu | 138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos |
| 30 | LAGOS | Forte Oil, Western Avenue | 113/115, Funsho Williams Avenue, Surulere |
| 31 | LAGOS | Forte Oil, Wharf Road Apapa | Barracks Bus Stop, Wharf Road, Apapa, Lagos |
| 32 | LAGOS | Total, MM Way, Yaba | 150/152 Mm Way, Ebute Metta |
| 33 | LAGOS | Total, Itire | 23/25 Itire Rd, Lawanson |
| 34 | LAGOS | Forte Oil, Iwaya | Iwaya Road, Makoko-Yaba, Lagos |
| 35 | LAGOS | Forte Oil, Alimosho | Egbeda-Ipaja Road, Ponle bustop, Alimosho |
| 36 | LAGOS | Hubmart, Ikeja | Isaac Jone Street Ikeja GRA |
| 37 | LAGOS | Forte Oil, Mile 12 | Mile 12 Bus-stop Lagos |
| 38 | LAGOS | Forte Oil, Cement Ipaja | Cement Bus-stop Ipaja-Lagos |
| 39 | LAGOS | Forte Oil, Ipaja Lagos | Ipaja Road, Ayobo Lagos |
| 40 | LAGOS | Total Ojota Lagos | Ikorodu Road Ojota Bus-stop Lagos |
| 41 | LAGOS | Total Tincan Apapa | Apapa Oshodi Expressway Berger Cement- By GTB Ibafon Branch |
| 42 | LAGOS | Total Sabo Ogunsi | Sabo Ogunsi Ikorodu Lagos |
| 43 | OGUN | Forte Oil, Ijebu Tokin | Ijebu Iokin/Parafa Road, Ikorodu, Lagos |
| 44 | NORTH EAST | Forte Oil, Club Road, Kano | Club road Kano |
| 45 | NORTH EAST | Total, Hotoro Road, Kano | Hotoro road Kano |
| 46 | NORTH EAST | Forte Oil, Zaria Road, Kano | Zaria Road Kano |
| 47 | RIVERS | Forte Oil ,Aggrey Rd S/S II | Aggrey Road 2, Port Harcourt |
| 48 | RIVERS | Forte Oil ,Lorry Park S/S | 29, Station Road, Lagos Bus Stop, Port Harcourt |
| 49 | RIVERS | Forte Oil ,Mile 5 S/S | By Rumuokwuta Round About, Port Harcourt |
| 50 | RIVERS | Forte Oil ,Moscow Road F/S | 11, Moscow Road Opp. Rivers St House Of Assembly |
| 51 | RIVERS | Forte Oil, Rumubekwe S/S | PH/Aba Expressway By Shell Gate, Port Harcourt |
| 52 | RIVERS | Forte Oil, Rumuobikhani S/S | Aba Road, Port Harcourt, Rivers State |
| 53 | RIVERS | Total Transamadi, Port Harcourt | |
| 54 | AKWA IBOM | Forte Oil, Uyo | 154 Ikot Ekpene Road Uyo |
| 55 | OGUN | Forte Oil, Ilo Awela - Sango Otta | 11, Ilo Awela road, Sango Otta, Ogun State |
| 56 | OGUN | Forte Oil, Iyana Iyesi- Sango Otta | Iyana Iyesi road, Sango Otta |
| 57 | OGUN | Total, Ogijo - Ikorodu | KM12 Sagamu road, Ikorodu Ogijo, Ogun State |
| 58 | OYO | Total Ojoo Ibadan | Oyo Road, Ojoo, Ibadan |
| 59 | OYO | Total Eleyele Road, Ibadan | Jericho Road, Ibadan along Eleyele Sango Road, Ibadan |

## CLOSED LOCATIONS

| S/N | STATE | | STATUS |
|---|---|---|---|
| 1 | ABUJA | ULO PLAZA | Branch |
| 2 | | AZARE | Branch |
| 3 | | MAIDUGURI II | Branch |
| 4 | | MUBI | Branch |
| 5 | | WUKARI | Branch |
| 6 | | OKIGWE | Branch |
| 7 | | ORLU | Branch |
| 8 | ABUJA (F C T) | KAURA NAMODA, GARKI AREA 3 | Branch |
| 9 | LAGOS | APAPA1 - COMMERCIAL ROAD | Branch |
| 10 | LAGOS | OREGUN | Branch |

# 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,
Gbagada Phase 1, Lagos
P.M.B 10014,
Shomolu, Lagos State.
Tel: 01-2716090-5, 01-8419257-8, 7120008 - 11
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)**

**Item**

**Shareholder Account Number (If Known)**

**(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 GuarantyTst 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**

**PROXY FORM**

**30th ANNUAL GENERAL MEETING** to be held at the Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State on Monday, March 30, 2020, at 10 a.m.

I/We ________________________________________ being a member/members of Guaranty Trust Bank plc hereby appoint

_____________________________________________________*

or failing him/her/it, Mrs. Osaretin Demuren or failing her, Mr. Segun Agbaje, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on Monday, March 30, 2020, and at any adjournment thereof.

Dated this _______ day of __________________________ , 2020.

Signature of Shareholder

Name of Shareholder

Signature of the person attending (if applicable)

| **NUMBER OF SHARES:** | | |
|---|---|---|
| **RESOLUTIONS** | **FOR** | **AGAINST** |
| **Ordinary Business:** | | |
| To receive the Audited Financial Statements for the year ended December 31, 2019, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon. | | |
| To declare a dividend [1] | | |
| To authorise Directors to fix the remuneration of the Auditors [2] | | |
| To elect Members of the Statutory Audit Committee | | |

Please mark the appropriate box with an "X" to indicate how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her/its discretion.

**ADMISSION CARD**

Thirtieth Annual General Meeting to be held on Monday, March 30, 2020, at Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos State at 10 a.m.

Name of Shareholder (in BLOCK CAPITALS)

(Surname) (First name)

Shareholder's Account No:

Number of Shares:

**IMPORTANT**

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 ₦2.50K for every 50 Kobo Ordinary Share;
2 PricewaterhouseCoopers are the Auditors of the Bank.

DataMax
DataMax Registrars Limited
RC 645075

2C Gbagada Expressway,
Gbagada Phase 1,
Lagos State.
P.M.B. 10014 Shomolu,
Lagos State.
Tel: 01-2716090-4; 8419257-8, 7120008 - 11
Fax: 01-2716095, 71200012
Email: datamax@datamaxregistrars.com
www.datamaxregistrars.com

# SHAREHOLDER'S DATA UPDATE FORM

Shareholder Account Number:

CSCS CHN Number: 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


Enriching Lives

WWW.GTBANK.COM